PARLIAMENTARY DEBATES

(HANSARD)

SIXTH SERIES—VOLUME 420 (Part 1)

HOUSE OF COMMONS

OFFICIAL REPORT

THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT
OF THE UNITED KINGDOM OF GREAT BRITAIN
AND NORTHERN IRELAND
FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SESSION 2003–04

COMPRISING PERIOD
19 April—6 May 2004

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(Two parts not sold separately)

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19 April 2004

THE PARLIAMENTARY DEBATES

OFFICIAL REPORT

IN THE THIRD SESSION OF THE FIFTY-THIRD PARLIAMENT OF THE UNITED KINGDOM OF GREAT BRITAIN AND NORTHERN IRELAND
[WHICH OPENED 13 JUNE 2001]

FIFTY-THIRD YEAR OF THE REIGN OF
HER MAJESTY QUEEN ELIZABETH II

SIXTH SERIES **VOLUME 420**

SIXTH VOLUME OF SESSION 2003–2004

House of Commons

Monday 19 April 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

CULTURE, MEDIA AND SPORT

The Secretary of State was asked—

Underwater Diving

1. **Hywel Williams** (Caernarfon) (PC): What public funding has been given to the sport of underwater diving in the past five years; and if she will make a statement. [166139]

The Minister for Sport and Tourism (Mr. Richard Caborn): Before I answer, I am sure that hon. Members will join the world of football in passing their condolences to the family of George Hardwick, who captained Middlesbrough and England and who died this morning at the age of 84. He was, I believe, unique in that he captained the Great Britain side that played Europe in 1947, and that should be recorded.

Between 1999 and 2004, sub-aqua diving in England received lottery funding totalling more than £1.1 million. Sport is a devolved matter, as the hon. Gentleman will know because I wrote to him about this issue on 25 February 2002. Funding for sport in Scotland, Wales and Northern Ireland is devolved to their respective sports councils. Responsibility for sport therefore lies with the devolved Administrations.

Hywel Williams: My concern is that there was yet another death about three weeks ago at the Dorothea quarry pool—the 21st in 10 years. I am afraid that the vast majority of those deaths involved visitors from England and beyond. Will the Minister tell us how much of the money spent on sub-aqua diving in England is devoted to safety, which is clearly paramount in these circumstances?

Mr. Caborn: I join the hon. Gentleman in passing our condolences to the family of the young person who died in March. A record of 21 deaths in 10 years in that location ought to be the subject of further discussion. The hon. Gentleman knows that the owner of the site has now put it up for sale, and it is to be hoped that safety regulations can now be brought in there. The British Sub-Aqua Club is the governing body responsible for safety in this sport, and it takes that responsibility very seriously. I hope that a solution can be found for this site, but I reiterate that this is the responsibility of the Welsh Assembly, because sport is now a matter for the devolved Administrations.

Mr. Nigel Evans (Ribble Valley) (Con): Will the Minister ensure that youngsters who want training in sub-aqua diving can get it? Their schools may not be able to afford the necessary equipment or specialist training for smaller numbers of youngsters, but there might be one school that specialises in the sport. If the schools could talk to one another and encourage the grant-giving bodies to provide the necessary funding, those youngsters could get the training that would enable them to do sub-aqua diving in safety.

Mr. Caborn: I take note of what the hon. Gentleman said and I shall raise the matter with the governing body. Anything that either the Government or the governing

body can do to promote safety will be done. There is an element of danger involved in these sports, and it is important to manage the risk. The governing body for this sport is very responsible and takes its duties very seriously. The issue could also be linked to the sports colleges that we are now developing, to the school sports co-ordinators and to the new coaching structure that we are putting into place. I hope that, in that way, we can avoid any more deaths similar to the 21 that have occurred on the site in question over the last 10 years.

National Lottery Grants

2. **Mr. Andrew Love** (Edmonton) (Labour/Co-op): If she will make a statement on progress on the merger of the Community Fund and the New Opportunities Fund. [166141]

The Minister for the Arts (Estelle Morris): The New Opportunities Fund and the Community Fund are now working more closely together. We have recently announced that Sir Clive Booth will be interim chair of both boards, and that the new distributor will be called the Big Lottery Fund.

Mr. Love: I agree with what my right hon. Friend has said, but she will be aware that there are continuing concerns about the merger. I therefore ask her to reassure the House on two points. First, will the new organisation maintain its independence; and secondly, will its focus be on local priority setting, rather than being driven by national considerations?

Estelle Morris: I am happy to give my hon. Friend assurances on both those points. I remind the House that the new, larger distributor will make it much easier for members of the public to access funds. He knows that many organisations and individuals try to access more than one lottery distributor at the same time, and the new arrangement will make things much easier for them. Also—this is a major point—we hope that it will save 10 to 20 per cent. of the operating costs, which will mean that more money will be available for good causes. I am happy to give my hon. Friend the assurances that he seeks on both the important points that he raised and I shall keep my eye on them.

Mr. Patrick McLoughlin (West Derbyshire) (Con): A few weeks ago, the Countryside Agency announced that it was to end its funding for village halls, although they play a very important part in rural communities. Will the new lottery fund be able to provide a greater assurance that, when the volunteers—it is usually volunteers who run village halls—have gone through all the form-filling and been told that they qualify for lottery funding, they will not then receive letters telling them that the money has run out?

Estelle Morris: I acknowledge the importance of community and village halls, particularly in rural areas, and I know that most of the hon. Gentleman's constituency is rural. However, I cannot give an assurance that every bid for a community or village hall grant will be acceded to, because when the money runs out, the money runs out: it is as simple as that. I am happy to encourage Members, including my hon. Friend the Member for Edmonton (Mr. Love), to buy more tickets to put more money into the kitty.

I believe that, from the two lottery funds, more than £200 million has been given to community and village halls since the lottery began. That is a sizeable amount. I assure the hon. Gentleman that the new distributor will continue to fund them, but I can give no guarantee that every application that meets the criteria will be accepted.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): The old Community Fund gave money to many unfashionable but genuinely needy causes. May we have an assurance that the new distributor will also give money according to objective criteria, without constantly looking over its shoulder for the tabloid press?

Estelle Morris: I am happy to give that assurance. I am sure that my hon. Friend will join me in congratulating the Community Fund, which has not run scared when certain newspapers have featured articles that, in some respects, have been dishonourable. I know that the new board members and the new chair will want to retain the independence, impartiality and courage shown by the Community Fund, and I sincerely hope that my hon. Friend will never have reason to doubt the independence of the distribution body.

Mr. James Gray (North Wiltshire) (Con): If I may say so, the Minister's response to my hon. Friend the Member for West Derbyshire (Mr. McLoughlin) was a little glib. Of course it is great that the Community Fund has spent £200 million on village halls over the years, but we fear that, following the merger with the New Opportunities Fund, no matter how many tickets we buy, the money will be diverted to equally worthwhile organisations such as the national health service. Will the Minister guarantee that the funding stream for village halls will remain as strong as it has been in the past?

Estelle Morris: I am sorry that the hon. Gentleman thought my response glib. I was trying to be honest in stating the obvious—that when the money runs out, the money runs out.

I remind the hon. Gentleman of the commitment to ensure that the proportion of funds that currently goes through the Community Fund will be the same under the new distribution body. I also remind him that the saving in administration costs that used to cover two distributors will mean more money for good causes. I see no reason why community and village halls should receive a lower percentage than they do now. I say that guardedly because it is not for Ministers to commit funds from the lottery body, but village and community halls are important, and fulfil all the existing criteria. I should be dreadfully disappointed if they fared worse under a merged distributor.

Ofcom

3. **John Robertson** (Glasgow, Anniesland) (Lab): What recent discussions she has had with the chairman of Ofcom to discuss its work. [166142]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): There have been a number of contacts, both formal and informal, between the Ofcom chairman, board members and Ministers since Ofcom was established at the end of last year. I am now establishing a pattern of bi-monthly meetings with the chairman and members of the board.

John Robertson: My right hon. Friend will know of the excellent work being done in Glasgow by VIP On Air, the only internet and radio service for the visually impaired in Britain. Will she join me in congratulating Glasgow city council and the BBC on their support for the station? Is she aware that the visually impaired need an AM radio service so that their messages can be spread to visually impaired people throughout the country? Will she visit Glasgow, have a look at the radio station and see the excellent work that it is doing; and will she help me to secure the radio bandwidth that those people need from Ofcom?

Tessa Jowell: When I have the pleasure of visiting Glasgow, I will certainly accept my hon. Friend's invitation. I know that he has pursued this issue vigorously. A meeting will take place in two days' time, at which I hope outstanding matters will be resolved. My hon. Friend is right to stress the value of radio stations such as VIP On Air that develop the community radio network throughout the country.

Miss Julie Kirkbride (Bromsgrove) (Con): Has the Secretary of State had the chance during the parliamentary recess to read Ofcom's report, "Driving Digital Switchover" and consider the embarrassing flaw in the Government's arguments on switchover? She will be aware that the Government say that 95 per cent. of households must be able to receive digital signals before they will consider turning off the analogue signal. However, Ofcom points out that only three quarters of households will be able to receive a terrestrial digital signal, and not all the extra households needed to take that figure up to 95 per cent. will wish to buy a satellite dish. How will the Government meet their own targets?

Tessa Jowell: Yes, I have read the report, which I commissioned, and I recently received the parallel report from the BBC. Both reports are important in helping to determine the announcement of the date on which the analogue signal will be switched off. The hon. Lady's point is important, and it is a technical one. Essentially, Ofcom has made it clear during the past two or three years that it will not be possible to increase the reach of DTT—digital terrestrial television—which is one of our three digital platforms, until the analogue signal is switched off, allowing the release of the spectrum currently occupied by both the digital and analogue signals. She need fear no sinister effects at all. The matter is purely technical, and is now being taken into account in planning properly for upgrading the transmitters and making the announcement on the date of switchover in due course.

Miss Kirkbride: I have to say to the Secretary of State that that is more of a technical matter, and that the Government's plans for switchover seem to be in disarray as a result of the report. She will further notice from the report that the American Government have gone forward with the requirement for all new television sets to have a digital decoder installed by 2007. By contrast, here in the UK, 19 million analogue sets have been sold in the past five years, and just 400,000 with digital decoder. Given what Ofcom has said about the time scale for meeting the Government's own commitment to turn off the analogue signal by 2010, can the Secretary of State confirm today that she will come forward by early 2005 with a detailed plan for how digital switchover will be achieved?

Tessa Jowell: The hon. Lady really should be more familiar with this policy than she is. On DTT coverage, as I have explained, the specific issue is the sharing of spectrum by the analogue and digital signals, with analogue interleaving. That is not something into which she probably wants to go more deeply, but it is a technical issue and—

Miss Kirkbride: Does the Secretary of State understand it?

Tessa Jowell: Do not worry, I am far too deeply into it. I do not think that the hon. Lady need worry about that. We will certainly meet the target, and the work for that is in hand. We will make an announcement on the date of switchover, and ensure—

Miss Kirkbride: When?

Tessa Jowell: We will make that announcement when the necessary work with the industry and broadcasters has been concluded. That is not a decision for Government alone but must involve the views of the British people, who have strong feelings, as expressed by the report. I hope that the complexity of the matter is not lost on the hon. Lady; the policy remains as stated and we will go ahead and achieve our plans for digital switchover with the full support of Ofcom, as set out in its report.

Mr. Derek Wyatt (Sittingbourne and Sheppey) (Lab): My constituency largely missed out on cable television, and our radio frequencies do not allow us to have AM or FM radio. Ofcom has announced a 5k range for community radio stations, but a poorer community such as mine on the isle of Sheppey does not have the necessary funding for community radio. Is there any chance of funding, either from top-slicing the licence fee or from Ofcom itself, so that community radio stations can be set up across the whole United Kingdom?

Tessa Jowell: That is a big ambition and my hon. Friend will realise that it is a potentially expensive one. However, the case for community radio has been well made through the pilots that have been running for some time and the benefits that have been extended to communities in the pilot areas. I hope that it will be possible to extend the range and network of community radio. The pace at which that happens will depend on the availability of resources, but my hon. Friend rightly points out that we have a spending round coming up, and the review of the BBC's charter is also to come.

Olympic Games

4. **Simon Hughes** (Southwark, North and Bermondsey) (LD): What the expected spending of her Department on sport in Greater London in 2004-05 is, excluding spending connected with the UK's 2012 Olympic bid. [166143]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): The expected lottery and Exchequer spending on sport by my Department and its sponsored non-departmental public bodies in Greater London in 2004-05 is £81 million. In addition, grants will continue to be committed from London's £81 million share of the New Opportunities Fund in physical education and sport.

Simon Hughes: Greater London, like all other parts of the United Kingdom, will want to be sure that its sport funding continues until 2012 and that Olympic funding is seen as a top-up rather than a substitute. Why has the funding through the sports lottery fund in London gone down from £30 million two years ago to only £6 million last year—nearly £1 million less for every London borough? I accept that she is committed to making sure that we do as much as possible for sport, but something has clearly gone badly wrong somewhere.

Tessa Jowell: With great respect to the hon. Gentleman, nothing has gone badly wrong. Instead, Sport England did the right thing. When its incoming chairman found that the sports lottery fund was over-committed, Sport England introduced a moratorium on the allocation of any new grants. The result was a reassessment of all outstanding grants against value-for-money criteria, linked to the efforts of Sport England to rationalise its organisation and bureaucracy. The result is that £8 million a year is now going back into sport from organisational costs. We can now have confidence that, throughout the country—not just in Greater London—the sports lottery projects that go ahead represent good value for money.

Phil Sawford (Kettering) (Lab): On sport in London, will my right hon. Friend join me in congratulating Mr. Christopher Stanley and the thousands of others who took part in the London marathon yesterday? Will she congratulate the organisers and supporters who made it such a successful event, despite the inclement weather?

Tessa Jowell: I certainly join my hon. Friend in his congratulations. I am sure that the House would want to congratulate my hon. Friend the Member for Dartford (Dr. Stoate), who achieved an extremely respectable time of under four hours and, in the process, inspired many of us to wear pedometers. That was as far as we got. The London marathon was a great inspiration to those who wanted to be there and to do it, but also to new and emerging champions who will in time do our country proud.

Mrs. Jacqui Lait (Beckenham) (Con): The Minister will know how important her Department's spending is to Crystal Palace and how important Crystal Palace is to London. Has she given any indication to the Department for Transport of the effect that any delay to the east London line extension might have on the regeneration of Crystal Palace?

Tessa Jowell: The hon. Lady will be aware of the robust plan that has now been agreed for the regeneration of Crystal Palace, and I hope that she will join her hon. Friends in welcoming that plan and the secure future that there is now for Crystal Palace. On her second question, I have not had any specific discussion with my right hon. Friend the Secretary of State for Transport about that matter. However, in the context of the Olympic bid, we are keeping under review the capacity of London's transport infrastructure to meet the requirements of the Olympics. We are confident that the infrastructure will be capable of meeting the demands of the Olympics that we hope to host in London in 2012.

Mr. Nick Hawkins (Surrey Heath) (Con): I join the Secretary of State in congratulating everyone involved in yesterday's marathon, but I return to the original question on the drop in funding available for sport in Greater London. Will she recognise that there is great concern among sports administrators that the Government are, once again, using the existence of the lottery as a substitute for Exchequer funding for sport?

We join in the Secretary of State's tribute to Sport England for ensuring that less money is wasted in administration, but we remain concerned that the Government have not stuck to the original ambitions of John Major's national lottery and that, by taking away money that sport had a legitimate right to expect from the lottery, and by introducing the New Opportunities Fund and reducing Exchequer funding, they are causing Londoners to lose out.

Tessa Jowell: The hon. Gentleman should look rather more widely. Money for sport comes not only from the sports lottery fund but in substantial amounts from the New Opportunities Fund. There is a programme of close on £1 billion of investing in schools throughout the country, including in my constituency and throughout Greater London, that will, in some cases for the first time ever, give children proper facilities in which to enjoy and play sport—something that children who grew up under the 18 years of his party's Government never had.

Gambling

5. **Gregory Barker** (Bexhill and Battle) (Con): What plans she has to present a Bill to Parliament in this Session to reform gambling legislation. [166144]

The Minister for Sport and Tourism (Mr. Richard Caborn): We plan to introduce such a Bill as soon as parliamentary time allows. The Bill will modernise the law and provide stronger safeguards. We are considering the report of the Joint Committee that considered our draft Bill. It made 139 recommendations and we will consider each carefully.

Gregory Barker: The Joint Committee's report called for the Government to act quickly. The industry expects a Bill to be introduced this summer. Will the Minister

grip this legislation and introduce it before we rise for the summer recess? Given the jobs and investment at stake, will he consider in particular the Committee's recommendations on family-friendly seaside amusement arcades?

Mr. Caborn: I assure the hon. Gentleman that I have been gripping the Bill for a considerable time. I agree wholeheartedly that it is very important, but the Department cannot determine what the procedure will be in the House. I acknowledge that this legislation, alongside the reform of licensing, is very important to industries such as tourism, in which I know that he has an interest. Tourism is a £76 billion industry, representing just under 5 per cent. of gross domestic product, so it is important to modernise the legislation so that the industry can respond to the calls on its competitiveness and productivity, which are low by international standards. I acknowledge the urgency and give an assurance that we will do our best to fit this in the parliamentary timetable.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): My right hon. Friend will be aware that Blackpool eagerly awaits his answer on this issue. In moving as quickly as possible to introduce the Bill, will he liaise with colleagues in the Office of the Deputy Prime Minister to consider planning powers at both regional and local level, so that the opportunities for economic regeneration can be taken in the most effective and efficient manner?

Mr. Caborn: We have had an excellent dialogue with the ODPM, and have moved on from the Budd recommendations, which were the foundation of the Bill. We have consulted on planning powers at regional level and special category status to achieve the objective to which my hon. Friend refers, to use gambling as a major regeneration tool. I know that this is being considered carefully in Blackpool. We will work with the ODPM to enact the Bill as quickly as possible.

Mr. Adrian Sanders (Torbay) (LD): Will the Minister ensure that full consideration is given to the concern of the British Amusement Catering Trades Association and other organisations representing seaside and other amusement organisers and businesses—often family owned—that the Bill moves too quickly and will place them at a competitive disadvantage?

Mr. Caborn: If any section of the gambling industry has had the greatest access to Ministers, it is the family and amusement arcade sector. The recommendations of the Budd report, which provided the foundations of the Bill, and progress made on the Bill to date, show that the greatest concessions have been made to that sector of the industry. I hope that what we have done, particularly on category D machines, will reassure that sector of the industry and ensure that it has a long-term future. Rather than having further consultations, the quicker the Bill becomes an Act, the better for the sector.

Mr. David Drew (Stroud) (Lab/Co-op): Does my right hon. Friend accept that not all Labour Members support the drive towards the liberalisation of gambling, and that it is vital for him to talk to those who do not want that advance, particularly those who are aware of the serious addiction problems caused by gambling? When the Bill is introduced, will the House have a proper opportunity for a full debate on how best to prevent others from becoming addicted to gambling?

Mr. Caborn: Question 8 specifically deals with social responsibilities, so that will be answered in greater detail later. We have undertaken wide consultation on that matter, and I believe that the concerns of the broader society are reflected in the Bill, whose safeguards will be adequate to deal with the problem.

Licensing Guidelines

6. **Chris Bryant** (Rhondda) (Lab): What representations she has received on her draft guidelines to licensing authorities; and if she will make a statement. [166145]

The Minister for Sport and Tourism (Mr. Richard Caborn): On 23 March, we publicised and laid before the House the guidance for consideration and approval. Since then, we have received two representations from local authorities about the content of the draft, seeking clarification about the relationship of the public safety licensing objectives to passive smoking and criminal record checks for applicants for personal licences. The draft guidance has been prepared in consultation with other Government Departments, Executive agencies, the police, local authorities, performers' representatives and trade associations, among others.

Chris Bryant: The Minister will know that many people are troubled by the irresponsible marketing practices of some pubs and clubs, which offer as much as people can drink for a fixed amount of money, although that is not available in the bars of the House. Does he believe that the licensing authorities and the police will use their powers robustly enough to deal with such irresponsible landlords?

Mr. Caborn: I hope so. Besides the provisions on the statute book, the guidance before Parliament and new regulations, the matter also dovetails with the Government's alcohol harm reduction strategy. I make it absolutely clear that the irresponsible licensee to whom my hon. Friend refers should be hounded out by the authorities that I mentioned and, indeed, by the industry itself. I commend the British Beer and Pub Association for its code of practice on irresponsible drinks promotions, to which it is attempting to commit all its members. What we are placing on the statute book will be proportionate to deal with the small minority of licensees who use such promotions to create irresponsible drinking. The police and other authorities now have the powers to move in and deal with the problem. It is furthermore illegal to serve drink to anyone who is intoxicated. I am sure that the action of the police and other authorities will help us to root out the small group of irresponsible licensees.

Mr. Don Foster (Bath) (LD): In January, I accused the Minister of complacency over the timetable for the introduction of the Licensing Act 2003 and he told me that I was wrong, that the timetable was clear and that

the first appointed day would be in July this year. Will not the delay in the publication of the guidance—we have still not seen the draft forms for operational plans or the agreement on the fee structure for licence applications—lead to considerable further delay in respect of the first appointed day, now likely to be in December? Indeed, is it not likely that the Act will not be fully implemented until after the next general election? Does not that delay give a whole new meaning to the text that the Labour party sent to thousands of young people before the last election—"Vote Labour on Thursday for extra time"?

Mr. Caborn: Not at all. [HON. MEMBERS: "You can do better than that, Don."] I shall not repeat that. Let me give the timetable, for the benefit of the hon. Member for Bath (Mr. Foster) and the rest of the House. Yes, there has been slippage, but if Parliament approves the guidance, which I hope it will by the end of April or the beginning of May—that is possible—the first appointed day will be towards the end of October or the beginning of November. *[Interruption.]* The timetable is laid out in the Act, so as soon as Parliament says that it agrees with the guidance, we can move towards the first appointed day. As I said, if that happens at the end of April or the beginning of May, six months later it will be the end of October or the beginning of November, and the second appointed day—the end of the total transition—will be in July 2005. The general election could take place in 2006, because we have five years, so we could still be on course for getting there before the next general election.

Mr. Bob Blizzard (Waveney) (Lab): My right hon. Friend will remember that when the Licensing Bill was passing through Parliament, there was concern about the impact that it might have on live music in small venues that had been operating under the so-called two-in-a-bar rule. Is he now satisfied that the guidance makes it absolutely clear to local authorities that they should not impose unreasonable red tape burdens on such premises—and, indeed, that many small musical events are exempt from the legislation altogether, so long as they behave themselves?

Mr. Caborn: Yes. My right hon. Friend the Secretary of State made that perfectly clear, and so does the guidance. The Government are trying to liberalise gambling and licensing, and to ensure that industries, especially tourism, can respond to the challenges that they now face. The Government have been accused of presiding over a £15 billion trade deficit in tourism, and we are trying to give the industry the tools to get on and increase its competitiveness and productivity. That is very important to the British economy, and to the quality of life of our citizens, and unless we modernise areas such as gambling and licensing, it will not happen.

We believe that the balance that we have achieved in modernising the law to bring it into the 21st century, operating in a joined-up way with local authorities, will have a major impact on the economy and the quality of life of many of the citizens of this nation.

Mr. Malcolm Moss (North-East Cambridgeshire) (Con): The Minister has already confirmed that the publication of the guidance is four months later than originally planned. Given the problems that that unacceptable and unnecessary delay is causing local authorities in planning ahead to implement the new licensing regime by the due date, are they right to ask if that delay has been caused by interdepartmental in-fighting between the Minister's Department and the Home Office?

Mr. Caborn: I do not know what the definition of interdepartmental fighting is. If it is about having a dialogue with colleagues in other Departments, that is probably how the Tories, too, operated in government. What I am saying, in answer to the reasonable question that has been asked, is that we are trying to modernise legislation so as to have an impact on the economy of this nation. Local authorities and many others are asking for that. If the hon. Gentleman wants to be pedantic and dance on the head of a pin about the four months, that is fine, but we are answering the serious questions that we are being asked by saying that we are giving local authorities and the industries the tools to make them more competitive and productive, thus bringing our people a better quality of life.

Museum Exchanges (Greece)

7. **Mr. Andrew Dismore** (Hendon) (Lab): What discussions she has had with the Greek government over exchanges of artefacts for exhibition in museums.
[166146]

The Minister for the Arts (Estelle Morris): Neither my right hon. Friend the Secretary of State nor I have had discussions with the current Greek Government about such exchanges.

Mr. Dismore: It will come as no surprise to my right hon. Friend that I am particularly concerned about the Parthenon sculptures. Does she believe that the offer advanced by the previous Greek Government was good, in that it would not only have helped to deal with the British Museum's financial problems through the extra income that such exchange programmes would have generated, but would have provided additional resources and exhibitions for regional museums, which currently miss out because the Parthenon sculptures are in London? Is it not about time that the sculptures went back to their proper home in Athens?

Estelle Morris: I am not surprised that my hon. Friend's question is about the Parthenon sculptures; I recognise his keen interest in that subject, and his expertise. However, the position in law is that this is a matter for the British Museum; it should stay that way, and it will. There is a lot of difference between what people speculate about and read in the press, and what is in any offer that has come from the Greek Government to the British Museum. My understanding is that the matter to which my hon. Friend referred never went in detail to the British Museum to enable it to reply. Any offer that the Greek Government wish to make will be sent to the British Museum, and I have no doubt that if that happened, the museum would consider it and reply. This is not a matter for Governments of any political hue, and that will remain the position of the Labour party.

Mr. Boris Johnson (Henley) (Con): Does the Minister agree that there is no point whatsoever in sending the Parthenon marbles back to Athens, since there is no prospect of those sculptures ever being viewed in situ on the temple? To do so would be to rip the heart out of the British Museum, which is one of the great cultural landmarks of Europe, and whose defence ought to be a matter for the Minister and her Ministry.

Estelle Morris: There are many facets to this debate, and I take the hon. Gentleman's points. The British Museum contains world collections and receives more than 4.6 million visitors every year. People can see historic artefacts and heritage items gathered in one place. Although this is not quite to do with the hon. Gentleman's point, the museum in Athens that could house the Parthenon sculptures, were they to be returned, is not yet ready, and we have no date for when it will be. In that respect, he was right. I am pleased that the sculptures are in the British Museum and part of a world collection. I am pleased that the number of people able to visit is increasing year by year.

Tim Loughton (East Worthing and Shoreham) (Con): I congratulate the Minister on that answer and on not listening to and succumbing to the siren voices of the decontextualising iconoclasts on her Back Benches. Will she send her congratulations to the New Democracy party Government in Greece, who have put the brakes on the Acropolis museum, which risks destroying seven levels of archaeology across a 10-acre site, including sculpture factories and other important relics? Will she concentrate on putting the marbles in the place where they are best viewed by the most people in a proper classical context—the British Museum?

Estelle Morris: I take the hon. Gentleman's last point; the sculptures are well displayed and there are more than 4 million visitors a year. That will continue.

We have had no formal approaches or statements from the new Greek Government about the museum or their attitude towards the Parthenon sculptures, although I might be able to guess what those would be. I join the hon. Gentleman in rejoicing at the fact that the United Kingdom has a museum of the stature of the British Museum, exhibiting such artefacts in such a wonderful way that people not only from this country but from throughout Europe and the world can see what we have to offer.

Gambling

8. **Mr. John Greenway** (Ryedale) (Con): What plans she has to promote social responsibility within the gambling industry. [166147]

The Secretary of State for Culture, Media and Sport (Tessa Jowell): I pay tribute to the hon. Gentleman and his Committee for its excellent work in scrutinising the draft gambling Bill. The Government will respond in the next two months. This is another good example of how pre-legislative scrutiny for Bills of this kind is critical to ensuring that a proper balance is struck between modernising the law and the right level of protection for the public. It is important to make it clear that the modernisation of what are widely recognised as outdated gambling laws will be characterised not by a free-for-all, as has been misleadingly reported, but by a clear obligation on all gambling businesses to act in a socially responsible way, for which the hon. Gentleman's Committee argued so powerfully.

Mr. Greenway: I am grateful for the right hon. Lady's response. The common threads running through the Joint Committee's report are concern about problem gambling and the need to ensure that reform does not lead to any increase in it. When she considers all the report's conclusions, which I appreciate will take some time, will she bear in mind the importance of retaining a crime-free and socially responsible gambling industry in the United Kingdom and avoiding the problems that lead to problem gambling, which are associated with too-easy access to high-value gaming machines?

Tessa Jowell: I do indeed accept the point that the hon. Gentleman makes. The three licensing objectives that form the architecture for the legislation—fairness, keeping gambling crime free and protection of children—are a practical expression of the broader objective of social responsibility on the part of those who are involved in the industry. In pursuit of getting the balance right, and because I share so strongly the concerns that people should continue to be protected, that we do not see a disproportionate increase in problem gambling, and that children do not gain greater access to gambling, I have consulted widely with the Churches and with children's organisations so that we are well aware of their views as the legislation takes its final form.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Postal Voting

18. **Bob Russell** (Colchester) (LD): What discussions the commission has held on the security of postal ballot papers delivered to premises in multiple occupation. [166159]

Mr. Peter Viggers (Gosport) (Con): The security of postal ballot paper delivery, including delivery to houses in multiple occupation, has been discussed by the commission on several occasions. Those have included meetings with the Parliamentary Parties Panel, the Local Government Association and the regional returning officers for the European parliamentary elections.

Bob Russell: I am grateful to the hon. Gentleman for that reply. Will he give me an assurance that every returning officer will be instructed to issue to every candidate and agent notice of the consequences of any illegal activities connected with the improper use of postal votes?

Mr. Viggers: The hon. Gentleman makes an important point and the Commission recognises the concern that he expresses. In order to minimise the risk of fraud in relation to postal votes, the commission is developing a series of tools for use by local administrators, including best practice guidance on delivery to multiple occupation households. The guidance is planned for publication later this year and will take on board the experience of the pilot schemes planned for this June.

Mr. Gordon Marsden (Blackpool, South) (Lab): May I suggest that the Commission take note of what has already happened in areas with many houses in multiple occupation that have run all-postal vote pilot schemes, such as in my own borough in Blackpool? It obviously has many HMOs but few problems were reported with the all-postal ballot last time.

Mr. Viggers: The hon. Gentleman balances the point. The Commission has made it clear in its published reports that it is convinced that the risks of personation and intimidation must be addressed through specific changes to the law before all-postal voting is made widely available. However, the Commission also argues that the benefits of all-postal voting in terms of increased convenience and turnout are significant and demonstrable.

Peter Bottomley (Worthing, West) (Con): Will my hon. Friend ask the commission to ensure that after the next round of postal voting in major elections it will publish research that shows those areas with unusually high or low participation? I can understand why the commission would not wish to publish its methods of research in advance, but we need to see afterwards what has happened.

Mr. Viggers: The Commission intends to carry out scrupulous research and I think that my hon. Friend's point should be covered. However, it will be drawn to the Commission's attention.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Church of England (Charitable Status)

19. **Hugh Bayley** (City of York) (Lab): If he will make a statement on the charitable status of the Church of England. [166161]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): With permission, I shall answer Church Commissioners questions on behalf of the Second Church Estates Commissioner, my hon. Friend the Member for Middlesbrough (Sir Stuart Bell).

The Church of England embraces many legal entities of various kinds that fulfil the legal requirements for charitable status. For example, the Church Commissioners are such a body.

Hugh Bayley: In view of the great problems of insolvency at Bradford cathedral, and the difficulty that those have caused for my constituents, who have not been paid a debt of more than £100,000, does my hon. Friend agree that all Church of England bodies, including cathedrals, should be regulated as strictly as registered charities? In order for that to take place, existing charity law needs to be amended, as I hope that it will be in the forthcoming charities Bill.

Mr. Lammy: The Church of England is committed to seeing that all charities, including religious bodies, are adequately regulated. My hon. Friend has indicated that the Government hope to produce a draft bill on charities legislation in this Session and I know that the Church of England and the Archbishops Council are in close dialogue with them on such matters. We hope to see progress in due course.

Miss Anne McIntosh (Vale of York) (Con): What would be the consequences of a church within the Church of England becoming insolvent and going bankrupt?

Mr. Lammy: The hon. Lady will be aware of the different status of the various church bodies within the Church of England. The issue of cathedrals has caused interest in the House. The Cathedrals Measure 1999 means that cathedrals have greater transparency, accountability and compliance. That legislation came into place subsequent to some of the problems raised by my hon. Friend the Member for City of York (Hugh Bayley).

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Postal Voting

20. **Mr. Crispin Blunt** (Reigate) (Con): If he will invite the commission to examine the potential effect on the electoral process of incumbent elected representatives using resources available to them by virtue of their office to seek to register voters for postal votes. [166162]

Mr. Peter Viggers (Gosport) (Con): If my hon. Friend cares to put that suggestion to the chairman of the Electoral Commission, I am sure that it will give it due consideration. The commission recently published a draft code of conduct for political parties, candidates and canvassers on the handling of postal voting applications and postal ballot papers, the impact of which will be assessed following the election scheduled for June.

Mr. Blunt: I am grateful to my hon. Friend for that answer. I have already put my suggestion to the commission and hope that he will add his voice, in his representative capacity, to my call for it to be considered. Does he accept that there is a serious potential for abuse if incumbents, when choosing those of their constituents whom they are going to invite to

take postal votes, use resources available to them through their incumbency? Will he more widely invite the commission to examine the whole issue of unfair advantages that come to incumbents through the resources available to them from their office, as far as future elections are concerned?

Mr. Viggers: I am sure that we all want to encourage the maximum use of postal votes, but that must be done within appropriate rules. If my hon. Friend is referring to rules relating to the use of parliamentary stationery, that is a matter for the Serjeant at Arms.

Dr. Brian Iddon (Bolton, South-East) (Lab): My constituency will vote entirely through postal votes. I am concerned that 7,500 people have disappeared from the current register when compared with the previous register. What evidence has the hon. Gentleman got that local authorities are doing spot checks to ensure that as many people are on the current register as there should be?

Mr. Viggers: This is a slightly different point, as I think the hon. Gentleman would accept. The commission is seized of the necessity of ensuring that the register is as complete and up to date as possible, and has made recommendations to the Government on that basis.

Mr. David Heath (Somerton and Frome) (LD): The Electoral Commission received considerable publicity for its proposals on the age of voting and perhaps rather less publicity for two rather important documents: the draft code of conduct for political parties, candidates and canvassers, mentioned by the hon. Gentleman, and "Perceptions of Electoral Fraud in Great Britain", both of which are relevant in the light of the recent successful prosecution of a councillor—Conservative, as it happens—in Guildford for electoral fraud. Is it not the case that the draft code of conduct should be in the hands of every candidate and electoral agent before the start of the electoral process, so that they are clear about what they are expected to do in the handling of registration of postal votes and, more importantly, what they are expected not to do?

Mr. Viggers: The draft code was published last Friday. It is my understanding that a copy was sent to each hon. Member. The hon. Gentleman makes a good point, however. Every candidate should have access to guidance from the Electoral Commission, and I shall pass that point on to it.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Bishops' Drivers

21. **Michael Fabricant** (Lichfield) (Con): If he will make a statement on the policy of the Commissioners concerning the provision of drivers for use by bishops. [166163]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I have been asked to reply.

The Church Commissioners continue to fund drivers for bishops when there is a need. This helps to ensure the best use of a bishop's energy and time, on which many calls are made.

Michael Fabricant: I am grateful for that reply and it makes sound sense to me. Is the hon. Gentleman aware that in dioceses such as Lichfield, for example, hundreds of square miles need to be covered, reaching right up to the Welsh border? Will he resist those envious voices who say that bishops should not be provided with drivers? Perhaps before they lose their drivers, Ministers, who just use their cars to drive from one end of Whitehall to Parliament—I am not, of course, referring to the hon. Gentleman—should lose their drivers first.

Mr. Lammy: The hon. Gentleman is right that bishops' commitments are many and varied, and they often work from early in the morning until late at night. By definition, they work seven days a week. The Lichfield diocese is large, and I am sure that when the commissioners look at the bishop's circumstances they will bear that in mind.

ELECTORAL COMMISSION COMMITTEE

The hon. Member for Gosport, representing the Speaker's Committee on the Electoral Commission, was asked—

Electoral Registration

22. **Mr. Andrew Love** (Edmonton) (Lab): What plans the commission has to reform the process of voter registration. [166164]

Mr. Peter Viggers (Gosport) (Con): The commission published a report last year on the electoral registration process that made a number of recommendations to the Government on changes to the law and identified good practice in the management of the registration process.

Mr. Love: In the three years to 2003, more than 3,700 electors disappeared from my register. In some areas, the proportion on the register is estimated to be less than 90 per cent., yet in a written parliamentary reply I was told that statistics are not kept nationally on people prosecuted for not returning an electoral registration form. Does the Electoral Commission think that the prosecution of people who have not returned electoral registration forms plays a role in the effort to increase the numbers eligible to vote?

Mr. Viggers: The commission does not have an enforcement role in electoral registration, so does not hold figures on prosecutions. The hon. Gentleman makes a good point, but as the commission does not have an enforcement role at present, it is difficult for it to act. I am sure, however, that it will consider the hon. Gentleman's point carefully.

Political Engagement

23. **Joan Walley** (Stoke-on-Trent North) (Lab): If he will make a statement on the joint report of the Electoral Commission and the Hansard Society entitled "An Audit of Political Engagement". [166165]

Mr. Peter Viggers (Gosport) (Con): I understand from the chairman that the report was designed to promote discussion and debate about political engagement in the United Kingdom. The audit uses 16 indicators of engagement based on a survey of the public by MORI. A copy of the report has been sent to all Members of Parliament, and copies have been placed in the Library.

Ms Walley: Given that 5 million fewer people voted in the 2001 general election than in the 1997 election, and given the widespread concern in the House about voter turnout, what more can the Electoral Commission do to make sure that politics matters to all age groups, including 18-year-olds and perhaps even younger people?

Mr. Viggers: The purpose of the audit is to take a snapshot of public engagement in politics in the United Kingdom. The first audit is intended to act as a baseline against which future trends in political engagement can be measured annually. The aim is to help to inform everyone working to tackle the problem of political disengagement. The audit was developed with a practical application in mind so that we can facilitate action by individuals and institutions involved in politics.

CHURCH COMMISSIONERS

The hon. Member for Middlesbrough, representing the Church Commissioners, was asked—

Ministers of Religion (Employment Rights)

24. **Mr. Huw Edwards** (Monmouth) (Lab): If he will make a statement on the Church Commissioners' support for employment rights for clergy and other ministers of religion. [166166]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I have been asked to reply.

The Church Commissioners support the principle of employment rights for clergy and other ministers of religion, with certain exceptions, such as the right not to work on Sunday.

Mr. Edwards: I thank my hon. Friend for his answer, and I hope that that principle includes protection against unfair dismissal for clergy in the Anglican Church. Could my hon. Friend give an assurance that the Church Commissioners will consider bringing clergy within the remit of anti-discrimination legislation as well?

Mr. Lammy: The Archbishops Council has moved fast to tackle important reforms, and its clergy terms of service review group is working with dioceses, clergy, laity and the unions to consider relevant recommendations.

Mr. Ben Chapman (Wirral, South) (Lab): Does my hon. Friend understand that following the deliberations of the McClean committee, the clergy and others are waiting for a reaction, hopefully in short order? Can he urge the Church Commissioners to move as quickly as possible so that this can be resolved?

Mr. Lammy: My hon. Friend has tremendous experience in this area, and has continued to campaign on the issue. The McClean committee reported in January, the General Synod considered the matter in February, and the Archbishops Council looked at it at about the same time. I hope that they will offer conclusions on the recommendations as soon as possible.

Church Repairs (VAT)

25. **Miss Anne McIntosh** (Vale of York) (Con): How many churches benefited from the grant to reimburse VAT on repairs in 2003-04. [166167]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): I have been asked to reply.

Two thousand nine hundred and thirty-nine listed places of worship benefited from the grant in 2003–04. Of those, 2,123 were Church of England buildings.

Miss McIntosh: Can the hon. Gentleman tell me what the cost of administering the grant was, out of that total sum?

Mr. Lammy: I know the hon. Lady has great expertise in these matters. I answered a question on the matter when I last stood in for my hon. Friend the Member for Middlesbrough (Sir Stuart Bell). May I write to the hon. Lady with those figures?

Iraq and Middle East Peace Process

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I should like to make a statement on my visit to the United States from 15 to 16 April. In New York I met the UN Secretary-General, Kofi Annan, and in Washington I met President Bush. With them both, the two main points of discussion were Iraq and the middle east peace process.

There is no doubt that the present situation in Iraq is very difficult. Since mid-March the US has suffered 123 military fatalities, of whom 112 were killed in hostile action. One Ukrainian soldier was also killed during recent disturbances in Al Kut. A number of contractors have been targeted since the middle of March. In addition to a number of US civilians killed, one British, one Italian and one Canadian security guard, two Finnish businessmen, three German citizens and one Dutch contractor have been killed.

Most security incidents continue to occur in the so-called "Sunni triangle" north-west of Baghdad. This includes the town of Fallujah, where the US marines have set up a cordon against Sunni insurgents. US forces are also deployed around Najaf, where Moqtada al-Sadr's supporters are still ensconced. There is currently a pause in military activity in Fallujah and Najaf to allow discussion with those involved. I hope the whole House will join me in passing on our deepest sympathy to the families of all those who have died, including the civilians, Iraqi and western citizens.

We should not lose sight of what is happening across the majority of the country. Some 2,300 schools have been rehabilitated; $32 billion has been pledged for reconstruction; electricity generation is now above pre-conflict levels; higher oil production over the past four months has given Iraq $2 billion more in revenues than we expected even last November; and Iraqis are enjoying the benefits of a new Iraqi currency worth 40 per cent. more than the discredited Saddam dinar.

Of course there will be resistance, as we are seeing in Fallujah and Najaf. It is absolutely clear what is going on there. All those who think they will lose out when Iraq becomes democratic—former Saddam supporters, foreign terrorists, militias led by extremist clerics—have a vested interest in seeking to delay or disrupt the transition towards democracy. They portray themselves as opponents of American occupation. In fact, they are opponents of allowing the Iraqi people the chance to choose their own leaders in free and fair elections. It is essential that the forces of reaction and terror do not prevail.

The vast majority of Iraqis want a prosperous, stable, democratic Iraq, at peace with its neighbours; a force for good in the region and the world; international forces staying not a day longer than they have to; Iraq's wealth, which is Iraqi wealth, and Iraq's oil, which is Iraqi oil; and a country that is a sovereign, independent state governed by Iraqis for the benefit of Iraqi citizens. That is exactly what the coalition want. We are on their side against the small minority of those trying to disrupt this vision, and we have a political and military strategy to achieve it.

Our work on reconstruction and investment in Iraq must continue, so that all parts of Iraq know that they have a place and a future in the new Iraq. We will redouble our efforts to build the necessary capability of the Iraqis themselves to take increased responsibility for security and law and order. We will hold absolutely to the 30 June timetable for the handover of sovereignty. We will work with the UN Secretary-General's representative, Mr. Brahimi, and all members of the UN Security Council to secure a new Security Council resolution to set out the new arrangements.

The UN should have a central role, and it should be developed still further once the occupation ends on 30 June. The UN will have a vital role in the electoral and constitutional processes in 2005, and in co-ordinating international reconstruction assistance. I welcome the proposals made by Mr. Brahimi for this transition. As he says, the most important milestone is the election to be held in January 2005. Before then, there will be an interim Government from 1 July, to be formed before the transition, led, as he said, by a Prime Minister, with a President to act as head of state and two Vice-Presidents.

I also welcome Mr Brahimi's suggestion of a large national conference to promote dialogue, consensus-building and reconciliation in Iraq, and to elect the consultative assembly to serve alongside the Government in the period up to January 2005 and to help prepare for elections.

That is the vision. We will stay the course until it becomes the reality, and I hope that the whole international community will come together to support it. Whatever people's views of the wisdom of the war in Iraq, it must surely be in everyone's interest, not just in Iraq but across the world, for this vision of hope and democracy in the future of Iraq to prevail and to succeed.

I also discussed the middle east peace process with Kofi Annan and President Bush. We condemn the targeted assassination of Hamas leader Abdel Aziz Rantissi, just as we condemn all terrorism, including that perpetrated by Hamas. We have to break out of this vicious cycle of suicide bombings and retaliation. Israel needs security, and the only lasting security will come from the stability of a solution to the middle east peace process with two states, Israel and Palestine, living side by side in peace.

That is why we welcome the Israeli proposal to withdraw from Gaza and parts of the west bank. The road map remains the best way to peace, and disengagement from occupied territory can be an opportunity to return to it. Disengagement is not the final step; it has to be an important first step on the road to a final settlement.

There was criticism that last week's announcement prejudged the issues of Palestine's final status: it should not and it does not. It is a statement of fact that those final status negotiations, when they come, cannot ignore the reality on the ground, but all issues, I repeat, are to be decided in that negotiation.

Israeli withdrawal also provides a chance for full engagement by the international community. The Quartet should seize this opportunity to help the Palestinian Authority take the necessary economic, political and security measures so that a viable Palestinian state becomes not just a concept but a real possibility. I hope that a meeting of the Quartet can take place as soon as possible, and in any event not later than May to discuss this issue.

[The Prime Minister]

Among the other issues that I discussed in both New York and Washington was Cyprus. I am sure that the House will join me in paying tribute to Kofi Annan, both for the skill and distinction with which he has led the UN during difficult times and specifically for the work that he has done on Cyprus. I hope that the people of Cyprus will see the benefits of the United Nation's plan and vote for it in the referendums on Saturday.

I believe passionately that all these issues need to be seen in their wider context, for they are all linked. We are firm in response to terrorism and states proliferating weapons of mass destruction, but we must also be firm in tackling the breeding grounds of terrorism. That means broadening out the international agenda and confronting the issues upon which the terrorists pray: poverty, conflict and religious and ethnic strife.

Both the UN Secretary-General's high level panel on the future of the UN and the G8, chaired this year by the US and next by the UK, can help establish to this broad and common agenda and set a forward direction for the whole international community. It is more essential than ever that they do so.

Mr. Michael Howard (Folkestone and Hythe) (Con): I begin by welcoming the fact that the Prime Minister decided at the last minute that he, and not the Foreign Secretary, would make this statement on these vital international issues. We welcome this small U-turn by the Prime Minister, just as we welcome his big U-turn to hold a referendum on the European constitution.

On the substance of the Prime Minister's statement, I entirely agree about Cyprus. On Iraq, we do not in any sense resile from our support for military action against Saddam's regime. We fully support the continuing deployment of British troops in Iraq. We pay tribute to them for their competence, professionalism and bravery in very difficult circumstances, and I join the Prime Minister in expressing our sympathy to the families of all those who have lost their lives in the circumstances that he described. I am sure that the Prime Minister will want to join me in condemning last night's roadside bomb that injured three British soldiers in Al Amarah, particularly since two members of the same regiment were injured on Saturday.

Notwithstanding the very great difficulties that are clearly present in Iraq today, I agree with the Government that it is essential that we see this through; and, like the Prime Minister, I reject the criticism of those who suggest that we should now pull out.

On the scale of the military commitment, can the Prime Minister tell the House whether British commanders in Iraq have asked for reinforcements and whether any such request has come from the Americans? What arrangements are being made to replace the 1,300-strong Spanish contingent whom, we are told, are to be withdrawn as soon as possible?

The United Kingdom has been punching above its weight militarily, but are there not concerns that we have not done so diplomatically and politically? To make that point is not in any way to criticise David Richmond, as the Prime Minister falsely asserted on the radio on Saturday morning. I have no doubt that Mr. Richmond is an able man who is doing his best in difficult circumstances. I am not criticising Mr. Richmond—I am criticising the Prime Minister. Why has he refused to send to Baghdad a more senior and authoritative figure than Mr. Richmond? Did he raise in Washington last week the role of the British representative in Baghdad? Did he ask the President to designate the British representative as Ambassador Bremer's deputy? The Prime Minister will be aware that it has been widely reported that even Sir Jeremy Greenstock found it extremely difficult to make his voice heard at the headquarters of the coalition provisional authority. Is not that why, when British troops are in daily peril, there should be a powerful and senior British voice in Baghdad giving us a real say in the decisions that are made?

As we approach the 30 June deadline for the transfer of sovereignty, I welcome the announcement that the United Nations will be involved in the handover, but what precisely will be the nature of that involvement? Will United Nations special envoy Brahimi have the same discretion and flexibility as he had in Afghanistan? Were he to come to the conclusion that the deadline of 30 June is unrealistic, would the deadline be reconsidered?

Given that the deadline is little more than two months away, will the Prime Minister answer some crucial questions? How will those to whom power is to be transferred on 30 June be selected? Will that be a matter for the United Nations or for the coalition provisional authority? What powers will be transferred? In particular, who will be responsible for security? Yesterday, Ambassador Bremer said:

"It is clear that Iraqi forces will not be able, on their own, to deal with these"—

security—

"threats by June 30 when an Iraqi government assumes sovereignty."

After 30 June, will the new Iraqi authorities be able to decide on the way in which coalition troops are to be deployed, where they are to be deployed, in what force they are to be deployed, or whether they are to be deployed at all? Will the Iraqi authorities have the power to ask coalition troops to leave Iraq? Will they have the right to decide what happens to any insurgents apprehended or captured by coalition forces? Great concerns have been expressed over the performance of the Iraqi security forces during recent events. Did the Prime Minister raise with the President the nature of the steps that would be taken to improve the training and effectiveness of those forces?

Finally on Iraq, does not everything that has happened over the past year reinforce the warnings that we gave at the time about the lack of a carefully thought through plan for reconstruction in post-war Iraq? [*Laughter.*] They are all on the record for the Prime Minister to see.

On the middle east peace process, was the Prime Minister consulted by President Bush before the President announced his endorsement of Prime Minister Sharon's plans last week? Did the Prime Minister express to the President the view that given that the road map had been drawn up by the Quartet, it would have been more appropriate for the Quartet to be involved in further decisions of this kind than for them to be decided bilaterally between the United States and Israel?

We welcome Israel's disengagement from Gaza and partial disengagement from the west bank, but does the Prime Minister agree that there will no lasting peace or security in the middle east without establishing a viable Palestinian state alongside a secure state of Israel? Will he confirm the following two principles? First, a two-state solution cannot be imposed and must be reached by agreement through negotiation. Secondly, all the elements of such an agreement, including the Palestinian right of return and Israeli west bank settlements, must be on the table for negotiation. Will he confirm that last week's statement by President Bush must be the start, not the end of a process?

Given that the Prime Minister is always eager to secure the maximum possible agreement in the European Union on such issues, will he confirm that, if such agreement existed and the constitution were in force, the president of Europe, not the British Prime Minister, would have met the President of the United States last week?

The Prime Minister: I should thank the right hon. and learned Gentleman for his support, which was, as ever, generous, on Iraq. On today's evidence, I cannot say that he would be someone with whom one would want to go tiger shooting. Throughout, he tries to give us general support and create as much particular mischief as he can. Although he says that his criticism of David Richmond's status is not a criticism of David Richmond, I do not believe that many people took it as anything else. When people do a difficult job on the ground and risk their lives, there is nothing worse than the Leader of the Opposition scoring points by saying that they are not suitable. That is exactly what the right hon. and learned Gentleman is doing and everybody knows it.

Of course, the United Nations is involved up to and through the 30 June deadline, which Mr. Brahimi, as well as the United States and Britain, has reaffirmed. The UN will continue with the current consultation and dialogue, most notably with the key groups in Iraq. It is interesting that, in all Mr. Brahimi's negotiations, a majority of Iraqis, whether they are Kurds, Shi'a or Sunni, obviously want a broad-based constitution that represents all the different groups in Iraq. That is a cause for optimism, even in the current difficulties.

It was always anticipated that there would be a security agreement with the new Iraqi Government after 30 June that would involve coalition troops. It was never contended that we could turn all security issues over to the Iraqi forces after 30 June. However, we are attempting to ensure that the Iraqi capability to conduct policing and civil defence work is extended and made as secure as possible, which is important. It is bound to be difficult to create an entirely new police and civil defence force, but I believe that we shall manage to do that. I emphasise that the difficulties in Fallujah and Najaf still exist and are acute; none the less, it is interesting to note that local leaders and Iraqi police and defence forces are involved, and I therefore hope that both issues can thus be resolved.

Of course, it is essential to improve the training of the forces, but my overall view is that although difficulties exist—in some ways, they are to be expected—I reject the line that somehow there was no proper preparation. After the conflict, specific groups in Iraq were always going to try to dislodge the progress that was being made. It was always going to be difficult, but I believe that the difficulties are a reason for us to redouble our efforts, not to retire and retreat from the field.

One would not quite have gathered from the right hon. and learned Gentleman's words that we are in agreement about the way forward on the middle east. Of course, it is right that the final status negotiations must include all the issues, whatever the expressed views of Israel or America. All I have been saying is that the fact that there is to be a disengagement or withdrawal by Israel from Gaza and the west bank at least gives not only the Palestinian Authority but the international community the chance to play a role in building the necessary economic, political and security capability in the Palestinian Authority in relation to the part over which it will have control once the Israelis withdraw from Gaza and parts of the west bank. I do not in any sense want to minimise the anger at other things that have been said or done over the past few days, but it is important that we at least focus on the possibilities that that disengagement offers.

In respect of the European Union, the right hon. and learned Gentleman's position is absolute nonsense. There is nothing to prevent us from taking a view as an independent sovereign country, and it will be a pleasure to debate the reality rather than the myth.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): I echo the very proper expressions of condolence to our own forces and those of other countries, and increasingly to those civilians from countries around the world who are assisting in the rebuilding of Iraq and are now the focus of attack, and to the innocent Iraqis who continue to lose their lives in significant numbers.

We agree with the Prime Minister that, whatever differences have preceded the position in which we find ourselves today, it is clear that the skill, bravery and sheer professionalism of the British forces should continue to be deployed to achieve the end that everyone wants to see—a stable and secure Iraq, for its own sake and the sake of its people and in the interests of the most difficult region in the world.

The Prime Minister's discussions with the President took place against three very troubling backdrops. The first was what many of us regarded as the excessive military force being used by the Americans, especially in Fallujah. The second was the continuing political uncertainty for the people who want to see the transition, as we do—we agree that we should adhere to the June deadline—and who want to have that signal reinforced; it is welcome that it should be reinforced within Iraq. The third was the fact that the discussions were preceded by another deeply worrying act of unilateralism by the Bush Administration vis-à-vis the Prime Minister of Israel, which called into question many of the assumptions that this Government, with all-party support, have held dear and integral to the road map process and to existing UN Security Council resolutions.

Watching the events of last week and listening to what the President was saying in his press conferences with the Prime Minister, many of us had a nagging doubt about the extent to which the President, although he

[Mr. Charles Kennedy]

undoubtedly gave the appearance of listening with great courtesy to the Prime Minister, actually chose to hear what we hope the Prime Minister was trying to get across in the course of the talks.

It is undoubtedly welcome news that there is to be an increased role for the United Nations in Iraq. The current lack of legitimacy stems from the sidelining of the UN during the conflict. Will the Prime Minister acknowledge, however, that following the very dismissive terms in which many in and around the American Administration have spoken publicly about the UN, the warmer words that are now coming into play will have to be matched by deeds if they are to win the confidence of the international community? Perhaps he has already made that point to the President. The Prime Minister says that the UN will continue its present dialogue, and that he is encouraged by the efforts of Mr. Brahimi, as we must all be; but is he satisfied that the Americans will give the level of input that is so crucially required?

Does the Prime Minister recognise that it might not be right to class everyone—as he and the President have—who is being driven into the hands of those whom he rightly describes as the terrorists and fanatics as being, by definition, terrorists and fanatics themselves? We saw what happened to those hundreds of women and children in Fallujah last week. They were not terrorists or fanatics, but when they see what is happening to their own domestic circumstances, the real tragedy is that some of the wilder elements get driven in the direction of the terrorists and fanatics. The Americans must surely understand that.

As for the wider middle east peace process—*[Interruption.]*

Mr. Speaker: Order. The right hon. Gentleman must be heard. This is unfair.

Mr. Kennedy: Thank you, Mr. Speaker.

Will the Prime Minister confirm what his Foreign Secretary has said over the past few days—that the Israeli policy of targeted assassination is both unlawful and unjustified, and also counterproductive? Are the British Government making direct representations to the Israelis to that effect?

In his statement, the Prime Minister said that the new position adopted by the Israelis and the Americans was a first step—the beginning of a new phase in the process. Mr. Sharon, however—both on the plane home to Israel and since arriving in his own country—has given every indication of seeing it as not a first but a final step. What will our position be in the light of that?

Perhaps the Prime Minister will confirm or contradict this. We have heard that, during the build-up to the original decision to mount the war in Iraq, the Americans gave him the option of not participating. At the time, I asked him repeatedly whether he could envisage circumstances in which this country would not participate in unilateral action with the Americans but without UN sanction. He did not answer then. Will he now at least tell us whether the Americans made that option explicitly open to him?

The Prime Minister: I find that last point somewhat extraordinary. Of course we always have the option of participating or not participating. We had to make a decision, and we actually made it finally in this House. We decided that we would participate. I have never made any secret of my belief that it was right that our troops were there. I do not think that that was ever secret.

Let me deal with the right hon. Gentleman's other two points. I welcome what he said about the UK forces, which I consider right and responsible. Whatever differences there are over the war, it is right that we continue to deploy those forces and see this through. It must now be in everyone's interests to get Iraq resolved in the right way.

I do not accept that we have ever wanted to sideline the UN. We made copious efforts to get the UN to back a final ultimatum to Saddam. We had already secured its backing, in resolution 1441, for a demand that Saddam comply and comply fully with what it said. Since then there have been no fewer than three further UN resolutions. The President and I agree that we should seek another resolution to put all issues connected with political and security measures in context and carry them through.

I have not said that everyone who is angry about whatever action is being taken is a terrorist and a fanatic. There is no doubt, however, that those driving what is happening in Fallujah are terrorists and fanatics. I agree with the right hon. Gentleman that we must ensure that they cannot draw in other people.

What happened in Fallujah arose from the brutal murder of civilian contractors, which was carried out in a particularly horrific way. I hope that, given the engagement of local leaders and the talks taking place between them, the Americans and other leaders from the Iraqi governing council, it will be possible to resolve the situation peacefully. We must, however, also state definitively—because this will be important for the new Iraq that we want to create—that we cannot allow a situation in which outside terrorists, clerics with their own militias or heavily armed gangs of insurgents try to run the country. That has been the tragedy of Iraq for many decades. It is surely right to say to all those people "If you have a particular point of view, stand in the elections. You must not try to get your way by means of violence when you cannot do so democratically."

In respect of the middle east peace process, of course I confirm what my right hon. Friend the Foreign Secretary has said during the past few days about targeted assassinations. However, on the point about whether Mr. Sharon sees this step as a first or a final one—in the course of his press conference he also reaffirmed his support for the road map—I would simply say that despite the anger at statements made on the right of return for refugees and on settlements, which I understand, there is still an opportunity. From my conversations with European leaders at the weekend, I think that people recognise that, which is why the European Union statement welcomed the disengagement from Gaza and parts of the west bank.

Of course this should not be a final step; of course it is not a final settlement. However, my point, very simply, is that it must be better than what we have now to have at least some disengagement from the occupied territory, provided that that disengagement is followed by active measures, supported by the international

community, to give the Palestinians the economic and political strength and the security needed for the idea of a viable Palestinian state to become a realistic possibility. It cannot be right that we simply have disengagement, then allow a vacuum to develop. That is all that I am saying, and when people reflect on it they will see that whatever their anger about unilateral statements on the right of return for refugees and on settlements, it is still better to try to make something of this offer of disengagement—or this strategy of disengagement—than to do nothing.

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): Will my right hon. Friend reconfirm, in specific terms, that the policy of Her Majesty's Government, in accordance with United Nations Security Council resolution 446 and other UN Security Council resolutions, is that all 200 Israeli settlements on occupied Palestinian territory are illegal and must be removed? Will he also reconfirm that the wall being built by the Israelis, biting deep into Palestinian territory and separating farmers from their land, workers from their jobs, pupils and students from their schools and universities, and sick people from their hospitals, is also illegal and must be removed?

The Prime Minister: Our position remains entirely as we have set it out before. In respect of the security fence, I say absolutely unequivocally that it must not become part of a political settlement. The Foreign Secretary and I, and others, have made that position very clear. I simply repeat, however, that if such a disengagement from Gaza and parts of the west bank happens—including, incidentally, the removal of some 7,000 settlers from Gaza—it is important that the Palestinian Authority be able to step into that breach. That is the only point that I am making. We do not alter our position at all on the substance of the matter. The question will ultimately be, as it is with all such peace processes, whether people want to carry on making their statements, or whether they want to try to establish a different reality. That different reality must begin with the disengagement being followed by a process of reconstruction.

Sir John Stanley (Tonbridge and Malling) (Con): The Prime Minister said in his statement that the final settlement in the middle east cannot ignore the reality on the ground. Is it not the case that the reality behind Prime Minister Sharon's latest announcement, coupled with the ongoing building of the security wall, is that the Israeli Government are bent on a de facto annexation of significant parts of the west bank? Given that such a policy is both illegal and contrary to the road map, why is the Prime Minister going along with it?

The Prime Minister: I have made it clear that I do not believe that the security fence can be used to annex territory. I want to make one other point, which it is fair to make, or we could end up, as is often in such situations, with an entirely one-sided debate. Even as we condemn the targeted assassinations of Hamas leaders, we should not forget that innocent Israeli citizens have died in large numbers as a result of terrorist acts in Israel—not in the occupied territories, incidentally, but in Israel itself. Obviously, any Government—particularly a democratic Government, as in Israel—will want to take measures to protect their citizens. I do not resile from anything I have said about this, but one of the problems with the situation is that people always see one particular point of view. There are two lots of suffering in this case and both must be dealt with.

Mr. Tam Dalyell (Linlithgow) (Lab): Is not the unpalatable truth that an occupying coalition force, far from curtailing violence, is seen more and more as an inspiration for it? Have not we reached a situation where many Iraqis have come to regard this as a war of liberation? In those circumstances, there are some of us who think that Mr. Zapatero is right and that—embarrassing though the loss of face may be—the coalition forces should be withdrawn.

The Prime Minister: I do not deny for a single instant that the propaganda launched at the coalition is that we are an army of occupation that wants to stay there, irrespective of the views of the Iraqis, in order, on some days, to take their oil and, on other days, to occupy the country. That is the propaganda case that is being made. It happens to be false, as most people know and accept. The truth is that neither ourselves, the United States or any other country wants to remain a moment longer than is necessary to secure the conditions in which a proper political settlement can take place.

I say to my hon. Friend, whose very strong views on this subject I understand, that if we were to withdraw coalition troops now and leave Iraq to the mercy of militias, insurgents and outside terrorists, the losers would not just be the whole of the middle east—the whole world, actually—but, most of all, the Iraqi people. Were he to talk to anyone in the British sector at Basra, he would know that, of course, the vast majority of Iraqis do not want their country to be occupied, but they want to make sure that when the occupation leaves, what takes over is the democratic will of the Iraqi people and not the will of extremists, fanatics and those who would take Iraq backwards.

Mr. John Maples (Stratford-on-Avon) (Con): In the middle east peace process, we seem to be moving beyond the road map to the implementation of a settlement on the ground. I suggest to the Prime Minister that if we continue to pretend that the road map has life in it, or that the two parties under their present leaderships will negotiate a settlement to all of the issues, we will end up with a unilaterally imposed Israeli settlement on the ground. We ought to get the Quartet, at its meeting next month, to grab control of the issue, to attempt to develop a settlement of all the outstanding issues in dialogue with the parties—but without seeking to get them together in direct negotiations—and to seek to impose that settlement. The alternative is not the road map, but a unilaterally imposed Israeli settlement.

The Prime Minister: The Quartet can come to whatever decisions it wishes, but I do not think that the choice is the one that the hon. Gentleman poses. The reason we are not in the road map is perfectly simple—the basic security measures that are supposed to be taken under the road map have not yet been taken. All that I am saying is that we cannot be in a worse position

[The Prime Minister]

if, when the disengagement from Gaza and the west bank takes place, we move in on an international basis to develop the security, economic and political infrastructure that the Palestinians need. If we fail to do that, and if there are those in Israel who want de facto and unilaterally to create a settlement, they will gain from the inability of the Palestinians to run their affairs within the territory that they will occupy. That is why it is so important that we seize the opportunity that the disengagement offers us. I agree that it is important that the Quartet is fully involved, but the Quartet is not going to be able to negotiate the final status. That is unrealistic.

Mr. George Howarth (Knowsley, North and Sefton, East) (Lab): Does my right hon. Friend agree that although the relationship between Israel and Palestine that he has just described is central, other states in the region have a role to play? Will he join me in urging Syria to play a constructive and credible part in what can be achieved in the region?

The Prime Minister: The point that my hon. Friend makes is absolutely right. Syria, I hope, along with other countries, will realise that its support of terrorism and any sponsorship of terrorism is preventing us from getting back to the road map.

Mr. Alan Duncan (Rutland and Melton) (Con): The Prime Minister publicly justifies his own actions on the basis of UN resolutions and international law. On what basis does he believe that President Bush is entitled to cede Palestinian negotiating positions without their consent, and why does he think that unilaterally sanctioning illegal townships bang in the middle of the west bank is going to do anything other than destroy any chance of a viable Palestinian state?

The Prime Minister: President Bush made it clear several times—not just in the press conference with me, but in the one with Prime Minister Sharon—that, ultimately, these issues have to be decided by negotiation, and that remains the case. There are realities on the ground, and all the discussions that have taken place between the Israelis and the Palestinians throughout many peace processes have recognised that—but, ultimately, these things have to be decided in final status negotiations.

Richard Burden (Birmingham, Northfield) (Lab): Is my right hon. Friend aware that while President Bush was appearing on the White House lawn with Prime Minister Sharon, the United Nations Office for the Co-ordination of Humanitarian Affairs was producing its weekly report on the situation in the occupied territories? It referred to further land confiscations, ambulances being turned away from checkpoints, more houses being demolished, and a nursery school in Nablus being closed when Israeli forces entered it. Does he therefore understand the anger that exists throughout the Arab world and beyond, and why Israel felt that it had been given a green light to continue with its illegal policy of targeted assassinations? Does he agree that if this development is to be an opportunity for the peace process and not a threat, we must recognise that the road map is not the gift of the US, that the Quartet must establish its authority, and that disengagement must be real and military, as well as involving the dismantling of settlements? Does he further agree that the international community must accept its responsibility for an international presence in that part of the world, to ensure peace with justice for both sides?

The Prime Minister: I agree with my hon. Friend to the extent that I understand the anger that exists in the middle east and the Arab world about these issues. I also believe it essential that the Quartet play a role, and we will obviously have to discuss with the Palestinian Authority exactly what that role would be in security terms. However, in principle my view is that the more the international community can be involved in helping the Palestinian Authority to have—and, in a sense, guaranteeing that it has—the wherewithal to move forward from any unilateral disengagement by the Israelis from Gaza and parts of the west bank, the better.

That is precisely why I want there to be a meeting of the Quartet, hopefully in early May. At that meeting, we can put aside the rights and wrongs of what has happened in the past few days in terms of the statements made by America or Israel—or, indeed, by anyone else—and focus on what the Quartet can do to ensure that the Palestinian Authority can take advantage of unilateral disengagement, should it take place. It is worth pointing out that, had it not been for the other issues surrounding the announcement by the Israelis, much of the middle east would have welcomed in principle a unilateral disengagement from parts of the occupied territory.

Hywel Williams (Caernarfon) (PC): In his statement, the Prime Minister mentioned 123 American fatalities, and the Ukrainian soldier and the US, British, Italian and Canadian civilians who have tragically been killed since mid-March. However, he made no reference to the number of Iraqis who were killed. Will he take this opportunity to address that omission, and will he tell the House whether he agrees with the head of the US army's central command, who said that these losses, whatever they may be, are the result of a judicious use of force?

The Prime Minister: I did express our sympathy in respect of the Iraqi civilians who have also died. That is why we must ensure that we try to resolve the situation in Fallujah and Najaf as peacefully as possible, and that is what we are doing.

Mr. Robert N. Wareing (Liverpool, West Derby) (Lab): Will my right hon. Friend consider advice from me that is given quite freely? He could learn a lot from the experience of the former Soviet Union. It tried to impose its system of government on eastern European countries, but once they were free from military occupation they decided to go in a different direction. We cannot impose western-style democracy on Iraq, a country of a very different civilisation and culture. Once the occupation has ended, Iraq will determine which direction to go in, and at what pace.

The Prime Minister: I rather think that the analogy with what happened with the Soviet Union is a little

different from what my hon. Friend says. In fact, the moment those countries were free from repression, they chose democracy, and it is absolutely clear that that is what the majority of Iraqis want. There is an extraordinary attitude in some parts of the west that somehow democracy, human rights and the rule of law are western values. In my view, they are values of the human spirit. That is what people want, and what they opt for every time they are given the choice. In Iraq, we will have a process whereby, first, people vote in an assembly to draw up a final constitution, and then there will be a democratic vote in elections. I would have thought that everybody, no matter what their view on the war in Iraq, would support that.

Sir Patrick Cormack (South Staffordshire) (Con): In the crucial days leading up to 30 June, is there not a case for having a British representative of ministerial rank and importance—somebody like Lord Robertson—overseeing what happens from Britain's point of view?

The Prime Minister: I assure the hon. Gentleman that I, the Foreign Secretary and the Defence Secretary remain heavily engaged in the issue. The best way of operating with the coalition provisional authority is through the mechanism that we have.

The Leader of the Opposition mentioned Jeremy Greenstock, whose view is that David Richmond is the best person for the job, has the experience and is trusted by the Americans. It is important to realise that everything that happens in any part of Iraq affects the whole country. Down in the south, the British forces and civilians are in control, while around Baghdad it is predominantly American forces and civilians. It is important to have the right partnership with them so that we can influence the decisions that are made. I genuinely believe that to be the case now. Of course, we must always keep the matter under review but, first, Jeremy Greenstock and then David Richmond have done a very good job.

If people from inside Iraq, either members of the governing council or our military personnel, were saying to us, "Look, this isn't the right way of working", of course we would listen very carefully, but they are not. There are certain issues that have to be resolved at a Government-to-Government level as well.

Mr. Peter Kilfoyle (Liverpool, Walton) (Lab): Once again, the Prime Minister seems to make a cogent case on the middle east, but is not the truth that the 30 June deadline, the latter-day conversion to the United Nations and the U-turn on the fundamental human rights of Palestinians are more to do with the re-election of the President than with the longer-term stability of that troubled part of the world? Is not it also the case that Sharon will continue to assassinate with impunity because there is nothing that anyone can or will do about it, and that post-30 June, heavy-handed American military activity will determine the future of Iraq, and certainly not the United Nations?

The Prime Minister: The United Nations will have a key and central role in the political transition. When American troops are suffering losses and coming under attack from terrorists or insurgents, they have a difficult position to maintain.

On the middle east peace process, I return to the point that I have made constantly. People can argue about what the President said or what the Prime Minister of Israel said, and about their motivations, but that does not really profit anyone, because ultimately the question is what we can do about the situation. My point is that if one big reality on the ground changes—the withdrawal by Israel from the whole of Gaza and parts of the west bank—that should not be looked in the mouth but should be built upon.

Mr. Desmond Swayne (New Forest, West) (Con): Given that the 3rd UK Armoured Division and the coalition provisional authority conducted successful local government elections in southern Iraq on a household franchise based on the ration card system last August and September, does the Prime Minister agree that the best way to undermine the likes of Maqtadr al Sadr, and to show how few people they represent, is to move swiftly to national elections in Iraq?

The Prime Minister: First, let me thank the hon. Gentleman again for his service in Iraq. Secondly, I entirely agree with what he said That is absolutely right, and it shows that people are perfectly prepared to participate in those elections and want to do so. What is happening in Iraq at the moment is that we are being put to the test because some of these groups wonder whether we have the commitment to see it through. That is what they wonder and many people in Iraq have never known democracy—they have had a brutal repression for more than three decades. They are asking whether things are really going to change, and we have to give them the confidence that they will.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): I thank my right hon. Friend for his tireless work in trying to bring peace and justice to both Palestinians and Israelis. Does he agree that the withdrawal of about 7,000 Israeli settlers from Gaza should be a cause for celebration, not for grudging acceptance? What does he believe the Government can do to ensure that we move forward to negotiations based on the road map and the Geneva protocols—put together by progressive Israelis and Palestinians and based on the important principle of land for peace?

The Prime Minister: I agree with what my hon. Friend says, and it is worth pointing out that, had the Palestinians come forward several months ago to demand that 7,000 settlers be moved from Gaza and that Israel disengaged unilaterally from Gaza and parts of the west bank, people would have thought that it was a bold negotiating ploy. What has happened is that surrounding issues—what was said about final status questions such as right of return and so on—have obscured the fact that, underneath all that, there is something that we can work with.

Dr. Julian Lewis (New Forest, East) (Con): If, God forbid, al-Qaeda succeeded in killing as many civilians in the United Kingdom as Hamas has succeeded in killing in Israel, would the Prime Minister rule out a policy of targeted assassination of Osama bin Laden?

The Prime Minister: It is important that we act, all the way through, in accordance with international law. That is what we should do and we have made our position clear on targeted assassinations. I did say in my statement, which I repeat, that we condemn the terrorist atrocities committed by Hamas.

Glenda Jackson (Hampstead and Highgate) (Lab): Does the military and political strategy, to which the Prime Minister referred, mean that the British Government supported the level and type of action visited on Fallujah and Najaf, in which by far the greatest loss of life was suffered by innocent Iraqi civilians? Does that also mean that the British Government would endorse such actions, should they become necessary in future?

The Prime Minister: It is worth looking at what is happening now, which is that we are trying peacefully to resolve the situation in Fallujah. It is a difficult situation when four contractors are taken away and brutally murdered, and there was bound to be a reaction to it. However, I hope that we can resolve the issues in Fallujah in a peaceful way, which is what we are trying to do.

Mr. Jonathan Sayeed (Mid-Bedfordshire) (Con): Has one of the effects of the war in Iraq and the lack of a coherent exit strategy been to increase the terrorist threat not only in Iraq, but here in the UK?

The Prime Minister: There is a perfectly coherent exit strategy, which is to make sure that the Iraqi people can enjoy the same freedom as we enjoy. There is no reason why they should not, particularly if they support the new constitution and if they are allowed to support it by the people who are attacking them. I think that it is important that we maintain that situation.

As for being a terrorist target, I honestly think that the hon. Gentleman does a disservice to us all in suggesting that people in al-Qaeda and other terrorists would somehow be silent if the problems in Iraq did not exist. These are the people who want us to withdraw from Afghanistan—*[Interruption.]* The hon. Gentleman says that it might increase the threat, but what could be a bigger threat than that represented by 11 September—which happened, let me remind him, before we were in Iraq or Afghanistan? The truth is that if we withdrew from Iraq, we would be told to withdraw from Afghanistan, and if we withdrew from Afghanistan, we would be told to withdraw from the whole of the middle east, and then we would be made to withdraw even more—*[Interruption.]* Well, the hon. Gentleman asked whether we had not made ourselves a bigger target by our action in Iraq. My answer is that we are a target for these people by our very existence and the values we believe in, and that the only way to defeat them is to get after them.

Joan Ruddock (Lewisham, Deptford) (Lab): A month ago I was in Gaza with Christian Aid, and I saw the humanitarian, economic and political crisis there. I understand why my right hon. Friend has welcomed, as I would, the withdrawal from the settlements, but does he accept that timing is everything and that if Israel continued to bulldoze the land in the perimeter areas and to have a complete crackdown, with no freedom of movement for Palestinians, there would be no peace and very little hope? It is essential that when he speaks with the Quartet, President Bush supports this move and that the international community is in there immediately, because no viable Palestinian state will be made simply by withdrawal from settlements.

The Prime Minister: My hon. Friend is right to say that, obviously, we must ensure that a further entirely unjustified reality is not created on the ground, but one of the key ways of preventing that is to get a proper security plan in place on the Palestinian side. While the terrorist attacks occur within Israel, there will be retaliation—that is a fact—and then the cycle of terrorism and retaliation will become worse. That is why it is important that we act as an international community.

Mr. Edward Garnier (Harborough) (Con): In his statement, the Prime Minister said that the United Nations should have a central role, and will have a vital role, post-30 June—but the United Nations has no armed forces nor external civil service, except those volunteered by the member states. Beyond the existing members of the coalition, what other countries have volunteered assistance?

The Prime Minister: There are about 30 countries in the coalition—whether we can draw more people in depends in part on how we improve the security situation. However, the United Nations role is not, and never was intended to be, to carry out the security itself. The United Nations would not want to do that. The United Nations role is to ensure that the international community underscores the legitimacy of what is happening. That means, for example, that with the oil wealth, the United Nations, through its various organisations, can be a signatory to the account to ensure that the Iraqi oil money is used for the Iraqis, and is seen to be so. I think that that is a role that the United Nations can play, and it is particularly important in connection with the details of the political transition.

Mr. Peter Pike (Burnley) (Lab): In condemning what originally happened in Fallujah, does my right hon. Friend recognise that many of us also condemn what has happened there since and the number of Iraqi civilians who have died? That cannot be condoned or acceptable. Does my right hon. Friend also recognise that despite the fact that he is 100 per cent. committed to the road map, many of us do not believe that President Bush and Sharon have the same objective as he does for the destination of that road map?

The Prime Minister: On the latter point, President Bush restated his commitment several times. The road map is not moving forward because of the problems of security; that is why it is important that we deal with those. There is no other way of getting back into the road map.

Mr. John Redwood (Wokingham) (Con): I warmly welcome the Prime Minister's enthusiasm for democracy in Iraq—and now at home, on the issue of Europe. That is great news. Can he tell us how long he

thinks British troops will need to stay in Iraq to supervise the transition, and whether we will need to reinforce?

The Prime Minister: We cannot be sure about the length of stay of British troops at this point in time; it depends upon making sure that the security situation is sorted out. However, it is not coincidental that the violence is happening in the run-up to 30 June. Its purpose is to stop us making progress towards 30 June—and if people think that they can do that, their propaganda that we do not want to give them democracy gets off the ground. That is what it is all about, and that is why we have got to hold firm, so perhaps post-30 June I shall be in a better position to respond.

Mrs. Alice Mahon (Halifax) (Lab): Everybody in the House will condemn the barbaric killing of the four contractors in Falluja, but independent sources estimate that about 700 civilians have been killed there, including 80 children, and thousands have been injured. Does the Prime Minister condemn the disproportionate use of force by the United States against the citizens of Falluja? Is he willing to support an independent United Nations inquiry into just what went on there, or will we see yet more Fallujas as the violence escalates?

The Prime Minister: I hope very much that we do not, and that is what I am working for. I hope that we can see a peaceful resolution.

Planning and Compulsory Purchase Bill (Programme) (No. 2)

Motion made, and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003],

That the following provisions shall apply to the Planning and Compulsory Purchase Bill for the purpose of supplementing the Orders of 17th December 2002, 8th September 2003 and 8th December 2003;

Consideration of Lords Amendments

1. Proceedings on Consideration of Lords Amendments shall be completed at today's sitting.

2. Proceedings shall be taken in the order shown in the following Table.

3. The proceedings shown in the first column of the Table shall (so far as not previously concluded) be brought to a conclusion at the time specified in the second column.

Proceedings	*Time for conclusion of proceedings*
Lords Amendments 1 to 5	One and a half hours after the commencement of proceedings on consideration of Lords Amendments.
Lords Amendments 21 to 23, 26, 27, 41, 42, 45 to 47, 6 to 20, 24, 25, 28 to 40, 43, 44, 48 to 143	The moment of interruption.

Subsequent stages

4. Any further Message from the Lords may be considered forthwith without any Question put.

5. Proceedings on any further Message from the Lords shall (so far as not previously concluded) be brought to a conclusion one hour after their commencement—[*Keith Hill*.]

The House divided: Ayes 260, Noes 149.

Division No. 126] **[4:30 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank

Donohoe, Brian H.
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gardiner, Barry
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Morris, rh Estelle
Mountford, Kali
Mudie, George
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Taylor, David *(NW Leics)*
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Derek Twigg and
Jim Fitzpatrick

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burt, Alistair
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Clappison, James
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Doughty, Sue
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David

Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soames, Nicholas
Spelman, Mrs Caroline
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wishart, Pete
Young, rh Sir George

Tellers for the Noes:
Mr. David Wilshire and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Orders of the Day

Planning and Compulsory Purchase Bill

[Relevant documents: The Eighth Report (HC 427) and the Tenth Report (HC 503) of Session 2003–04 from the Joint Committee on Human Rights, on the Committee's continuing scrutiny of Bills.]

Lords amendments considered.

New Clause

APPLICATION OF PART 1

Lords amendment: No. 1.

4.44 pm

The Minister for Housing and Planning (Keith Hill): I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss Lords amendments Nos. 2, 4 and 5 and the Government motions to disagree thereto.

Keith Hill: Before I come to the substance of our disagreement with the other place, I wish to sound a note of recognition of and appreciation for their lordships' scrutiny of the Bill. As the House will be aware, the Bill was subject to lengthy and detailed scrutiny in the other place, where there was a total of 45 hours of debate. Almost 150 amendments were tabled, 50 of which were substantive and responded to serious concerns expressed at various stages in the Commons and the other place. I do not doubt that in many respects the Bill has emerged as a better measure as a result of their lordships' scrutiny, which is why the Government will signify their acceptance of a large number of Lords amendments today.

The amendments fall into 26 groups, and we propose to accept 19 of them, which is a fair-minded and reasonable response. A fair-minded and reasonable observer, however, would concede that the planning system that we inherited is prone to excessive delay and inefficiency in delivery. In our proposals to expand the opportunities for community involvement in the front-loading of the system we are making the planning system more democratic and efficient, but we are also determined to create a faster and more flexible planning system. Our disagreements with the Lords revolve around the issue of greater speed and flexibility, and those disagreements are at the heart of the first group of amendments.

Mr. John Redwood (Wokingham) (Con) *rose—*

Keith Hill: I shall give way to the right hon. Member for Wokingham (Mr. Redwood), although his intervention is a little premature.

Mr. Redwood: If things are going to be more democratic, why cannot a local community that wants less development than the Secretary of State lays down have its will if it has voted for that in a free election for a council or regional assembly?

Keith Hill: The right hon. Gentleman should bear in mind the fact that the regional planning system, which

[Keith Hill]

includes the identification of housing numbers, was introduced by the Administration of whom he was such a distinguished representative way back in 1990. Since 1990, regional planning bodies have indeed had those powers. Local authorities are required to pay attention to the guidance issued by regional planning bodies, and in many respects that is a material consideration in local planning decisions.

Mr. John Hayes (South Holland and The Deepings) (Con): Surely, the Minister acknowledges the desirability of making those powers democratic. He argued for democracy, but how can it be democratic to give powers to regions without an assembly?

Keith Hill: If the hon. Gentleman is patient, in due course we shall come to the Opposition's interesting commitment to elected regional assemblies in connection with the Bill.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The Minister has raised one of the most contentious matters in the Bill—housing targets, which are completely different from those set under the existing system. Under the new system, housing targets will be handed down by the regional planning body, and must be implemented by the local authority, whether it likes it or not. Will the Minister admit that that is quite different from the present system?

Keith Hill: The hon. Gentleman is wrong. Since the introduction of the method by his own Administration, housing targets have been identified by regional planning bodies. How else was the figure of 930,000 extra houses in London and the wider south-east identified under regional planning guidance note 9? Housing targets have always been in existence, and it is for local authorities to pay heed to them. Powers exist to influence local authorities in the delivery of those targets.

Having been fairly generous in giving way to official Opposition Members, I shall now address the amendments before us. They would prevent the reform of the regional planning system. The proposition arising from the amendments is that there should be regional spatial strategies and regional planning bodies only in areas where elected regional assemblies have been established. In such regions, the regional spatial strategy would have to have regard to the Secretary of State's spatial policies for the region. The amendments offer no solutions to the problems with our present system of plans. Instead, they would directly undermine our reforms.

We need strong regional planning. Regional planning policies that form part of the local development plan are needed to address the particular opportunities and challenges faced by an individual region. Effective regional planning policy is vital to tackle historic regional disparities and respond to the challenges of the modern knowledge economy. We need strong local plans at a level where the community can engage with the process of plan making, and where proposals to develop particular sites can be properly debated.

It is vital that we make regional spatial strategies statutory, and therefore part of the local development plan. We cannot and should not continue with a system where outdated lower level plans can take precedence over more up-to-date regional plans in key planning decisions. We need a system for strategic planning that is based around areas that are interdependent on the ground, not one that is constrained by administrative boundaries. County boundaries do not work as the basis for effective strategic planning. Many strategic planning issues cut across county boundaries and are best dealt with at regional or sub-regional level.

Matthew Green (Ludlow) (LD): The Minister said that older local plans should not be allowed to block more modern, up-to-the-minute regional plans. In many parts of the country, out-of-date Government regional plans are blocking up-to-date modern local plans. Does he not want the latest plan, regardless whether it is local or regional, to have preference?

Keith Hill: The hon. Gentleman is right. There are plans at various stages of development, but a large proportion of local plans—I do not recall the exact proportion, but I know that we adumbrated the figure in Committee—are out of date. The Bill, when enacted, will provide the opportunity for regional plans to be developed. In a sense, they represent the first stage in the sequence that we seek to introduce. There is a clear chronology, which begins at the regional level of planning.

The regional planning process needs to be driven forward by bodies able to represent the region and take a strategic view. Regional chambers are best placed to fulfil that role. This is not a new departure. Responsibility for preparing regional strategies already rests with regional planning bodies, which since 1 April this year have been the regional chamber in each region. We are proposing that these arrangements should continue, provided the chamber is sufficiently inclusive.

We are not suddenly transferring powers from counties to regions. Under the existing system, county structure plans should be in line with and follow the strategic planning framework set in regional planning guidance. What we are doing is removing a filter that has slowed down the expression of strategic regional policies in local plans. We are clearing out a system that allows out-of-date structure plans to take precedence over up-to-date regional plans. Chambers are, of course, not directly elected, but they are representative of both of local authorities and wider stakeholders in the region. Local authority members represent their local authority on the regional planning body. Members from other stakeholder groups, such as business or the voluntary sector, will equally speak up for the interests that they represent. Through legislation and guidance, we are ensuring that everyone in the region with an interest can get involved in the regional planning process. There will be consultation, representations and, in all but the most exceptional circumstances, an examination in public conducted by an independent panel.

Ultimately, the regional spatial strategy is the Secretary of State's document and he is democratically accountable for it to the electorate and the House. It is for that reason that the Bill specifies that the regional spatial strategy must set out the Secretary of State's

policies for the region. The Secretary of State has regional planning policies and is accountable for them, now and under our proposed new regional planning system, because that is the best approach with our current governance arrangement. If an elected regional assembly were in place to play that role, the Secretary of State would not need any spatial policies for that region.

Andrew Selous (South-West Bedfordshire) (Con): The Minister talks about public consultation, and we would all welcome that provided that what the public say is occasionally listened to and acted on, but is he aware that my constituents had to travel some 80 miles up to Northampton in order to give their views on the plans currently in force for south Bedfordshire? Does he think that that is an acceptable distance for local people to have to travel?

Keith Hill: I understand the point that the hon. Gentleman makes, but a regional body must always operate from a particular location, which, in some circumstances, may be as far as 80 miles away, and I strongly suspect that in other parts of the country it could be even further away. I am sorry for the inconvenience to the hon. Gentleman's constituents—I mean that quite seriously—and I dare say that we will be hearing more about their concerns both today and at oral questions on Wednesday, but the important fact is that the opportunity to make the representation is there and that will be strengthened under the Bill in the context of amendments passed in the other place that we propose to accept.

The official Opposition, in their new-found passion for elected regional assemblies—I shall resist further comment at this stage—now apparently want us to delay our reforms until elected regional assemblies are in place, but that would simply delay putting into place the more effective planning system that we so urgently need. There are too many plans and too much confusion. Our reforms will produce a simpler, faster, more flexible system that creates plans and delivers policies at the right level. They are the right thing to do and they are the right thing to do now.

Matthew Green: The Minister has made a slight error. He talks about the official Opposition being fans of regional assemblies. He is teasing them of course, but he would acknowledge that it was a Liberal Democrat amendment in the Lords, which the Conservatives, Cross-Benchers and, I believe, some Labour Members in the other place, voted for, that was the main thrust of the sunrise clause that prevents the powers from being transferred.

Keith Hill: I certainly acknowledge that the Liberal Democrats have shown unusual consistency in this matter.

Our planning reforms will produce a simpler, more comprehensible system. The amendments will, I fear, just cause more confusion. Where elected regional assemblies are established it is right that they should take over responsibility for regional planning. But we should not conflate that with reforming the planning system. That is something that needs to happen now, and for that reason the Government resist the amendments.

Mr. Hayes: The Minister, as ever, made a worthy effort to advance a weak case. The great constitutionalist Bagehot said of Peel that he was a first-rate man with a second-rate creed, and the Minister, rather like him, has struggled to convince this packed House. I see that Labour Members in particular have turned out in considerable numbers to support the Minister, probably mindful of the weakness of the case. He knows that the Bill is at best a wasted opportunity to reform a planning system too cumbersome and bureaucratic for developers, often too insensitive to environmental and aesthetic considerations, and too esoteric for almost everyone. At worst, it erodes the powers of local government and the influence of local people, and the amendments are an attempt by the Lords to improve an unacceptable Bill. That aspect of the Bill lies at the heart of the problem—the weakness of the Bill and the weakness of the Government's approach to local democracy. The proposals that the Lords seek to amend transfer vital planning powers to the regions without providing the necessary democratic accountability. If the Government have their way, regions will exercise planning functions that are currently in the hands of counties, irrespective of whether any corresponding elected authority exists.

5 pm

In the course of our debates, many have suggested—frankly, I am among them—that it is extraordinary that the regions should exercise that additional power. I make no case from this Dispatch Box, either personally or on behalf of my party, for regional assemblies in any way, shape or form, but to transfer such powers to them without democratic legitimacy is undesirable, unpalatable and unacceptable. Yet that is what the Minister is prepared to endorse. With a bitter irony, he told us that his intention is to make the system more democratic. He said that local people should have a chance to make their representations at the most appropriate level; but, as we heard from my hon. Friend the Member for South-West Bedfordshire (Andrew Selous), his constituents—of whom he is a doughty defender—will have to make a round trip of 160 miles to make their concerns known. That is hardly a move towards making the system more people-friendly, more accountable and more democratic.

Mr. Clifton-Brown: It is likely that the south-west regional assembly will sit in Exeter. The distance to Exeter from the constituency of my hon. Friend the Member for Tewkesbury (Mr. Robertson), which is in the northern part of the south-west region, is probably more than 200 miles, so somebody who wanted to make representations to that assembly would face a daily round trip of well over 400 miles. Does my hon. Friend have a view on that?

Mr. Hayes: I try to travel as little as possible, because I have heard that it broadens the mind. Nevertheless, my constituents are in a similar position, because people in Lincolnshire will have to go to Nottingham. From south Lincolnshire, that represents a round trip of well over 100 miles—not quite as great as the distance that my hon. Friend describes, but on poor roads that are, I hasten to add, unimproved by this Labour Government.

[Mr. Hayes]

Moreover, the people of rural Lincolnshire are, culturally speaking, a world apart from Nottingham. This is not simply a question of distance, but of where people are governed from. In my view, Mr. Deputy Speaker—I know that it is shared by you and by most Members of this House—political power is best exercised as close to people as possible to enable them to have an influence on local affairs. People want to have faith in, and to keep an eye on, those who govern them; they cannot achieve that effectively over a great distance.

So loathsome is this aspect of the Bill, and so appalling is its effect on people's proper entitlements and rightful expectations, that it has driven the Liberal Democrats into my arms. I try not to hold anything against Liberal Democrats, because I do not like to get that close, but it is fair to say that, in this place and in the Lords, the Liberal Democrats and the official Opposition have come together because we share a profound concern about these proposals. It is extraordinary that we face the prospect of powers being exercised by regions, some of which may have corresponding democratically elected chambers and some of which may not: inconsistency can be added to our charges against the Government. The Government are prepared to let matters proceed before they know what is going to happen in relation to regional assemblies. We may end up with no regional assemblies at all, yet these powers will still be vested at regional level and taken away from the local community.

Is it any wonder that the weight of considered opinion outside this place supports the Lords so strongly? I would be interested to hear the Minister's observations about his friends and colleagues in local government who oppose the proposals as strongly as my friends. The Local Government Association states:

"The government has been given a stark warning that in its hurry to streamline the planning system, it risks eroding democratic control over future developments . . . A key reform underlying the Planning Bill . . . is the removal of statutory planning powers from county councils."

The Planning Officers Society, the Town and Country Planning Association, the Civic Trust, the county councils network and the Council for the Protection of Rural England all acknowledge that to be unacceptable, believe that it is unlikely to improve the planning process and have firmly argued the case to the Government. Yet all have been ignored.

The argument is therefore about democratic legitimacy and local accountability but also good planning, because bad planning decisions will result from their being made outside the compass of local people and the orbit where local opinions and sensitivities can be made known. We are also considering the status of counties and planning officers. I agree with the comments of Liberal Democrat peers in the House of Lords. Baroness Hamwee has already been mentioned in our discussions today. She said that the measure would mean that

"county council resources and expertise will slowly wither away and . . . political commitment will decline as a core function"

and become,

"at best, an ancillary activity in future years."—[*Official Report, House of Lords*, 20 January 2004; Vol. 656, c. 921.]

In joining together to table the amendments that we are debating, Lords of all parties and none—Cross Benchers were also involved in the move—recognised that there would be

"massive haemorrhaging of experienced planning staff from county councils".

An

"emasculated county council planning function"—[*Official Report, House of Lords*, 20 January 2004; Vol. 656, c. 924.]

would therefore kick in and damage not only local accountability but local professionalism.

Sir Sydney Chapman (Chipping Barnet) (Con): My hon. Friend quoted the Liberal peer, Lady Hamwee, who tabled amendment No. 1 in the other place. It is worth putting it on record that, for eight years, she was chairman of the London planning advisory committee, which was an unelected quango. Her occupation of that position means that we should take notice of her remarks.

Mr. Hayes: As I said, I do not praise Liberal Democrats lightly. No wise or measured man does. However, on this occasion, they have got it right. Our objection to the measure is not born of any support for regional assemblies but of the Bill's leading to an indefensible position, unless the Government, at the eleventh hour, accept the Lords amendments. The unamended measure would mean that power rested with officers and would be removed from local communities. It may lead to the crazy result that some parts of the country, which have regional assemblies, have a route to influencing power through elected representatives whereas other parts have no such opportunity. That is ludicrous. The Minister knows that. He made the case with charm but unconvincingly. His heart was not in it because he knew that he was arguing a pretty weak case.

The Lords also properly recognised that the Bill greatly increases the power of the Secretary of State.

David Wright (Telford) (Lab): If the Bill did not proceed, the existing regional planning structure remained in place and a regional assembly was accepted, does the hon. Gentleman believe that regional planning powers should pass to that elected assembly?

Mr. Hayes: I hope, and will work to ensure, that regional assemblies are not elected. I look forward to the day when we can dustbin the whole regional agenda and a Conservative Government will reinforce their commitment to local democracy through supporting county councils and district councils. I look forward to the day when we can say good-bye once and for all to regionalism. So I do not want to take the fanciful road, down which the hon. Gentleman seeks to lead me, of looking at a future that I do not believe will come to pass.

David Wright *rose—*

Mr. Hayes: I shall give way again, because as the hon. Gentleman knows, in the list of my many qualities, generosity is near the top.

David Wright: I thank the hon. Gentleman, who is well known in the House for his generosity. Does he think that the regional planning system should be democratised at all?

Mr. Hayes: There is nothing wrong with fishing for compliments, particularly when we fish successfully and get them. I am pleased that the hon. Gentleman agrees with my assessment of my strength of character.

Of course the system should be democratised; of course there is a problem with a system that I have described as esoteric, cumbersome and bureaucratic, and in which people do not feel that they have sufficient influence over planning decisions. I want the planning system to be reformed, and the Government have the opportunity to do just that. So, yes, there should be democratisation of the planning system and greater public involvement. There should be many of the provisions to which the Minister claims to aspire, but none of them is contained in the Bill. Nothing in the Government's proposals will make the system more democratic. Indeed, if the hon. Member for Telford (David Wright) were to follow his principles and have the courage of his convictions, he would vote with us and with the House of Lords, which has—not for the first time—stood up for the people against a Government who have lost touch with the people they govern.

Mr. Redwood: I should like to draw to the attention of my hon. Friend the most likely outcome, which is that there will be no elected regional assemblies because he and I and our friends will be successful in persuading people that they would represent an unnecessary bureaucratic intrusion in their lives. Does he therefore agree that the House can tonight either vote for the Lords amendments, which would mean that we should not have these nasty regional planning bodies and their extra powers, or vote with the Government to establish the bodies, over which there would be no democratic rights or controls of any kind?

Mr. Hayes: My right hon. Friend is as incisive as ever. He is right to suggest that we are not being offered the chance to vote tonight for regional powers or regional elections; we are instead being encouraged by the Minister to vote against Lords amendments that would temper the Bill and to vote for a transfer of power or, at the very least—if the Minister will not accept the argument that these measures represent a transfer of power—the maintenance of power at regional level with no guarantee of matching accountability through elected structures.

The Bill represents a challenge to proper local democracy. The hon. Member for Telford claims to be an advocate of good local democracy and, given his ability to judge character, he probably is such an advocate. I think that he is on the cusp of coming with us tonight and voting with those on the Opposition side of the House who really do support good, strong, healthy local democracy, and with those fellow travellers, the Liberal Democrats, who are going to vote with us. I am delighted to see the hon. Member for Ludlow (Matthew Green) in his place, and I look forward to his speech, which I hope will be supportive of the arguments that have already been made.

Mr. Clifton-Brown: Will my hon. Friend give way?

Mr. Hayes: I really should move on, but I would be delighted to give way.

Mr. Clifton-Brown: I am grateful to my hon. Friend for putting a cogent and amusing case. Does he agree that the Government's case for this proposal being more democratic has been completely blown out of the water by the Minister's statement today, and that of his predecessor, that the regional spatial strategy belongs to the Secretary of State? If it belongs to the Secretary of State, how can it possibly be democratic?

Mr. Hayes: Like a good prompter, my hon. Friend brings me to my next point. He is right; this is not simply about a lack of democratic legitimacy. It is not even just about the resulting bad planning decisions that are likely to emerge. The Lords have also properly recognised that the Bill greatly increases the power of the Secretary of State. They oppose that, as do we. It was recognised by my noble Friend, Lord Hanningfield, that the Government are seeking not only to suck power up from localities to regions, but to allow it, in his memorable phrase, to "leak" back to the Secretary of State.

5.15 pm

When the Minister, to whose words I listen carefully, speaks of decisions being made at the "appropriate level" he does not mean the low level, as he described it, of communities; what he really means is his level—or perhaps not even his level, but a level above: a level to which he aspires, a level that he may expect one day to occupy so that he can exercise such powers. We say that not just the transfer of powers to the regions, but the further transfer of powers to the Secretary of State is unacceptable.

As I said at the outset, the Minister has made a charming case—he is always generous, and his delivery is always silky—but a wholly unconvincing one. The Government's position is as unconvincing as it is inconsistent. If this is new Labour democracy, I say: bring back old Labour. If this is new Labour democracy, let us bring back Bevan and Benn. This will mean local councillors with little power and local people with less. Communities will be emasculated, and planning professionals either overridden or ignored.

Better still, let us bring on a Conservative team—convinced about local democracy, committed to serving local communities and determined to deliver politics and planning on a human scale. My colleagues will support the Lords tonight, because the Lords speak for the people. The Government speak against the interests of the people. I look forward to seeing the whole House support us and our noble Friends.

Matthew Green: The Bill started off as a terrible muddle. When the Minister took over he cleared away a few of the muddles, and the Bill left its second Commons Committee stage much improved. The Lords have improved it further, but there is some way to go before it will be workable. If we cover that ground we shall have a Bill that will speed up the planning system, make it more accountable and democratic and better reflect people's needs. The Lords have made some excellent changes; if the Minister accepts them, he will find that he has a Bill that he can be proud of for the next decade—for I suspect that it will be a decade before the House gets round to amending the planning legislation again.

Lords amendment No. 1 attempts to let the Government live up to their own spin. "New localism" is a phrase that has been bandied around the Office of the Deputy Prime Minister for the past year or so. If this

[Matthew Green]

part of the Bill is new localism in practice, the Government have not quite got it. I understand the term to mean people making decisions at the lowest possible level and being accountable at the lowest possible level, not decisions being made at the centre on a one-size-fits-all basis.

Unlike the Conservatives, I am a believer in regional government. We are arriving at the same point from two entirely different directions, but I am a firm believer in regional government because it can bring power closer to the people by taking it away from Westminster, not by taking it up from councils. I would be much more reassured by the route that the Government have taken if they accepted the sunrise clause, which says "Yes, transfer the powers, but do so when there is an elected regional assembly." If they did that, I would not have an argument with them—well, I might have a little argument with them over which powers should be where, but in general I have no problem with a regional tier of planning provided that it is democratically accountable and elected, which next year it will not be in most regions. I hope that we win the three northern regions: I shall certainly campaign for that, and I believe that they will be won. However, that will not involve the southern and midlands regions, which will have unelected regional planning bodies rather than elected ones.

The Government admit that those unelected planning bodies will not even be completely indirectly elected. Their draft regulations say that funding for those bodies will be dependent on at least 30 per cent. of the membership with voting rights being other than from local authorities. The Government want to maximise the element of the regional planning bodies that is not elected—not even indirectly elected. It would be slightly more comforting if they said that 100 per cent. of those bodies were to be indirectly elected, but even that would not go far enough, as was alluded to by my noble Friend Baroness Hamwee in the other place. She served for eight years on, and chaired, the London planning advisory committee, a completely indirectly elected regional planning body, and she set out a good case for why such bodies do not work particularly well in the interests of people in the area.

I urge the Government not to resist Lords amendment No. 1, because it seeks to ensure that there is no democratic deficit, and that when the powers are transferred—we can argue the detail of which powers should be at which level—there is democratic legitimacy. Surely the Minister wants to be remembered for having stood up for democratic legitimacy in the Bill.

Lords amendment No. 2 was a Conservative amendment, with a great deal of merit, which the Liberal Democrat peers supported. It would change the emphasis in the Bill in respect of what the regional planning bodies could do with national planning guidance. At the moment, clause 1 says that the RSS, the regional spatial strategy,

"must set out the Secretary of State's policies (however expressed) in relation to the development and use of land within the region."

It will have no choice about that, but must set those policies out. The amendment, moved in the Lords by Lord Hanningfield, would change that "must set out" to "shall have regard to". That is about democracy, and about trusting an elected regional assembly to take the best decisions for its area, in the context of guidance from the Government. To say that the body must have regard to those policies is a much better way of doing that than to say that it "must set out" those policies.

I am not going to go down the route of saying that we must take all planning powers down to the lowest possible level and decide on housing numbers at street level, because we would not then build the houses that we need. It is easy rhetoric—I say this with all seriousness to the hon. Member for South Holland and The Deepings (Mr Hayes)—to say that we should take all decisions down to the lowest possible level. The Conservatives did not do that when in government, and I suspect that if they were ever in government—unfortunately—again, they would still not do so. That is because some things have to be driven from national level, and some from regional level.

It would be unrealistic to leave district councils to set out housing numbers. Virtually no houses would be built, because people do not want houses built in their area. If we walk down the average street, we will find that people say, "Oh yes, we need affordable houses for people. It is a great shame that young families cannot afford to buy houses these days". However, if we respond, "What about the field behind you—why don't we put some affordable housing there?" they say, "No, no, we can't possibly put any there, it's beautiful countryside." There is always tension in the planning system, and it is foolish to pretend that there is not.

Mr. Hayes: I do not want to encourage the hon. Gentleman to go down a tributary, rather than sticking to the main thrust of the debate, but I am not sure that what he says is absolutely true. The truth of the matter is that people are worried about the scale and character of development. Part of the resistance to development of the kind that the hon. Gentleman describes has come about because historically—at least in recent history—the scale and nature of development have not always been desirable. That is probably a fairer reflection of local opinion than that which he suggests.

Matthew Green: The hon. Gentleman would do well to talk to local groups in, say, the south-east about where they would like to see houses built. Very few people want any houses anywhere near them; they want them somewhere else. That is part of the nature of local planning. I am not suggesting that everything could be done at a local plan level, which would be misleading the electorate. However, I do not believe that the Government should be giving themselves the power to dictate from the centre; that is the very one-size-fits-all route that, in other areas of government, they seem to be rejecting.

I support Lords amendment No. 2 because, to an extent, it would chop away the power of the Government while allowing them to set out guidance and recommendations. It would require the RSS to "have regard to" the Secretary of State's policy, and would remove the words "must set out". It would be a considerable step forward if the Government accepted the amendment. If the Bill remains as it is, there is a great danger that a Secretary of State could misuse his powers. I am not suggesting that this Secretary of State

would dream of doing that, but if the powers remained, it is possible that we could have a centralised and imposed planning system.

Andrew Selous: Is not the hon. Gentleman belittling his constituents and those of other hon. Members somewhat? My constituents are very concerned about the supply of affordable housing locally and they will reflect that pressure in terms of the councillors they elect. Surely it is a question of providing local housing for local people across all the areas about which we are talking. Does that not contradict what the hon. Gentleman is saying?

Matthew Green: I do not think it does. As the Minister knows, I have been arguing for an increase in our housing numbers because we have too few. The local authority and local people are arguing for greater housing numbers because we cannot build the affordable housing that we need in the area. Potential changes to planning policy statement 7 would make the situation even worse by removing exception sites, but that is not a subject for this debate.

Even in my area, where there is strong demand for extra houses over and above our allocation—we want more; we complained about what the county and the regional system allocated to us—people will say that they do not want 20, 30 or 40 extra houses in a field near them. They will say that they want the houses somewhere else. That is a fact of life. None of us particularly wants extra houses built immediately around us.

Sometimes the tensions locally can be too great. I am not trying to be flippant, but in areas under immense housing pressure—unlike south Shropshire—such as parts of the south-east, I suspect that the extra affordable houses that are needed would not come at the rate that is needed if it were left to local authorities to provide them.

Lords amendments Nos. 4 and 5 are concurrent with amendment No. 1 and would be necessary only if amendment No. 1 were accepted; they would delete what would be unnecessary words.

5.30 pm

I hope that the Minister has thought about this matter, which is the biggest area of contention in the Bill. Debates are coming up on other issues, but it is this part of the Bill that has the potential to lead to ping-pong between the two Houses. I say to the Minister in all seriousness that he needs to look at this issue again. If he cannot accept our proposals, he needs at least to move some way towards our position, because not only politicians and local councillors but the public themselves think that the Bill involves an unacceptable transfer of powers from directly elected bodies to unelected ones. The public do not want to stomach that.

I know that the Minister cannot say with confidence that there will be elected regional assemblies throughout the country within the next 12 months. So for many years to come, regional planning bodies appointed by Secretary of State will make decisions on behalf of large parts of the country, and at least 30 per cent. of those bodies will not consist of directly elected councillors. The public find that unacceptable, and that is why we shall continue to support the amendment successfully moved by Liberal Democrat peers.

Sir Sydney Chapman: I rise to support the four Lords amendments before us, and I share the view of the hon. Member for Ludlow (Matthew Green) that this issue is crucial. The Government claim that they are devolving power downwards, but part 1 of the Bill does the opposite by transferring power upwards. It enables the structural plans made at county level to be made at regional level.

The Minister says that there are excessive delays in the current town and country planning system—a point to which I shall return briefly—but it is my fundamental belief that those delays are mainly caused not by its structure, but by its operation. Of course, there is a vast difference between a directly elected body and an indirectly elected one. No regional spatial strategy should be left to unelected—and perhaps unknown—people, who will take decisions that affect everybody in a given authority. That will sever the link between the elected and the overall structural plan for the future.

We should all be worried about the fact that even today, many people feel disaffected and alienated from the planning system: they feel that they have no part to play in taking decisions. It pains me to say so, but I still get far too many letters from constituents who believe that there is corruption or fraud in the planning system. I am sure that there is not, although of course, there are bad apples in every basket, and perhaps it happens on one or two occasions. However, handing over powers to unelected regional bodies—that is what we are talking about—will in no way improve the public's recognition of the planning system as above board and fair.

Mr. Hayes: My hon. Friend is a great expert on these matters and as ever, he is making a very valuable contribution to our deliberations, but has he considered the fact that many of the misapprehensions about the planning system arise because it is regarded as esoteric and outside the scope of many who come into contact with it? If it also becomes distant, which is precisely the Bill's effect, that problem will be exacerbated, not eased.

Sir Sydney Chapman: My hon. Friend puts it perfectly, and I envy him his eloquence in forcing home the point that I am trying to make.

If the Bill goes through, it will scale down the importance of local plans, which I think are a vital part of our planning system. They will not be replaced, but they will lose their influence. If this part of the Bill is enacted, local plans will have to have regard to the regional spatial strategy, but the Bill also says that the RSS must set out the Government's policy. It is as simple as that—there is a direct link to the views of the Secretary of State.

Unlike the hon. Member for Ludlow, I am against regional assemblies per se. They will only bring about yet another tier of government, and we have quite enough tiers. Ministers may say that we are the odd ones out in Europe and that most other countries have directly elected regional bodies, but we are a densely populated island, and it is not as if there were 3,000 miles between Berwick and Cornwall. We do not need

[Sir Sydney Chapman]

regional authorities. My seat is in the Greater London area, and it is true that I have a regional authority, but I regret that I do, because I do not think that it is needed.

Unless we radically changed the whole local authority structure for our capital city, a regional authority for London would probably have to extend as far as Brighton to the south, Bath or Bristol to the west, Northampton or wherever to the north, and Southend to the east. What cannot or should not properly be decided by counties in the south-east or by London boroughs should in fact be decided by the Government, because of the huge conglomeration that is the metropolis of the greatest city in the world.

If regional bodies come about, they will be weak; they will have little to do; they will be relatively expensive—anybody who doubts that should be aware that the first four years of the Mayor of London and the Greater London Assembly have meant an increase in Londoners' precept of 96 per cent.; and they will empire-build, trying to take further powers from the counties and district councils.

Of course, planning applications are still dealt with by district councils, or in London by the 32 boroughs, but any significant application is referred up and is therefore not determined at the local level of administration. The Minister in the Lords said that county boundaries do not work as the basis for effective strategic planning. If they do not, regional boundaries will not do so either. I do not believe that a case can be made for taking planning powers from the counties, which I believe were the one angle of local government that people could really identify with until a Conservative Government, I regret to say, introduced new counties that bore no relation to the historical background of the people of our country.

My hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) has dealt with the Minister's rather strange point—I have a great regard for the Minister, but I agree with my hon. Friend that he has been speaking valiantly on a very bad case—in saying that these structure plans are just as likely to be up to date as any regional plan. In any case, not all structure plans are out of date. They are, by their very nature, brought up to date and revised.

The prestigious Town and Country Planning Association supports the Lords amendments. I do not believe that the Government's proposals, particularly in part 1 of the Bill, are creating a simpler, fairer or faster system. It will not be simpler because there will be an additional layer of government; it will not be fairer because power is being transferred upwards; and it will certainly not be faster because the extra layer will bring about even greater conflict between the county or district level and the new regional level.

Mr. Redwood: I support the Lords amendments and want to speak out against more bureaucratic control of the planning system at the regional level.

I was intrigued by the Minister's failure to respond to my earlier point. He tried to change the subject by saying that I had once supported a Government who had also allowed a Secretary of State to provide some guidance and to interfere in planning through unelected regional bodies and our elected councils. That is quite right, but the Minister should also know that I have always been against that system and have fought many battles against it on behalf of my constituents. I am sad that the Minister does not seem inclined to take advantage of the reformed legislation passing through the House to introduce more democracy into our planning system.

In common with my hon. Friend the Member for Chipping Barnet (Sir Sydney Chapman), I believe that there are already too many tiers of government. Like him, I would like to shed a tier or two of this country's government and get by with rather less of it. The most obvious area to remove is that of artificial regional government—regions that mean little or nothing to most of the people dragooned into them, and which are too extensive geographically. My hon. Friends have pointed out the long distances that people would have to travel to make representations in person. Regions also create tensions between the great cities and counties lumped together within them, as they jostle for position and try to have their interests properly represented.

David Wright: The right hon. Gentleman's analysis intrigues me. Does he believe that the whole regional planning guidance system should be scrapped and therefore that counties should interact directly with the Secretary of State, with no role for regional spatial analysis at all?

Mr. Redwood: The hon. Gentleman is quite right that I see no need for regional planning tiers in England. I believe that it would be much better if counties or unitary authorities and boroughs put forward their proposals and engaged in dialogue with the Secretary of State on important issues of national significance. We may also need a system that provides incentives to counties and districts to allow certain quantities of development. Such incentives could be built in to provide some balance in the system, so that communities could see some of the advantages of accepting more development, while retaining the ultimate right or power to forgo those advantages and opt for less development than a Secretary of State might wish them to have. I do not accept the view that without draconian powers from the centre and from the regions, nothing would ever get built.

We have already heard that the hon. Member for Ashford (Mr. Green) has been urging his local authority and the national system to build more. Several hon. Members have voiced similar opinions in previous debates on planning matters—they want more development in their constituencies, and that is often endorsed by their local elected authorities. That can be achieved through an electoral process and if a Secretary of State felt that the balance was wrong, he could, under my model, increase the incentives—perhaps financial incentives, allowing authorities to keep rather more of the tax revenue that would flow from greater development or allowing them to keep or develop the grants or extra money that comes through developer agreements—in return for the acceptance of further development. That would create a balance where both judgment and democratic rights were possible.

Mr. Hayes: I support my right hon. Friend on that point. In my experience, local people rarely oppose the

building of anything lovely or useful; they oppose building that is out of scale or out of character with their community. As he says, people do not oppose development per se, but they usually oppose unsuitable development.

5.45 pm

Mr. Redwood: That is my view. Having been a dweller both in London and in Berkshire, I know that if development proposals are made in my area in London, I often think that they are an enhancement, particularly if they will improve or replace old derelict buildings, or sites that have not been properly used or have fallen into disuse.

I am often in favour of an intensification of use, because I accept that I am living in a city where there are lots of facilities. However, if I am considering a proposal for a village in my Berkshire constituency that has already faced more development than it would like as a result of regional guidance in the past, I am often sympathetic to the case made by the parish and the district unitary authority that a limit should be put on development—particularly in the light of the Government's failure to provide more trains, boats, planes and roads for the transport links, and their failure to expand the hospital and school systems sufficiently, or rapidly enough, to accommodate the planned development that regional guidance may be urging, or forcing, on reluctant local communities and local authorities. As my hon. Friend implied, we need to consider the circumstances on the ground in each city, town, district, parish and village. Surely that is an argument for more democracy in our planning process, and more of it being returned to local communities through their elected representatives, rather than for more powers being taken away to the centre.

I am happy to speak out in praise of the nimbys. I remember being interviewed on that subject and explaining the kind of view that I am now setting forth about how the planning process could be reformed, with more local democracy, but also with reasonable amounts of development in the right places being encouraged and permitted. The interviewer thought that he had come to his clinching point when he turned to me and said, "But then, Mr. Redwood, you must be a nimby." I astounded him by replying, "But of course—and I suspect that you are too."

Indeed, I suspect that most Members of the House of Commons, too, are secret nimbys. We all have different thresholds for our nimbyism, but I suspect that even most Labour Members, who are about to vote against people's right to defend their local communities from overdevelopment, would, if under pressure themselves, turn out to be nimbys when pushed in the wrong direction. I wonder how many Labour Members would like an abattoir next door to them. I wonder how many of them would say, "How wonderful!" if a fireworks factory were to be sited next to their house. I wonder how many of them would welcome one of the asylum camps that the Government have a passion for and wish to dot around Conservative areas. I suspect that we would find that there was quite a lot of nimbyism in Labour then—and if there were not, Labour Members would not be speaking up for their many constituents who often rightly wish to defend their rural views, their quiet residential streets, their local amenity, or the beauty of their local parks and green spaces.

What we want from the Bill, and what the central Lords amendment is about, is a system that allows local communities to express their views on the scale, pace and nature of development, and then to have some chance of those being reflected in the underlying reality. I am not saying that people should have the absolute right to decide in each case. There are, of course, occasions when national issues and considerations have to be taken into account, and should properly be put before this House and be debated and reflected on through the right kind of procedure. There will also be occasions when matters need to be referred from the local community to the Secretary of State for adjudication. However, we do not want a new regional planning tyranny cemented in the concrete of this statute, unamended by their lordships' amendment.

I like the wit and wisdom of the Conservative-Liberal Democrat alliance—an unusual alliance, and not one that I would normally encourage. The wit and wisdom lies in the fact that the Lib Dems will dream on, thinking that the amendment from their lordships' House would mean elected regional assemblies having an influence over the planning process, whereas we Conservatives know that it should be an easy task for us to see off the threat of regional assemblies—an unnecessary and expensive level of government that the Government seek to impose. The amendment would mean an end to the statutory regional interference that the Government have in mind under the Bill if it is not amended as their lordships suggest.

I urge all those who wish their local communities to have a voice, all those who believe that a balance needs to be struck between the understandable wish to defend what we have and the need for growth and development and new ideas, and all those who do not believe in too much bureaucratic control and interference from a high level, to understand the importance of backing their lordships' amendment, and I urge them to join us in the Lobby.

Andrew Selous: I, too, support the amendment. I speak on behalf of an area in which the Government intend to build possibly 51,000 extra houses, in spite of the fact that there are 2,000 people on my council's housing waiting list and that plans are already in place to build 7,000 extra houses to meet local housing need. I point out to the hon. Member for Ludlow (Matthew Green) that sensible, proper plans had already been put in place in my area by my district council to meet local housing need.

My constituents are concerned that there will be a massive expansion of housing not to house local people or even to house people in local jobs but to bring people into the area who will probably commute some 35 or 40 miles to work somewhere else. That does not make sense for those new residents, and it does not make sense for my part of Bedfordshire. It is that lack of local democracy—the democratic deficit—that the amendments go some way to remedying and that my constituents have raised with me time and again. *[Interruption.]* In case the Minister or anyone else thinks that this is a personal ego trip from some green field-loving, nimby, Conservative, I should say that I have presented a petition to the House on this matter, particularly on the point of local democracy, which was signed by 17,000 constituents, which is only about

[Andrew Selous]

1,700 fewer than voted for me to become a Member of Parliament. When I speak on their behalf, I know that I do so with significant local support from all parties. Leading Labour and Liberal councillors back what I am saying, as do local representatives and community bodies with no political interest. We are not nimbys. We want to meet local demand, but the scale, nature and lack of sustainability of the Government's current plans cause us great concern.

David Wright: I represent a new town. There was consensus from the end of the second world war, under all Governments, that we should, through the planning system, build new housing in certain local areas to meet major regional and national demand. The new towns were one of those strategies. Does the hon. Gentleman acknowledge that it is perfectly reasonable in a coherent regional planning structure to require areas to consider large-scale housing development? That happens to be occurring in his area. In my area, there was originally large-scale opposition to the new town of Telford, but it has turned out to be an absolute success as far as most people are concerned in Shropshire and the wider west midlands.

Andrew Selous: The hon. Gentleman persuasively puts forward one way to solve the nation's current housing problems, which I accept are serious. He is absolutely right to say that we have to find radical solutions. There are alternatives, however. Even in London and the south-east there are around 150,000 empty properties. It is possible to develop existing communities organically so that there is some proper sense of community. If the hon. Gentleman thinks of developments on the edge of Glasgow, such as the Easterhouse estates, he will know that many people say that putting down vast numbers of houses on the outside of towns without proper community infrastructure has not worked as there is no proper sense of community. We need to think more seriously about that.

Mr. Hayes: My hon. Friend will agree that there is a massive difference between what is being proposed for his part of the world and the new towns, which were devised and implemented as self-sustaining communities. What is being proposed in his part of Bedfordshire is an influx of people who will not be sustained locally and who will travel to work, increasing wage inflation and environmental pollution and doing untold damage. They will not be building the sort of communities that we all want to develop and thrive.

Andrew Selous: My hon. Friend is exactly right. That is at the heart of my constituents' objections to current housing proposals for south Bedfordshire, which the four amendments would go some way to addressing.

I have put all these points to the Minister before, in an Adjournment debate, and I will continue to raise them on behalf of my constituents. It seems that I am the only elected person to whom my constituents can turn on these matters, because power has been taken out of my local planning authority's hands. I shall quote briefly from a letter and an article that the Chiltern Society recently sent me. This local society looks after environmental and planning issues in the area and has no party political stance. Its chairman, Mr. Robin Rowland, wrote to me with a magazine last month:

"If you have time only to read just one article, can I ask you in the interests of democracy to read the article on page 14 by Helen Whitmore. This epitomises the current almost total disregard for local community views. It can not be right to empower Central Government and unelected Regional bodies this way. I am personally very much a non-political person as is the Chiltern Society, but it would be very wrong for us not to express our views strongly on this subject. I hope you will also feel it necessary to raise awareness on this matter."

I certainly do feel the need to raise awareness of it.

I should like also to quote from the magazine concerned, because it is relevant to the four amendments that we are discussing. In the excellent article, my constituent Helen Whitmore, who is planning field officer in south Bedfordshire for the Chiltern Society, wrote of her considerable concern that the examination in public process, which is all that we have been offered, is inadequate, and she comments:

"At the Preliminary meeting to discuss the draft matters, a Government officer made it quite clear that it was not the job of the EiP to question Government Policy on growth in the South-East of England. We're stuck with it, like it or lump it.

This is not democracy. All we in South Bedfordshire are to enjoy out of this thoroughly undemocratic process is the overwhelming of our communities by thousands upon thousands of people for the benefit of"

people from outside our area,

"but with little or no opportunity to even temper"

the proposals put forward

"never mind rein it back to realistic ... requirements ... What appears to be happening to the planning system in this country with the stealth surrounding the destruction of true public involvement deeply frightens me. In relation to the devastation facing communities in South Bedfordshire, the process of an Examination-in-Public is inadequate, undemocratic and disempowering. It is a process which no longer allows individuals, local groups or for that matter voluntary organisations such as the Chiltern Society to put their case except in writing, unless specifically invited by the Examination Panel, nor to have convenient access to the debates. It is a disgrace."

So writes a thoroughly respectable local organisation of excellent people whose members are people of all political parties and none, but who are concerned for the good of our area.

Mr. David Lidington (Aylesbury) (Con): Does my hon. Friend agree that it is disgraceful that the examination in public at Northampton is considering major housing proposals for his constituency and mine without any rights for local amenity groups or parish councils to make their views known? Is he aware that, according the Aylesbury Vale district council, the Government office for the south-east proposes to bring forward from the second half of the communities plan yet more housing for the first half of the plan? The Government office will not even accept any responsibility for telling local people that that is what it plans to do.

6 pm

Andrew Selous: My hon. Friend makes a powerful point with the lucidity that we have come to expect from him. He is right, and similar affronts to the feelings and

needs of local people occur in every area we look at. We are all concerned about the low turnouts in local elections, but many of my constituents ask why they should bother to vote in local elections again if those who are elected have no power over some of the most significant issues that affect our area most deeply. The Government try to assume the mantle of new localism, but that is far from the truth.

Concern has been expressed from different standpoints by my hon. Friends and myself today, but the theme of lack of concern for local areas is the same. More people come to see me about housing than about any other issue, and I am concerned that the housing needs of my constituents should be fully and adequately met. All that I ask is that other areas act as responsibly as my area is acting, and that housing supply is spread across London and the south-east, where it is needed, instead of being rammed into a few areas—as currently proposed.

Mr. Clifton-Brown: I declare an interest as a fellow of the Royal Institution of Chartered Surveyors. As such, I have practised within the planning system. I shall speak briefly so that the Minister has an opportunity to reply to some of the points that have been made ably by my hon. Friends.

My principal concern is the motion to disagree to Lords amendment No. 1, which says that the provisions on the regional planning body and the regional spatial strategy

"shall apply only if an elected assembly for the region has been established."

That amendment would make a bad Bill marginally better. The Bill will be a testimonial to the Minister and I call it Hill's Bill. The problem is that its insidious effects will not be felt until long after he has ceased to hold his present position. Only then will the country reap the problems that the Bill will sow.

The Bill has two fundamental disadvantages. First, it will do nothing to improve the democratic accountability of the planning system and, secondly, it will not speed up the planning system. In fact, it will do the reverse in both cases. I do not know how anyone, least of all the Minister, could believe that placing planning control under a regional system will improve matters. I have already demonstrated how my constituents will have to travel many hundreds of miles to make representations. Even if my constituents could discover the identities of the indirectly elected representatives, they would have great difficulty making representations about Gloucestershire matters to people living in Dorset or Cornwall. I do not know how my constituents would realistically be able to take part in a regional planning system.

The regional planning system is not democratic. The Minister even said today that the regional spatial strategy would be the property of the Secretary of State. The Minister's predecessor, now the Under-Secretary of State for Transport, said that it would be the creature of the Secretary of State. If the RSS is the creature of the Secretary of State, how can it possibly be democratic for local people? The system would be hugely centralised, not democratic.

The second issue is whether the Bill will speed up the planning system. Any developer will confirm that the reason we are building the lowest number of houses a year in peacetime since 1927 is the length of time that it takes to get planning permission for a residential development of any size. In most cases, it takes at least five years. We desperately need to speed up the planning system. The Government could speed up the existing system by ensuring that the structure plans and local plans were drawn up more frequently. That would also mean that people would feel more involved in the system. At present, when a controversial planning application is made, the people who would live next door to it often find out that it was contained in the structure plan or local plan that was drawn up four or five years ago and has been long forgotten, except by those experienced in the planning system. I have tabled a written question to the Deputy Prime Minister on that very point—it is No. 39 in the list of notice of questions in the Order Paper today. I have also asked about the strategic role of county councils, which are a vital part of the planning system and have been for 10 centuries. Shire counties have been in existence since the Norman conquest, but this vandalising Government propose to discard all the knowledge and experience of county councils.

The Bill will not speed up the planning system. I have also tabled a question—No. 36, as listed on the Order Paper—about the number of planning officers. The lack of qualified planning officers is one reason for the slowness of the system. Does the Minister think that he will get more qualified planning officers by tearing up the county council system? If he does, he is living in a different country.

I recognise that time is running out, so I shall conclude my remarks. This is a bad Bill and the effects of which will be felt for years to come, until a future Government rip it up and start again. It will mean a paradise for lawyers, with case after case to establish the law. The Bill will greatly slow down the planning system and alienate people from the democratic process, at local, district and county council level. We should not, therefore, be surprised when we see lower and lower turnouts at elections. It will all be the Government's fault.

Keith Hill: With permission, I shall reply to the debate. I am grateful to the hon. Member for Cotswold (Mr. Clifton-Brown) for his generosity in abbreviating his speech to allow me to respond briefly to the debate. I wish to scotch a couple of canards that have been heard today. No hon. Member in my experience has ever done more to try to shore up a tiny majority than the hon. Member for South-West Bedfordshire (Andrew Selous), and he expressed outrage about the issue of distance in cases of examination in public, as did the hon. Member for Aylesbury (Mr. Lidington). However, under the Conservatives, there was no examination in public whatever: the Government simply imposed policy without debate. If it is any reassurance to the hon. Gentlemen, I can tell them that in future there will be sub-regional sessions under the public examination arrangements if the panel deems them appropriate. That should serve to reduce the distance that people have to travel.

[Keith Hill]

We have heard a lot of hot air and some breathtaking claims, perhaps the most breathtaking of which was the new Tory doctrine that power should be as close to the people as possible, as proposed by the hon. Member for South Holland and The Deepings (Mr. Hayes). One thinks of the more than 50 Acts of Parliament in those 18 wasted years of Tory rule which in various ways removed power from local authorities and placed it in the hands of central Government. In the presence of the right hon. Member for Wokingham (Mr. Redwood), we remember the Conservatives' bitter opposition to any form of devolution, including the creation of a Welsh Assembly and a Scottish Parliament. Indeed, they far preferred to administer those nations and regions from a distance of hundreds of miles.

It is interesting that there was no response to the question posed by my hon. Friend the Member for Telford (David Wright) to the hon. Member for South Holland and The Deepings on whether he would support regional spatial strategies even if they were produced by elected regional assemblies. The stuff that we have heard could be described as the Jenkins hypothesis of power to local people. It is hot air. The Conservative party remains, as ever, the party of state power and centralisation.

The hon. Member for Ludlow (Matthew Green) made a sensible contribution on the need to have a balance between national, regional and local interests. He gave a franker recognition of the problems of nimbyism—the old localism, as we might call it—than we heard from the Conservatives, although the right hon. Member for Wokingham did give a positive espousal of nimbyism. The fact of the matter is, however, that in practice the hon. Member for Ludlow is supporting a denial of the need for a regional dimension in planning. The amendments would eliminate regional planning bodies altogether unless there is an elected regional assembly. That would turn the clock back to a situation prior to the Town and Country Planning Act 1990, introduced by the Conservatives.

We have heard a great deal from the official Opposition about the weakening of local plans, but under the existing system, introduced by the Conservative Government, the lower tier development plan must have regard to regional planning guidance. Furthermore, it was the Conservative Government who directed local planning authorities, in particular county councils, to implement the regional planning guidance housing figures.

There has been much hot air about democracy, but we have cause to be anxious that that is a bluff, designed to destroy the regional dimension in planning altogether. The first group of amendments would ensure that there was no regional planning body unless there was an elected regional assembly, but even if there were a regional planning body because there was an elected regional assembly, the second group of amendments, which we have not had the opportunity to debate, would mean that it still fell to the county councils to define the contents of the regional spatial strategy through sub-regional plans. A naïve observer might think that even with an elected regional assembly, there is not much point in having a regional spatial strategy. That is the bottom line in the Conservative party's representations.

We heard much from the hon. Member for Ludlow on amendment No. 2—

It being one and a half hours after the commencement of proceedings, MR. DEPUTY SPEAKER *put forthwith the Question already proposed from the Chair, pursuant to Order [this day].*

The House divided: Ayes 289, Noes 166.

Division No. 127] **[8:14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Edwards, Huw
Efford, Clive
Elman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David

Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, David *(NW Leics)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Jim Fitzpatrick and Derek Twigg

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Doughty, Sue
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne

Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Peter Atkinson and
Mr. David Wilshire

Question accordingly agreed to.

Lords amendment disagreed to.

MADAM DEPUTY SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Clause 1

REGIONAL SPATIAL STRATEGY

Lords amendment No. 2 disagreed to.

Lords amendment: No. 3.

Motion made, and Question put, That this House disagrees with the Lords in the said amendment.—*[Keith Hill.]*

The House divided: Ayes 288, Noes 167.

Division No. 128] **[6:29 pm**

AYES

Abbott, Ms Diane
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Blackman, Liz
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Gordon *(Dunfermline E)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxsrowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*

Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, David *(NW Leics)*
Timms, Stephen
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Betty *(Conwy)*
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Derek Twigg and Mr. Nick Ainger

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Doughty, Sue
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Osten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'rns & Kincardine)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew

Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Wilshire and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Lords amendment disagreed to.

Clause 2

REGIONAL PLANNING BODIES

Lords amendments Nos. 4 and 5 disagreed to.

Clause 22

ADOPTION OF LOCAL DEVELOPMENT DOCUMENTS

Lords amendment: No. 21.

Keith Hill: I beg to move, That the House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Lords amendments Nos. 22 and 23 and the Government motions to disagree thereto.

Keith Hill: The Government have been clear from the outset that one of the key elements of our planning reforms is for the recommendations of the independent inspector, following an independent examination, to be the final stage in the preparation of a development plan document. The amendments intend to retain the status quo, which is unacceptable for the following reasons.

Taken together, amendments Nos. 21, 22 and 23 would remove the important innovation of binding inspectors' reports on development plan documents at the local level. At the same time, amendment No. 21 would also muddle up the provisions for adopting local development documents that are not development plan documents, and which are known as supplementary planning documents. The amendment would result in local authorities having to take account of the inspectors' recommendations on a supplementary planning document even though there is no independent examination of those documents.

Binding reports form a crucial foundation in the proposed local planning system, and a number of key features support that function. First, there is the concept of front loading. That means that the local planning authority will reach decisions on key matters early in the plan making process. The local planning authority will start by identifying and taking the community's views and interested parties' ideas on all the potential options, and then deciding what it thinks is best for its area.

Peter Bottomley (Worthing, West) (Con): Will the Minister give one or two illustrative examples of where things went wrong under the existing process?

Keith Hill: In some cases the existing process has led to the late introduction of elements in local plans, characteristically the late introduction of new proposals for developers, and on some occasions the introduction of unpopular proposals for development put forward by local authorities. It is precisely to obviate such risks and what might be described as a form of abuse of the existing system that we are introducing our present proposals for the powerful front loading of the system for new and stronger elements of community involvement. It should be borne in mind throughout the process that the inspector is all the time responding to various representations and inputs that emerge at various stages of the local planning process. In many respects the proposed system offers far more safeguards to local people in terms of what is likely to appear in the plan than the existing system.

6.45 pm

Peter Bottomley: There is the question of what happens while inspectors hear what people have to say and there is the question of what happens afterwards. My local authorities, both at district and county level, have asked what would happen under the Government's proposals—unless they accept the purpose of some of the Lords amendments—were the inspector to make a plain mistake. Leaving aside the fact that the Minister has not dealt with what would happen after an inspector's report, what would happen if the inspector made a mistake? How could it be put right?

Keith Hill: The hon. Gentleman raises an issue of concern that has also been taken up elsewhere and on which I think that I can reassure him. The local planning authority already sees the inspector's draft report and can point out factual errors. That situation exists now and we propose that it should continue under the present proposals. I hope that that serves to some degree to reassure the hon. Gentleman.

I was saying that it is the role of the local planning authority to take soundings, to consult local communities and to hear the views of interested parties on all the potential options and then to decide what it thinks is best for its own area. The job of the local planning authority is to devise policies and proposals for the development plan document for its area, involving its community fully in the process. Representations made to the authority on its preferred options will be considered by it. I emphasise that no inspector is involved at this stage and it is from this consideration that the authority will prepare its development plan document to submit for independent examination.

We believe that the local authority will be well placed to do this with the procedures that we are introducing to ensure early debate and decisions. There will be a strong disincentive for anyone to put off raising controversial proposals in the hope that they have a better chance of succeeding if sprung on people at a late stage, whether that is a developer or the authority wishing to avoid coming to a difficult or potentially unpopular decision without involving the community.

Secondly, the investment by the community and others in making representations on a development plan document, and participating in the independent examination, will now always be worth while. No longer will the community and others face the entirely unjustifiable position where all their input is taken forward through the inspector's recommendations, but

then ignored by the authority, which may decide to do something completely different. That would undermine our intention to give communities a greater say in plan making and to secure their buy-in.

Finally, the inspector's job is to determine whether a development plan document satisfies the legal requirements on its preparation and whether it is sound. The inspector's starting point will be that the development plan document that the authority has submitted is sound unless evidence proves otherwise.

Anyone seeking a substantive change to a development plan document will need to show that the document is unsound and that the change will render it sound. That is also a requirement of the inspector. I emphasise again that any changes that the inspector recommends will not simply reflect his or her views, rather than those of the local authority, but will be changes that are needed to achieve a sound plan that is tested against the criteria for soundness that it has to meet. If, as a result of the inspector's consideration of soundness, he or she believes that the development plan document should be changed significantly—for example, as a result of insufficient evidence—that could happen only if the examination is reconvened or if the development plan document is referred back to the local planning authority for further consideration.

Matthew Green: Is the Minister entirely confident that inspectors, who on the whole do a very good job, always manage to interpret planning guidance correctly? In some cases, the local authority's interpretation of Government and regional planning guidance has differed from that of the inspector, and I think that the Minister would have been inclined to agree with the local authority. Is he confident that the inspector is always right?

Keith Hill: First, I have a great deal of confidence in the inspectorate. My observational experience, both as a citizen and as a Minister, is that the quality of the work produced by the inspectorate is, by and large, very impressive.

Secondly, the proposals, especially on the concept of soundness, are not being unleashed on inspectors without preparation. Indeed, I recently attended a conference of the inspectorate where a great deal of practical training on the provisions of the Bill was already taking place. I am reasonably confident that there will be a high level of preparation for and understanding of the contents and definitions of the Bill.

Finally, if the inspector gets it wrong, the local authority has other recourses with which the hon. Member for Ludlow (Matthew Green) is familiar. The process incorporates a large number of safeguards and fail-safes.

If there is still insufficient evidence for the inspector to recommend a change that he or she thinks should be made to a development plan document, the inspector will not be able to recommend that change in his or her report. If that happens, the inspector will only be able to advise the authority of his or her view that it should revise its development plan document or prepare a fresh one to take the matter forward. Those principles will be set out clearly in the final version of planning policy statement 12.

As we have said on many previous occasions, binding inspectors' reports are a key mechanism for speeding up the plan-making system, because the modifications stage, which usually takes six months or more, will no longer be needed. Speeding up the process is vital if our communities are to have the up-to-date plans that they and their areas need.

I fear that the amendments are in direct contradiction to our policy on this issue, and we cannot agree to them.

Mr. Robert Syms (Poole) (Con): I start by declaring my interest, as recorded in the Register of Members' Interests, as a director of a family property company with interests in the building industry.

I listened carefully to the Minister's remarks, but he has not yet convinced me that the Government are right on this issue. One of the disadvantages of coming late to a debate is that one has to go back through the papers to find out about the Government's intentions. I want to try to get the architecture right in terms of understanding where the binding inspectors' reports fit in. Initially, a national spatial plan strategy will send directions to the regional spatial strategies—although the Minister said earlier that that would differ according to whether there was an elected assembly or a non-elected regional planning body—and that will set the local development frameworks. Then, the local authority has to produce its local development scheme, to come into force by the end of 2004, which lists all the documents to be prepared and the timetable for doing so. The authority also has to produce a statement of community involvement so that the public feels confident that they can be involved in the whole process.

That eventually leads to the preparation of local development documents, including maps and action plans for what is to happen in the locality. There is also the option of the supplementary planning documents that the Minister mentioned, which do not have to undergo independent examination. At that point, the local authority has to produce its local development plan documents, with some degree of latitude as to the degree of detail. Community involvement will be an important part of that. At the end of the process, an inspector has to look at the local development documents.

In essence, the Government want to introduce what Lord Rooker called

"the important innovation of binding inspectors' reports on development plan documents."—[*Official Report, House of Lords*, 1 March 2004; Vol. 1940, c. 454.]

The philosophy of the measure is much more top down than bottom up. An inspector will have the ability substantially to alter documents produced by the local authority that have gone through the local consultation process.

There is widespread concern about how the system will operate. The Local Government Association fears that the proposals will

"undermine local democracy, accountability, and the freedoms and flexibilities the government says it wants to grant local government in order to make localism a reality."

It says:

"There will be no opportunity for local authorities to correct errors of fact and misinterpretation which creep into many an inspector's report but which can be ironed out in the current system without fuss.

[Mr. Robert Syms]

There could be significant implications for parts of the plan not actually formally under public examination and on which the local authority will not have had chance to make representations.

Local authorities are also likely to find themselves in a difficult position if they unable to challenge the Inspector's decisions, which may prove to be contrary to national and regional planning guidance or not adequately reflect local circumstances.

There will be wider implications. The inspector's report will have a direct impact on Community strategies and other local strategies outside planning and the local authority will have no recourse to challenge the inspector's recommendations if they are contrary to the objectives of the community strategy."

It gives an example of how things could go wrong:

"In Birmingham, the Local Planning Inspector recently recommended that the City Council's Unitary Development Plan should remove key employment sites from the plan even though this was contrary to both current and emerging regional planning guidance for the area. Such an outcome would have significant implications for local planning authorities under the new system as there do not appear to be safeguards to prevent this happening and local authorities would not be in a position to challenge the Inspector's decision. The processes for rectifying issues of this kind are likely to be messy and convoluted."

As the Minister said, the only option that will be left open to local authorities is judicial review, but many authorities—certainly in Poole—would have to consider the costs involved in that before trying to challenge what an inspector wants to do.

Although I agree with the hon. Member for Ludlow that planning inspectors are generally competent and good at what they do, mistakes are made, and many reports contain factual errors. By making that element of the process binding, the Government are giving it an importance within the planning architecture that could significantly change what local development documents are intended to be. The Government should consider the Lords amendments as a great help because leaving the final say to local authorities would be consistent with what all parties want—more power for local authorities. The amendments would be the most effective method of ensuring that the right decisions were made at the end of the process. A local authority could consider an inspector's decision and amend its plan accordingly if it believed that the inspector had a good point.

7 pm

It has been said in the debate that an inspector could not simply implement his views but would have to examine the whole process. He would have to consider the public consultation, ascertain what issues had been raised and make amendments on that basis. However, as we all know, issues are raised in local plans and consultations that have strong proponents for and against them. Controversial decisions could ensue through the Government's making that part of the process binding. In another place, Lord Rooker clearly stated that the Government's intention was to speed up the planning process and that the proposal was part of that. Yet we are considering the last part of the process and it is unlikely that the provision would speed it up. If the consequence of speeding up the process is diminishing local democracy and perhaps making it more difficult to rectify mistakes—we all know that mistakes are made—the Government may come to regret it.

We are considering complex planning architecture, with all sorts of plans and supplements popping out. I am beginning to wonder whether we shall end up with a speedier process. However, the top-down philosophy that the Government appear to be implementing in many of their planning proposals, whereby an inspector can insist on changes and judicial review is the only avenue available to a local authority that has been through all the processes and taken account of all public anxieties and representations, is unacceptable. The Government should listen carefully to what the Lords and Members of the House of Commons are saying about an issue that is important to many of our constituents.

Matthew Green: We are discussing one of the main contentious subjects in the Bill. The hon. Member for Worthing, West (Peter Bottomley) did hon. Members a great favour when he asked the Minister to give examples of problems with the current system. The Minister had some difficulty in dealing with that. Under the new scheme, a local development plan will become a series of local development documents. The Minister knows that I support the new scheme. Under the current system, local authorities do not often reverse the inspector's decisions, for the wrong reasons.

However, let me give an example, provided by the Local Government Association, of a local authority using its power to reverse an inspector's decision about a local plan. The local authority is Birmingham, which was Labour led when the decision was reversed. Labour councillors voted for a plan, which the inspector changed. I understand that the planning inspector recently recommended that Birmingham city council's unitary development plan should remove key employment sites from the plan, even though that was contrary to current and emerging regional planning guidance for the area. Such an outcome would have significant implications for the new system.

Ninety-nine per cent. of the time, inspectors get it right but nobody is perfect and they can make mistakes. Correcting them through judicial review is expensive. Perhaps Birmingham might be able to spread the costs because it is the biggest local authority in the country, and I believe has a budget of more than £1 billion. However, most small shire districts would not contemplate resorting to judicial review against the Secretary of State—the inspector acts in the Secretary of State's name. They could not consider that route for financial reasons.

Peter Bottomley: Like other hon. Members, the hon. Gentleman will have noticed that, in another place, the Government ensured that four clauses were added so that Ministers could correct mistakes that they or planning inspectors made about planning decisions. It is odd that we are holding the current discussion on more major issues when the Government have given themselves gold-plated protection for minor slips.

Matthew Green: The hon. Gentleman makes an excellent point. All we are requesting for local authorities is a little—only an inch—of the power that the Secretary of State likes to preserve for himself. Let us consider circumstances in which the new local development documents go through all the stages and

an inspector makes a ruling that is clearly against the wishes of the local authority, the local people and possibly even the Minister in whose name the inspector acts. That could undermine local democracy and accountability at the level at which it should be built into the planning system.

I want a planning system that works. The move to a series of local development documents rather than a local plan will reduce conflict because under the current system, the whole plan has to be called in if the inspector wants to make an objection. I suspect that many of the documents in isolation will not cause the same controversy as a whole plan. There should therefore be fewer public inquiries, and I welcome that.

However, I am worried that the inspectors might not get it right, and I shall provide an example. The Minister cannot come back at me and will simply go all quasi-judicial. I know he will do that, so he does not need to make the excuse later. Both my local authorities are currently preparing their local plans. They are at different stages and, although they have taken a little longer than the five years that they are supposed to take, they are both preparing them.

South Shropshire's plan is currently at inspector's report stage. As hon. Members who have followed the progress of the Bill know, South Shropshire has an innovative affordable housing policy. The Minister knows about it because I have sent him a copy and he expressed some interest in it. It is probably one of the most radical policies in the country. It suggests that, on sites of two or more houses, 50 per cent. should be affordable. The policy is included in the local plan. The local authority tried to introduce the policy previously but, on appeal, inspectors ruled in favour of builders who did not want the affordable houses. The local authority is therefore trying to introduce the policy through the local plan and the inspector is challenging the council, although he may ultimately accept it. I believe that the reason for the challenge is that the policy goes against Government guidance, which stipulates 30 per cent. affordable housing. However, as the Minister knows, 30 per cent. is only a minimum. The council is therefore right to propose 50 per cent.

South Shropshire has approximately 350 planning permissions left until 2011 but its local needs housing survey shows that it requires 1,400 affordable homes. The problem is that almost every home that is built needs to be affordable. The local authority cannot achieve that so it is aiming for 50 per cent. I hope that the inspector will not overrule that, but he could. Under the current system, the local authority has the final say, but if the policy was contained in a new development plan document on affordable housing in South Shropshire and an inspector overruled it, South Shropshire would have more executive homes and fewer affordable homes because an inspector had determined that it was not quite in line with what pertained nationally, although I believe that it is.

I know that the Minister cannot comment on that—he cannot even raise an eyebrow in case someone challenges under judicial review—but it is an example of what could go wrong with the new system and the way in which the Minister foresees it working. If it ain't broke, don't fix it. The Minister has not given any explanation of how the system is broke, so I am not sure why he is so desperate to fix it.

The Local Government Association strongly supports the Lords amendments on this issue, as does my own local authority. The chief executive of South Shropshire district council e-mailed me only a few days ago to stiffen my resolve, if it needed stiffening, on this point. Inspectors have to come in from outside; they cannot be from the locality that they are to inspect, for good reasons. There is great concern out there, however, that an inspector coming in from outside might not fully understand the nuances of local need and local development in the way that locally elected people and local officers working there on a day-to-day basis should do. In the case of South Shropshire, these concerns are coming from a council that is very pro-development.

The point of having an inspector's report is to stop a council doing anything that represents a radical departure from the plan, such as not building any affordable housing. I would welcome an inspector going in to report on such a situation. Under the current system, if a council overturns an inspector's report, that report can be taken into account in an appeal by a developer. It would be a material consideration. That is one of the most effective checks. We do not need binding reports. If a council is trying to prevent development when an inspector believes that it should take place, and the developer goes to appeal having lost a planning application, the developer should win on the basis of that material consideration, provided that all other things were equal. The current system therefore has good checks and balances built into it, but the proposed system shifts everything too much in one direction. I hope that the Minister will be prepared to give councils just a little of the power that accrues to him under the Bill.

Andrew Selous: I, too, support the Lords amendment—principally because I have been contacted by representatives of Bedfordshire county council, who wrote to me a few days ago and strongly urged me to back it, just as the hon. Member for Ludlow (Matthew Green) has been urged to back it by his local authority. The issues involved are similar to those that we debated earlier this evening when discussing other amendments, but I shall obviously not revisit those issues now. In essence, however, they relate to the undermining of local democracy and accountability, and to the fact that there will be no opportunity for local authorities to correct any errors of fact or misinterpretation that might creep into inspectors' reports.

It is also clear, as my hon. Friend the Member for Poole (Mr. Syms) explained earlier, that circumstances could arise in which an inspector's recommendations are contrary to the existing regional and national planning guidance. Under the proposals, local authorities do not appear to have any recourse to challenge an inspector's recommendation, other than by instigating a judicial review. It is certainly the view of Bedfordshire county council and the Local Government Association that that is not a course that we should force local authorities to go down, as it would be likely to be a lengthy, expensive and difficult process.

Of course, we understand the proper function that inspectors have within the planning process, but that must be balanced vis-à-vis the powers and responsibilities of local planning authorities. In my constituency, considerable disquiet was expressed at a

[Andrew Selous]

recent Government inspector's decision to allow travellers to remain permanently on local green belt land. That decision involved a completely unauthorised development, about which the local authority and the local people felt very strongly. Indeed, my constituents expressed considerable resentment at, as they saw it, a Government inspector coming in from the other side of the country. They did not believe that the inspector was in tune with the wishes and views of the local people or had a proper understanding of the issues. That resulted in considerable resentment building up.

My fear is that we shall see more resentment building up. People will feel that the whole planning process is becoming more remote and more unchallengeable. If a local authority were able to challenge an inspector's decision, there would at least be some contact between the electorate and someone whom they could get hold of locally and who was accountable to them by virtue of wanting to be re-elected every few years. That link will be lost under the new measures, and that will have detrimental consequences for local democracy and for any sense of local involvement in planning issues.

7.15 pm

Peter Bottomley: It is now time for the Minister's test. Will he please intervene and let me know which clause of the Bill is affected by the Lords amendments that we are now discussing?

Keith Hill: We are dealing with clause 22 of the Bill.

Peter Bottomley: Regarding clause 22, does the Minister know when the Secretary of State last intervened to overrule a planner's view on a development plan? I could give him a whole series of cases in which the Secretary of State has overruled his inspector, when the inspector has overruled a local authority. I do not want to sound as though I am against inspectors, but the Secretary of State's considered view in such cases was that the local authority was right and that the inspector should be overruled. If that happens, it is either because the Secretary of State has received representations, perhaps from the local authority or the community—which we hear so much about—or from some other source.

I am not sure how big a difference there is between the Local Government Association and the Minister's advisers. This is not the time to go back into the history of where the ghastly expression "spatial planning" came from—

Keith Hill: Europe.

Peter Bottomley: It might have come from Europe, but I am not sure why we needed to adopt it. We could always have translated it, could we not? I am all in favour of being a European as well as being British, but if I were to go out into the high street of Worthing and ask people what they thought of the Government's policy on spatial planning, they would say, "Say that again. What's it all about?" The Government have failed to explain why they are putting forward their national strategy in this way, and why they have not managed to convince the very sensible people in the Local Government Association, which includes the local councils in the Worthing, West constituency.

Sir Sydney Chapman: I think that my hon. Friend will find that the term "spatial development" was first introduced in the Greater London Authority Act 1999. I made exactly the same point at that time as my hon. Friend is making now. It is a new-fangled concept with which I find it difficult to come to terms. I notice that since it was introduced in that Act, there has been less and less space in London as buildings get taller and taller.

Peter Bottomley: I am grateful to my hon. Friend for that intervention.

I believe that, in a number of respects, the Government's intentions are good. In the seven years that I have represented my present constituency, however, I have also learned that the Deputy Prime Minister, in trying to deal with the traffic problems along the A27 corridor through West Sussex, has set up a system that was designed not to produce a result. When I now hear from the planning Minister and the Government that they want a system that will not allow for delay but will identify delay and overcome it, I wonder what that will mean for the people who will lose their lives, be injured or have their environment wrecked by an uncontrolled traffic flow on unsuitable roads through urban areas.

The Minister does not need to give me an answer this evening because that is a local point, but I hope that he will ensure that, if the Government are so concerned about this spatial planning, it should include transport planning as well. That would be helpful, because many development issues are affected in that way. I could give the Minister an example of a case in which the Secretary of State overruled an inspector in my neighbouring constituency of East Worthing and Shoreham two or three years ago.

West Sussex county council has been well led and well run at officer and member level, and I want it to be satisfied with planning controls that will help it to achieve what it is required to achieve, and which will stop it being dissatisfied because the Government are not listening to the reasonable voices in the House of Lords, and which are being supported by the Local Government Association. That is why I wrote to the Minister a couple of weeks ago asking him to explain why the Lords amendments were unacceptable, and either to accept them or to present alternatives that would bring about consensus on what the Local Government Association, the Lords and the West Sussex councils wanted—together with a reasonable opportunity for the Government to achieve the aim of their wholesale changes.

At present, I think that the House would judge it fair to say, with a half-smile, that the Minister has not even tried to justify the Government's intentions, other than by saying that the Government do not want anything to happen after the inspector has made a recommendation because they do not want that. We have heard no argument that stands up to reason. As the hon. Member for Ludlow (Matthew Green) kindly pointed out, we have heard no response to my request

for real examples of things going wrong. I hope that if the Government's majority—which, I note, has not been reflected in this evening's Back-Bench speeches—succeeds in overturning the amendment, their lordships will go on requiring Ministers in the other place to produce arguments that make some kind of sense. At present, this House is being asked to approve something that does not make sense.

Keith Hill: I hope to deal with most of what has been said, although I shall not detain the House for long.

The hon. Member for Poole (Mr. Syms) spoke of the complexity of the architecture. I think that we have already dealt with that. Although—if I may use a colloquialism—I know where the hon. Gentleman is coming from, those of us who have thrashed out these issues in Committee are pretty clear about the structures. Any new system takes some understanding, but I am confident that this system is understood. The fact that a number of local authorities are already drawing up their local development frameworks suggests that it is clearly understood out there.

I strongly rebut what I believe to have been the assertion of the hon. Member for Ludlow (Matthew Green) that this was a top-down system. Nothing could be further from the truth. We are introducing much more powerful elements of community involvement to a planning system that is already characterised—perhaps more than most areas of local and national government activity—by a greater degree of public participation than that system has yet experienced. That is a direct contradiction of the notion of top-down decision-making.

Front-loading is essential to the concept of binding inspectors' reports. As I shall demonstrate, all key material issues will emerge earlier in the process, and there are innumerable safeguards to prevent the introduction of unpredictable measures. All interested parties will have an opportunity to participate at the outset.

Matthew Green: The Minister said that I had described this as a top-down system. If he reads *Hansard*, he will find that I said nothing of the sort. In the examples I gave, inspectors were not just failing to go along with what the local authority wanted, but their actions were not in line with national and regional planning guidance, and thus not in line with the top. My point was that a check would be needed after an inspector's report. I agree with the Minister about front-loading, which I think will remove the need for numerous inspectors' reports and public inquiries. I agree with all the positives. However, I do not see the necessity to take away a council's ability to overturn a report.

Keith Hill: If the hon. Gentleman did not use the expression "top-down", I withdraw my allegation and apologise. However, he did say that the inspector would be acting in Ministers' names, which is absolutely not the case. The inspector will be entirely independent, which is why clause 19 provides for an independent examination.

The hon. Member for Worthing, West (Peter Bottomley) used a traffic analogy. I repeat that the inspector will be strictly limited in terms of the new matters that he may present. It is invidious to cite cases and Ministers must be awfully careful with planning issues, but it is well known that a weakness of the planning system—for it is bound to have some acknowledged weaknesses—is that it can lead to excessive delays. Frequent unreasonable delays at the modification stage are a byword, and the Bill seeks to deal with them.

At this point I should scotch another canard. I seem to begin all my replies by scotching canards. The hon. Member for Poole began his description of what he called the architecture of the Bill by saying that we began with a national spatial strategy. There is no such thing, although we have the planning policy statements and the White Papers which inform the regional spatial strategies, which in turn inform the local development documents.

Conservative Members have expressed anxiety about the powers which, they assert, will accrue to inspectors. They fear that an inspector might make changes to a development plan document that would not be considered at the examination. I repeat that the inspector will be able to recommend a substantive change in the document only if people have had an opportunity to make representations on it, or it has been considered at an examination and the representations, or debates, support the change.

7.30 pm

Generally, inspectors will not be able to introduce new proposals. Any new proposals must be tested against the criteria for soundness at the public examination stage. Inspectors will be able to recommend a substantive change in the plan and the policies only if it has been through due process. They can, however, reconvene the examination panel or return the matter to the local planning authority for consideration. As a result, it will be subject to the preparation of a new plan or the alteration of the shortly-to-be-adopted development plan document.

The inspector's job will be to consider both the test of soundness and the representation. If he or she believes that the plan contains a substantial weakness that has not been subject to representations but on which he or she might need to make a recommendation, he or she must raise that at the examination and invite discussions.

Safeguards will be available to local authorities in extremis. The hon. Member for Worthing, West mentioned factual errors. A fact check will be available to authorities. The local planning authority will see a draft of the report and will be able to point out factual errors, which will be set out in the final version of planning policy statement 12.

Secondly, anyone can ask the Secretary of State to exercise his intervention powers to direct changes—that is in clause 21—or to call in the plan, under clause 23, where a development plan document is up for approval and under challenge. Challenge in the courts is possible under clause 109 on the grounds that the document is not within the appropriate power or that a procedural requirement has not been complied with. As we have said, in certain other circumstances judicial review might be appropriate.

[Keith Hill]

Finally, Members from both Opposition parties have alluded to the Birmingham case. Again, it will be understood that it is not appropriate for me to comment on specifics, but I put it to those hon. Gentlemen that they are assuming that the new arrangements will be exactly like the existing ones, except that the inspector's report will be the final stage. As I have sought to explain in extreme detail, the features of the new system mean that that will not be the case. It seems unlikely that examples such as Birmingham will recur.

In the light of all those considerations, I invite the House to resist the Lords amendment.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 274, Noes 162.

Division No. 129] **[7:32 pm**

AYES

Abbott, Ms Diane
Alexander, Douglas
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Bailey, Adrian
Baird, Vera
Battle, John
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mole, Chris
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Singh, Marsha

Skinner, Dennis
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, David *(NW Leics)*
Touhig, Don *(Islwyn)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Williams, Betty *(Conwy)*
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Wooles, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Charlotte Atkins and
Mr. Nick Ainger

NOES

Ainsworth, Peter *(E Surrey)*
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Doughty, Sue
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'rns & Kincardine)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Peter Atkinson and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Lords amendment disagreed to.

Lords amendments Nos. 22 and 23 disagreed to.

Clause 37

Development Plan

Lords amendment: No. 26.

Keith Hill: I beg to move, That the House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendment No. 27 and the Government motion to disagree thereto.

7.45 pm

Keith Hill: Amendment No. 26 would mean that the Mayor's spatial development strategy—the London plan—would not become part of the development plan until it had been through a revision. Amendment No. 27 makes a consequential amendment to the wording of clause 37.

Making the plan that sets the strategic planning framework for the region a part of the development plan is an essential part of affirming its status and of reducing uncertainty and ambiguity. This is just as applicable to the London plan as it is to the regional spatial strategies in other regions. In both the regions and London, we believe that our starting point should be for the existing documents to become part of the development plan. We see no advantage in a delay while those plans are prepared from scratch or existing plans altered. The only exceptions to this approach are regional planning

[Keith Hill]

guidance 3, London; 3a, Strategic Views in London; 3b, River Thames; 9b, River Thames; and 9a, Thames Gateway. The RPGs that will not become regional spatial strategies are those that have been replaced in large part by the Mayor's London plan or cover areas already covered by another RPG and were not subject to an examination in public when they were prepared.

I do not agree that, unlike the arrangements in our regions, the London plan should not become part of the development plan because at the early stages of its preparation people did not know that the legislation would be introduced. The Bill was introduced on 4 December 2002 and we wrote to the London panel in January 2003—before the examination in public on the draft plan—to draw its attention to the provisions. Our letter was copied to the Association of London Government to make London boroughs aware of the matter.

In any event, the importance of a spatial development plan prepared by the Mayor was well known and I cannot accept the argument that all those who made representations, including all the London boroughs, did not make their best case when doing so.

I do not accept the view that the current London plan contains too much detail to be a strategic development plan. Circular 1/2000, which sets out the arrangements for strategic planning in London, makes it clear that the London plan must deal only with matters of strategic importance. The panel was well aware of that. Where the panel report concluded that policies were insufficiently strategic, that has been taken account of in the final version of the plan. But there is no reason why the London plan should not contain strategic development control policies.

It should not be forgotten that London has a history of quite detailed strategic guidance; for example, the regional planning guidance on strategic views in the capital and on the River Thames. This reflects the particularly close interdependencies of a city compared with a much larger region. The Mayor of London is charged with preparing eight statutory strategies that need to be consistent each with the other. This necessarily means that the London plan needs to contain a substantial number of policies. It does not mean—this is borne out by the examination in public—that they are not appropriate for a strategic development plan in London.

By making the London plan part of the development plan we are increasing clarity and reducing ambiguity. We are not fundamentally altering the existing relationship—one of general conformity—between it and unitary development plans. The practical consequences of the change will be limited. Under the current arrangements, the London plan can still be a "material consideration" when a London borough considers a planning application. The weight given to the policies in the London plan may in some cases be significant. Making the London plan part of the development plan does not mean that boroughs will be suddenly faced with a different set of issues to consider when dealing with planning applications. The same basic principles still apply.

I have already said that it is right that the London plan should contain strategic development control policies. Nevertheless, for the majority of planning applications, it is unlikely that the London plan as a strategic document will be an important consideration. I do not see the Mayor becoming involved in non-strategic applications, particularly as we are not altering the arrangements under which the Mayor is to be consulted only on applications that may raise issues of strategic importance.

Sir Sydney Chapman: I am following the Minister very carefully because this issue is of great concern and interest to Londoners. Can he assure me that the Mayor cannot intervene in the drawing up of development plan documents by London boroughs, except where he has the right under existing legislation to call in certain applications for significant developments that are going to take place? It would be very helpful if he confirmed that point.

Keith Hill: I can confirm that the Mayor's powers of intervention relate to what may be deemed and defined as strategic issues of concern. That is the limit of his powers of intervention, and I hope at some stage to furnish the hon. Gentleman with some examples.

Sir Sydney Chapman: I am very grateful to the Minister for giving way again. I am trying to curtail the discussion as we have a lot of other things to talk about, but I should point out that the Mayor can call in any application that refers to any part of the metropolitan green belt land. In some cases, applications relating to what is a small and insignificant part of the green belt can be called in by the Mayor. Can the Minister enlighten us on that point?

Keith Hill: As I said, the Mayor has no power to intervene in borough unitary development plans; he can, however, direct refusal of what are deemed to be strategic planning applications. I hope that that offers the hon. Gentleman some reassurance. Of course, the criteria for those interventions and the criteria relating to strategic planning applications are defined.

However, where applications raise strategic issues that are covered by policies in the London plan, it is true that that could be an important consideration. Given the strategic role of the London plan, it should be reasonably straightforward for London boroughs, in determining planning applications—and for inspectors attending appeals against the refusal of planning applications—to give appropriate weight to strategic and local planning policies. The concerns expressed about planning applications becoming increasingly complex to determine do not stand up.

As the House is aware, under these arrangements the Mayor already has the power to direct the refusal of a planning application of potentially strategic importance if he considers that granting permission would be contrary to the London plan, or prejudicial to its implementation. The London plan was prepared by the Mayor following extensive consultation and a public examination. London needs a spatial framework, and it is absolutely right that it should have development plan status.

Mr. Syms: The Minister has gone some way towards reassuring Members about the concerns expressed, but

it is still important to go round the track on this issue. Baroness Hamwee expressed concern in the other place that the London spatial strategy would take precedence over the boroughs' plans, and she discussed the way in which they would interact. My hon. Friend the Member for Cities of London and Westminster (Mr. Field) has drawn my attention to a letter sent to the Minister by Michael Snyder, chairman of the policy and resources committee of the Corporation of London. It is important to put the corporation's concerns on the record, and the letter states that one of them

"relates to the status of the London Plan. When the plan was issued for public consultation in June 2002, our assumption was that its purpose was to guide the City in the preparation and review of our unitary development plan. The Bill, however, considerably alters the Plan's status.

The Corporation's Planning and Transportation Committee considered the Plan on 6th September 2002 (some three months before the Bill was published). While the Committee was generally supportive, it expressed concern both at its length and its level of detail. The London Plan contains much more detail than is usual in a strategic document. Representations along these lines would most certainly have been made to the Mayor if the Corporation had been aware of the importance the plan was to be afforded by the Bill. Since I understand that other boroughs would have made similar representations, it appears unlikely that the London Plan would have remained in the form in which it now appears. The Corporation has no objection to a London Plan being afforded the status of a development document. It does, however, object to the existing London Plan being afforded that status.

The level of detail in the London Plan gives rise to a second practical concern. The Corporation's planning officers would naturally expect to consider all major planning applications against the London Plan. Such is the level of detail in the Plan, however, that they will have to consider even the smallest applications against it. You will appreciate that this requirement will delay consideration of planning applications which would otherwise proceed expeditiously, running counter to the Government's laudable endeavour of speeding up the planning system."

The Minister has reassured us that the Mayor's powers extend only to strategic matters, and that even though the London plan—it costs £50 and I am told that it is a jolly good read—goes into great detail, that does not necessarily mean that the corporation's concern about the testing of every application, even the smallest one, against the plan is necessarily justified. I am glad that that has been put on the record, and we do not wish to press the matter further.

Matthew Green: I was about to quote from exactly the same letter from the Corporation of London. As the third party, one frustration that the Liberal Democrats have to suffer is that sometimes, certain things have already been said before one gets to one's feet. However, the hon. Member for Poole (Mr. Syms) quoted the letter in excellent fashion and put the corporation's concerns on the record.

My noble Friend Baroness Hamwee was right to raise this issue, not least because it has forced the Government to clarify the London plan's status in relation to the unitary development plans, and the question of its precedence. The corporation has expressed concern about the timing of the document, and it is not alone. The borough that it represents is not the only borough that might have given a different account of itself when the London plan was drawn up, had it known the extent to which the Bill would alter the plan's status. It is unfortunate for the Government that they have been caught out; the problem is one of timing as much as anything else.

Baroness Hamwee, who is extremely knowledgeable about London planning matters, has sought to ensure that the plan that will be enforced is not this one—the £50 document, which runs to rather a lot of pages—but a subsequent plan that is produced in the light of consultation and of this Bill. I understand the Government's reservations and why they are arguing a different case. As I have said, they have gone some way towards clarifying matters. They have made it clear that they do not expect this to be the guiding document for every planning application in London in the next few years.

Mr. Syms: I am perfectly sure that the Government realise that concern does exist; otherwise, the Minister would not have placed a written statement in the record today, setting out a little more clearly how the London plan and the UDPs interact. Baroness Hamwee has done the London planning system a service by raising what is a very important issue, in order to iron out the genuine concerns raised by London borough councils.

Matthew Green: I thank the hon. Gentleman for that intervention. The statement to which he refers has clarified many of the issues, but I hope that the Minister will check whether there are any other areas of contention. Perhaps the Minister will agree to look again at the concerns raised in the Lords, just to check whether any more clarifications are needed, but I am inclined to agree that, in light of the Government's explanations and assurances about their understanding of the interrelationship of the UDPs and the London plan, we need not press the matter at this stage.

8 pm

Sir Sydney Chapman: In a sense, we already have regional government in London, and county status. My borough has an estimated population of 315,000, which is a considerable number, and has many of the same planning powers as the counties. Regardless of whether we favour regional government, it is essential that all the planning bodies should work in co-operation and consensus rather than confrontation.

I will be grateful if the Minister can confirm that, with the spatial strategy, the Mayor will not be able to change the boroughs' development plan documents once they have been adopted. It would be helpful for the boroughs to know that. I hope that he can give an answer now, but if not it would be helpful if he could write to me.

I want to iterate what my hon. Friend the Member for Poole (Mr. Syms) and the hon. Member for Ludlow (Matthew Green) said about the status of the London plan. I emphasise that when it was issued it was said to be a guide for the 32 boroughs and the Corporation of London and was certainly not supposed to be sacrosanct, with everyone rowing in behind it.

I am sorry to go off policy and get into personalities, but we have a Mayor—whether he is a charismatic figure is for others to decide—who used to be a member of the Minister's party, but had a Damascene conversion and became independent, which some people think secured him the mayoralty. However, for

[Sir Sydney Chapman]

the first time in my political career, which I admit has been far too long, I have witnessed a double Damascene conversion, and now it seems that he is back in the fold. I warn the Minister that he none the less has certain fixed positions and ambitions, and I do not think that they entirely coincide with new Labour orthodoxy as I understand it.

As a Greater London Member like me, the Minister must know that the Mayor would like to abolish the 32 boroughs and have perhaps four or six—I cannot remember the precise number. Without intruding on his party's private grief, I implore the Minister to take a hold on the Mayor of London and see that he does what the Government think is right, and not to give him too free a rein, because there is a risk that everything will come tumbling down in tears. I am sure that I have the understanding, if not the agreement, of all Greater London Members, and not least the good lady, the hon. Member for Enfield, North (Joan Ryan). It is essential that the compartments of responsibility and power in the planning system should be utterly defined.

I am not quite sure what the difference is between "conformity" and "general conformity" in clause 23. My perhaps too simple view is that there is either conformity or there is not. If we start dividing it, as in so many other areas in this Bill, we will start getting into trouble and giving the lawyers a field day.

Mr. Clifton-Brown: The Minister must make crystal clear the relationship between the boroughs' unitary development plans and the Mayor's spatial strategy, as otherwise there will be room for considerable chaos. When one adds into the mix the unitary development corporation in the Thames gateway, which will override both plans, there is even more room for doubt. The Wandsworth borough planning officer to whom I spoke some while ago about the interaction between the development plans and the spatial strategy was scathing about the amount of uncertainty and bureaucracy that could be generated.

The Minister issued a statement on planning today. Perhaps he can explain to us what it means. It says:

"The test is of 'general conformity' and not conformity. This means that it is only where inconsistency or omission in a UDP would cause significant harm to the implementation of the Spatial Development Strategy (SDS) that the UDP should be considered not to be in general conformity."

I am sure that the whole House has followed that so far. It continues:

"The fact that the UDP is inconsistent with one or more of the policies in the SDS, either directly or through the omission of a policy or proposal, does not, by itself, mean that the UDP is not in general conformity."

I suspect that the House may be beginning to get lost by now. It continues:

"Rather the test is how significant the inconsistency is from the point of view of the delivery of the SDS;

Where a borough considers that one or more of the UDP policies or proposals are not consistent with the SDS, it must give robust reasons for this".

That is real civil service gobbledegook. It is very important, in order that the planning system in London is not cast into chaos, that the Minister should give a clear explanation. I look forward to his reply with some consternation and trepidation.

Keith Hill: I am tempted to say that I rather share the hon. Gentleman's sense of anticipation, but I will endeavour to satisfy his concerns in due course.

I should point out to my old sparring partner the hon. Member for Chipping Barnet (Sir Sydney Chapman) that, among my multifarious responsibilities, I am the Minister for London and therefore in regular intercourse with the Mayor—as it were. He will also be aware that I have the honour to represent Streatham, or St. Reatham, as we like to call it—I recall that he himself is a resident of Battersea—and that the Mayor was born and bred there, and is therefore Streatham's second favourite son. I am well aware of the Mayor's inclinations and dispositions, but I am delighted that he is back in the fold and I will be second to none in the passion with which I campaign for his re-election as the Labour Mayor of London on 10 June.

Matthew Green: Before the Minister comes to the explanation that the hon. Member for Cotswold (Mr. Clifton-Brown) asked for, can he clarify, perhaps in his capacity as the Minister for London, whether he was in favour of the Mayor's readmission, as I gather that the issue split the Cabinet?

Keith Hill *rose—*

Mr. Deputy Speaker (Sir Michael Lord): Order. Let me save the Minister the trouble of doing that by saying that it is outside the scope of our discussion.

Keith Hill: I knew that you would say that, Mr. Deputy Speaker, and I am grateful for your intervention, but it goes without saying that I am unqualified in my enthusiasm for the Mayor, his membership of my party and his re-election campaign over the next couple of months.

If I may be a trifle more serious about the issues raised by Opposition Members, let me respond first to observations made by the Corporation of London. Michael Snyder is a member of a council with which I am in regular contact. We were aware that it was possible to construe the Mayor's interpretation of general conformity as perhaps being unduly detailed. We are clear that it is a test of general conformity and not conformity. That means that it is only where a local development document would cause significant harm to the implementation of the regional spatial strategy or London plan that it should be considered as not being in general conformity. Conservative Members alluded to my statement today, which set out the Government's policy on general conformity. That statement reflects those principles and we also intend to provide guidance on the issue in planning policy statement 12.

The hon. Member for Cotswold challenged me to provide a clearer explanation of our statement on the Government's policy on general conformity between the Mayor's spatial development strategy, the London plan and London boroughs' unitary development plans. I

will also seek to offer reassurance to the hon. Member for Chipping Barnet on the relationship between the Mayor's powers and borough development plan documents.

The test is, we believe, of general conformity, not conformity. That means that it is only where an inconsistency or omission in a UDP would cause significant harm to the implementation of the spatial development strategy that the UDP should be considered not to be in general conformity. The fact that a UDP is inconsistent with one or more policies in the spatial development strategy—either directly or through the omission of a policy or proposal—does not by itself mean that the UDP is not in general conformity; rather it tests how significant the inconsistency is from the point of view of delivery of the SDS.

Mr. Clifton-Brown *rose—*

Keith Hill: If the hon. Gentleman will allow me to complete my train of thought, I will be only too delighted to deal with his particular issues of concern. I am seeking to resolve some of the evident anxieties that he demonstrated.

Where a borough considers that one or more of the UDP policies and proposals are not consistent with the SDS, it has to give robust reasons for its view. The opinion of the Mayor—that a UDP is not in general conformity—does not mean that a document automatically falls. Rather, the Mayor's opinion on the matter will go forward as a duly made objection to be considered by the inspector. At the inquiry, the inspector will determine whether he or she supports the opinion, and recommend accordingly. In addition to concerns about a lack of general conformity, the Mayor may wish to make other representations about making changes to specific policies and proposals. So far, so good.

Let me turn to the specific issue of the Mayor's power, raised by the hon. Member for Chipping Barnet. I am pleased to offer the reassurance that the Mayor has no power to intervene in borough development plan documents, but the hon. Gentleman specifically asked about the status of the UDP. Where a UDP review has passed the formal deposit stage, there is no specific provision for the Mayor to make formal objections on grounds of general conformity, but, like any other party, the Mayor may make representations to a borough at any time before the adoption of the plan. However, the Secretary of State would wish the Mayor and the boroughs to resolve issues of general conformity through discussion, having regard to the Secretary of State's policy. It will be for the boroughs to satisfy themselves that a UDP is in general conformity with the spatial development strategy before proceeding to adoption. I would also like to reassure the hon. Gentleman that the Mayor cannot call in any planning application, but can direct refusal of strategic planning applications. The definition of a strategic application is set out as I have indicated in circular 1/2000.

Mr. Clifton-Brown: The Minister is merely reading out words of civil service gobbledegook. Will he please explain in his own words the meaning of "significant harm" and "inconsistency" with the UDP. It would be good to hear in the Minister's own words what some of those terms mean. It remains unclear to me—and, I suspect, to the rest of the House and certainly to the planning community in London—what exactly will happen and the degree to which the UDP has to be out of kilter with the Mayor's spatial plan. Please can the Minister do better and explain to the House what those terms mean?

8.15 pm

Keith Hill: With permission, I would like to respond to that. The hon. Gentleman should not get so agitated. It seems to me that the words—my own words—that I just articulated are absolutely crystal clear. I also draw attention to the fact that the hon. Gentleman's Front-Bench spokesman and the Liberal Democrat spokesman have both gone out of their way to welcome the clarification that my statement today has offered. That will do for me.

Lords amendment disagreed to.

Lords amendment No. 27 disagreed to.

Clause 44

MAJOR INFRASTRUCTURE PROJECTS

Lords amendment: No.41.

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I beg to move, That this House disagrees with the Lords in the said amendment.

We have considerable sympathy with the principles behind the amendment, but we do not think that either part of the amendment is necessary or sets out the best way to achieve the objectives. I shall deal with each part of the amendment in turn.

The first part refers to economic impact assessments. We would expect the promoter of major infrastructure projects to engage with all parties at the earliest possible stage in the development of such projects. Indeed, we expect promoters to do full economic analyses of their project. It would be surprising if any developer or private or public funding body were prepared to sign up to major infrastructure projects without appropriate economic analysis being done. We must recognise that it is only at the stage that the application is made that the Secretary of State will be able declare that he thinks that the application is of national or regional importance and should therefore be called in, rather than left to the local planning authority. Only after that decision was made would the major infrastructure project rules come into play. It is the Government's view that to require an economic impact report to be completed at that stage is too late in the process.

As I said, we would expect some form of economic impact assessment or analysis to have been completed at a much earlier stage. Assuming that the application is called in, the inspector will consider the economic effects, along with all the other aspects of the application as part of the inquiry. Those would also include environmental and any other impacts, and local people would have a further opportunity to raise their concerns, including any concerns on economic aspects, at the inquiry. If the economic impact is disputed, concerns can be raised about that, too. However, to require an economic impact assessment based on a

[Yvette Cooper]

particular format at this late stage therefore seems unnecessary. It also raises questions about why an economic impact report alone should be a statutory requirement for a major infrastructure project inquiry, bearing in mind the fact that there will be other considerations—about the impact on local communities, local amenities and other services, for example—none of which would be specified in the Bill. The Government do not want to predetermine through the legislation which issues the inspector should consider or focus on at an inquiry. The inspector will need to be able to consider what the particular issues to be resolved are, and what to devote inquiry time to, in each particular case.

The second subsection of the Lords amendment would require that

"Any planning application for a major infrastructure project based on a site-specific proposal in a . . . White Paper shall be considered by an inspector who shall be able to question"

whether the development is needed. Again, we do not think that that requirement is necessary. Throughout the progress of the Bill, the Government have said that where there is a national policy statement White Paper, it should help to reduce the argument at a planning inquiry about the need for a specific development at a particular site—but that of course, the inspector is likely to have to consider the balance between need and other factors.

Those who oppose a specific development will be able to present their arguments against it, and it is right that they should have the opportunity to do so. It has never been the Government's intention to rule out the possibility of the inspector spending some time considering need, but that will be done in the context of what is said about need in the national policy statement. The inspector must ensure that all relevant impacts of a specific development are considered during an inquiry, and that means all material considerations, together with relevant impacts such as the economic or environmental impact.

The aim of this part of the Bill is to speed up the inquiry process for granting planning permission for major infrastructure projects. We are sympathetic to the intentions behind the amendment, but we think that legislative provision to enable an inspector to consider the issue of need is unnecessary. The Lords proposals in both aspects of the amendment are unnecessary, so we ask hon. Members to reject it.

Mr. Hayes: In my experience, major infrastructure projects are often justified on the basis of economic benefit—or alleged economic benefit. Projects are frequently justified by claims about regeneration, job creation or trading opportunities. I am sure that other hon. Members will share my experience that in those circumstances, hapless communities are accused of being hostile to those advantages when they understandably seek to defend their communities from ugly or environmentally damaging schemes. Aesthetic arguments are regarded as obtuse or fanciful, and are too frequently disregarded.

Yet there are those of us—I hope that they are represented in the Chamber tonight—who believe that the pursuit of truth and beauty is the most noble purpose of politics. In assessing economic advantage, it is important that other costs should also be measured and weighed, and the Lords, through their amendment, seek to rebalance the scales in favour of local communities.

Lords amendment No. 41 is designed to test empirically the economic regeneration benefits that major projects promise. I recognise that with major strategic infrastructural developments, there will often be broader benefits that do not necessarily accrue in the first instance to the community in which the development takes place. However, where local people's quality of life will be directly, and sometimes dramatically, affected by such proposals, those people should have a key role in the decision-making process.

The Lords' relatively modest suggestion that such factors should be measured independently and that the regeneration possibilities should be tested seems to me balanced and reasonable. I agree with my noble Friend Lord Hanningfield, who said in the other place that

"a robust appraisal of whether demonstrable economic benefits will accrue must take place."—[*Official Report, House of Lords*, 25 March 2004; Vol. 659, c.904.]

I know that you will forgive me for mentioning a local example, Mr. Deputy Speaker; in my constituency I am currently fighting a proposal to erect a massive number of wind turbines 100m or 120m tall—monstrous in a fenland landscape, as you will know. All kinds of claims are being made about the benefits of those turbines, but few of them are tested or subjected to the sort of independent analysis that is necessary if the significant costs in environmental damage are to be measured against those advantages.

Inexact and uncosted claims are often made for such local planning applications, just as they are for major infrastructure projects of the sort that we are debating under the amendments. I shall return to that matter in both a local and a national context later, on behalf of my constituents and in defence of my local landscape.

Lack of clarity about the assumptions that underpin development proposals often make the decisions on such projects all the more difficult. Independent analysis would discourage purely spurious claims, while allowing genuine benefits to be measured and weighed against costs, as I have described. It would restore public confidence in the system and assist with good decision making.

Where people are facing a major project that will disrupt their community, they feel that they have little influence, and little opportunity to make their case. If they have to do so on the basis of what they perceive to be inexact information, or there is a lack of clear factual support for the project, that feeling of disempowerment is all the greater.

The Government have accepted that principle elsewhere. As the Lords mentioned when they debated these matters, the Department for Transport is taking forward the recommendation of the Standing Advisory Committee for Trunk Road Assessment that economic impact reports should be produced before decisions on new transport infrastructure are taken.

In that instance, the Government have recognised that such impact assessments can assist proper planning and decision making. Yet in this Bill, at this time, in this detail they are not doing so.

Governments, when they run into difficulties, become increasingly suspicious of the people they govern. No one loves the man he fears, as Aristotle said. I suspect that the Government are becoming increasingly suspicious of the people and are beginning to disregard arguments that people should have the opportunity to have their say and to have their voice listened to.

The arguments that have been asserted successfully and convincingly in the Lords would result not only in what I described earlier, but would allow for better and earlier public scrutiny of proposals. If we trust people and believe that they have a right and competence to be involved in a process, we need to provide them with information. We need to provide them with the facts so that they can become involved up front when the decision is taken, not later on appeal as has been suggested as a rather weak alternative. Truly believing in power exercised by people means supporting the kind of proposals embodied in the amendment.

8.30 pm

Mr. Clifton-Brown: My hon. Friend will be aware that in spite of the Government's timetabling of the Bill and two whole sets of Committee sittings, this matter was not discussed at all in Committee. I say that merely in passing.

Clause 44(4) provides that if the Secretary of State gives a direction under the section, the application must be referred to him. That lies behind the thrust of my hon. Friend's argument. Would it not be a better procedure if the local planning authority considered each major infrastructure project as if it were a normal planning application, and then, and only then, once the local authority had heard the views of local people and made its own decision, the Secretary of State could call it in, as he has the right to do with any planning application at present before a determination is made by a local authority? If he did that, the local democratic process could operate.

Mr. Hayes: My hon. Friend describes with typical assiduity and insight a different balance in central and local relations. He is speaking about a situation in which a local authority would assess the merits of a scheme in the first instance, on the basis, I hope, of the kind of empirical information that I have described. The Secretary of State could subsequently take a view, as my hon. Friend rightly says he can now, about the local authority's decision, the basis on which it was made and the wider public interest. That would rebalance the relationship, and it would change local perceptions of schemes.

Half the problem is that the further we move decisions from local people and the more obtuse we make the reasoning behind them, the more likely we are to fuel irrational views about such schemes. If there is honest, open, up-front local discussion, based on good independent information, many of the concerns that can properly be satisfied by examination of the facts can, frankly, be dealt with. The more distant and esoteric the matter becomes, the more likely it is that there will be local concerns. My hon. Friend makes a helpful and interesting suggestion. The Minister has heard it, and I think that she will have been impressed by it. She may well wish to rise in a moment or two to say that she has thought again as a result of what he suggests.

Mr. Clifton-Brown: May I suggest that when such matters are called in by the Secretary of State and go to an inspector for a major infrastructure inquiry, the inspector would be able to deal with such an inquiry much more judiciously if he had the benefits of the local democratic process and of hearing local views? That would give him a much more comprehensive base on which to make his decision.

Mr. Hayes: That is what happens with a typical planning application of the normal kind when it goes to appeal. The inspector studies what has happened before the stage at which he becomes involved and listens to local opinion during the course of the appeal. My hon. Friend the Member for Cotswold (Mr. Clifton-Brown) is right to say that what he proposes would be much closer to normal good practice than the system that will result from what the Government propose. The Lords go some way to improving that proposal, although not quite as far as my hon. Friend, by introducing a degree of empiricism. My hon. Friend hits on an important point, however, when he talks about the balance between central Government and the locality in these sensitive matters. Major infrastructure projects and planning proposals of that kind are almost always highly contentious, and no one in the House would pretend that they will ever be plain sailing for any Government who seek to introduce major changes of this kind. There will always be different views locally, and there will always be good arguments on both sides of the case. However, the introduction—as the Lords propose—of a greater degree of upfront analysis into the process would improve the Bill rather than limit or damage it.

The second amendment in the group deals with site-specific proposals in Government White Papers. In effect, that unhappy trend bypasses the planning process altogether. I make no apology for quoting Lord Hanningfield again, because he is a great authority on such matters and the distinguished leader of Essex county council. He said, in a debate on this subject:

"Major infrastructure projects rarely enjoy all-round support"—

as I said a few moments ago—

"but they must have public legitimacy."

It is an erosion of democratic decision-making if a White Paper pre-empts the question of whether a specific development is needed. As Lord Hanningfield points out:

"A White Paper consultation does not adhere to the same checks and balances as a planning application."—[*Official Report, House of Lords*, 25 March 2004; Vol. 659, c. 905.]

The Lords amendment would allow an inspector to examine the justification for a site-specific proposal in a White Paper, at an early stage and in a well-understood fashion, thus allowing public scrutiny, proper local debate and well-informed decision making.

[Mr. Hayes]

Too often, the need for a development is taken as read and the argument revolves around the strength or otherwise of objections. That might be said of the planning process generally. There is a presumption in favour of development, but it is important that the a priori case is examined, as well as the reservations and objections. That is all the more valid if the a priori case is embodied in a Government White Paper. Some people claim that the White Paper process is implicitly consultative and I suppose that that is true, but as Lord Hanningfield implies, it cannot be compared with the rigorous process that the planning system, at its best, can deliver. The need for a development should be tested. White Papers are not adequate in that respect and the Lords once again highlight an important weakness in the Bill.

In both the cases that I have made, the Lords amendments would strengthen and improve the Bill. As the Minister said earlier, and I should have perhaps acknowledged, the Government have listened to the Lords on a wide variety of matters in relation to the Bill. The Government have accepted several of the suggestions made by the other place and the Minister was generous in his assessment of the quality of debate there. Given the strength of the arguments made in the other place on these amendments, which have been reaffirmed tonight, I hope that the Government will think again on these issues. The amendments are not unhelpful or damaging: they are designed to make the Bill better law.

More politically, the Lords have once again championed the interests of the people against arbitrary power and insensitive Government. These very sensitive Ministers should listen to the Lords' case, accept the amendment and show that they are part of a listening team.

Matthew Green: The hon. Gentleman's remarks were more of a major infrastructure speech than a speech on a major infrastructure project.

The Minister attempted to dismiss the amendment on two grounds. Effectively, she said that the first part is unnecessary because economic impact reports will be compiled anyway. Her argument on the second part was that it is also unnecessary because the inspector will be able to question the need for specific development. According to her, the amendment is completely unnecessary because it all happens anyway, but if that is the case, there is no harm in its being in the Bill because it strengthens the case.

I have a series of questions relating to each part of the amendment to flesh out what the Minister said. The first part of the amendment states:

> "Any planning application that the Secretary of State declares is of national or regional importance, as designated through subsection (1), must be subject to an economic impact report",

but it does not say when. It could be before the major infrastructure project is declared of national or regional importance. People could claim that the economic impact report has been done, as specified in the Bill, even though it was completed before the declaration of national or regional importance, and it would not need extra work.

It may, however, be the case that one of the projects does not, for whatever reason, have an economic impact report before the Secretary of State declares, at the point of planning application, that it is a major infrastructure project. In those circumstances, it would be reasonable and, indeed, desirable, especially as the Government rightly set great store by economic impact reports, that a report is produced. In that rare case when one has not been produced, the Bill would ensure that it is.

I fail to understand the Minister's argument that the first part of the amendment is unnecessary because there will be an economic impact report in most cases. The amendment would not force people to compile another report. It would not slow the process down. If it contained the words "must be subject to a new economic impact report or one after the Minister's has made the call," I would have sympathy with the argument that it would slow the process down, but it does not say that. The report could be produced beforehand. The hon. Lady needs to flesh out her argument if she is to continue to oppose it on those grounds.

On the second part of the amendment, the Minister said that we do not need to stipulate that the inspector "shall be able to question the need for a specific development" because any inspector can question that need, balanced against the other considerations, but that assumes that all applications will end up with the inspector, who will always produce a report. If the Minister can assure me that there will always be an inspector's report on major infrastructure projects and it will always be within the bounds of the inspector to consider the need for the development, perhaps the second part is not necessary, although its inclusion would do no harm. I suspect, however, that there may be cases when the Government want to speed up the process and do not envisage the inspector producing a report. Will the Minister confirm that some major infrastructure developments will not have an inspector's report? If that is the case, we might understand the Government's concern about the second part because it binds them to a report, which might not exist.

The Minister looks confused. Perhaps my request was not clear enough. Most of us would envisage that most things that are described as major infrastructure projects would end up with an inspector's report. In those circumstances, she said that the inspector will question the need for the project because that is part of what he can do. However, are there any circumstances in which a major infrastructure project would not end up with an inspector's report? Is the Minister arguing that the problem is that an inspector's report would have to be produced because that is in the Bill? If so, she needs to make that clear. She seems to be arguing that the amendment is not necessary because what it proposes happens anyway, but I am concerned that, on both counts, that is not the case. We need the hon. Lady to be more open and, in light of her response, we may be in a better position to consider whether the matter needs to be pressed to a vote. At the moment, however, her explanations, which are similar to those given by Lord Bassam in the House of Lords, do not provide us with a good reason not to press the proposal to a vote. I am inclined to continue to press for a vote—and I hope that the Conservatives are—unless the Minister offers an explanation as to why the amendment is not necessary or, indeed, helpful. At the moment, she has not even said that it is not helpful.

8.45 pm

Sir Sydney Chapman: I find myself in agreement with my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes) and the hon. Member for Ludlow (Matthew Green). I shall keep my remarks to a minimum, as my devastating logic has been pre-empted.

I am sorry to repeat myself, but the purpose of the Bill is to introduce a faster but fairer system. The more jaundiced among us may say that we cannot have both—a faster planning or development control system will not be as fair as the existing one. I do not share that view, but I am sure that the Ministers agree that there is a delicate balance between preserving fairness and increasing the pace at which we consider major national or regional planning applications. In fairness to the Government, anybody who has lived through or even partly studied the Sizewell B planning inquiry or the fifth Heathrow terminal inquiry will know that the planning system has gone awry. I do not doubt that procedures can be speeded up, but I add the rider that the inquiry on Sizewell B and the public inquiry on terminal 5 took so long because of political considerations. For all I know, Ministers had a report months if not years before, but decided that it would be prudent to wait until after a general election before giving their verdict on the inquiry. If that is the case—and I believe it is—it is as much a criticism of the last Conservative Government as it is of the present Labour Government.

I therefore accept that we need to look at ways in which we can speed up procedures in massive planning inquiries and applications of regional and national significance.

Mr. Hayes: As ever my hon. Friend is making a compelling case. The key issue is that slowness owing to undercapacity in the planning system or ineffectiveness and inefficiency must be dealt with. However, the system may slow down because of the proper involvement of members of the public and local communities who wish to have their say. Is not my hon. Friend making the point that the process should not be so fast that that involvement is overridden or disregarded?

Sir Sydney Chapman: In those mega public inquiries, there is obviously not a shortage of funds, as costs are substantial with the involvement of leading silks and so on. I do not want to go down that track, but I accept that there is a case for speeding up the system. The Minister said that the proposals may be unnecessary, but I agree with my hon. Friend and the hon. Member for Ludlow that they are needed to cover the eventuality where the Government or the Secretary of State suddenly wants to throw certain options into the ring when deciding—this is old hat—whether we should have a fifth Heathrow terminal, a second runway at Stansted or a fourth London airport. Perhaps that should be a sixth airport, because Luton and Stansted are now considered London airports. The amendment would provide a mechanism for guaranteeing that the Government or the Secretary of State of the day prepared an economic impact report, and would ensure that, at the appropriate time, an inspector could examine the need for the development.

I share the view of the hon. Member for Ludlow that, far from being unnecessary, the amendment would give immense assurance to many people at a time when, rightly or wrongly, the new proposals make them feel that the planning system will become more remote, and that they will be alienated from it as a result of the regional spatial strategy initiatives. I very much hope that the Government will on second thoughts accept Lords amendment No. 41.

Mr. Clifton-Brown: Clause 44 relating to major infrastructure projects was not discussed in either of the Bill's Committee stages. Those who remember the genesis and history of the Bill will recall that we had one whole series of Committee sittings and then, without precedent, the Bill was recommitted to Standing Committee. I do not believe that has ever happened to any other Bill. Such was the Government's ineptitude in getting the Bill right in the first place that they had to recommit it to Standing Committee.

Even so, such was the Government's ineptitude in timetabling their business that we never discussed clause 44 and major infrastructure projects—one of the most important aspects of the planning system—in either Committee stage. Had we done so, I have no doubt that we would have been able to debate some of the issues in Standing Committee and the Government might have benefited, as we might have proposed amendments to improve the clause.

Now a sensible amendment has been proposed in another place and the Government are bitterly resisting it. Let me try to explain to the House in a very timid fashion why I think their lordships are right. Let me explain what clause 44 does. I have already quoted from it in an intervention on my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes), who introduced the topic admirably. I totally agree with him. Clause 44 (2) of the amended Bill, HL Bill 10, states:

"The Secretary of State may direct that the application must be referred to him instead of being dealt with by the local planning authority."

That is another example of the supreme centralisation of powers to the Secretary of State. In a rather otiose way, subsection (3) repeats that the application must be referred to him instead of being dealt with by the local planning authority.

As I suggested to my hon. Friend, it would have been far more democratic and far more acceptable if the local planning authority had heard the application in the first place and heard all the local arguments in a democratic fashion, and the inspector had then made his decision. Such a decision would be much more acceptable to local people. After all, we are speaking of major infrastructure projects—the biggest and most controversial planning applications in the land—for example, for an extra runway at Heathrow, a new power station or a major new port facility. All such projects affect local people's lives.

Clause 44 goes on to say:

"The decision of the Secretary of State on any application referred to him under this section is final".

so not only does he have huge centralising powers, but there is no right of appeal. Once he has called the

[Mr. Clifton-Brown]

application in for him to deal with, there is no right of appeal by the local planning authority or anyone else against that decision. Bizarrely, under subsection (10), the clause does not apply to Wales. Whereas the Secretary of State has huge centralising powers in relation to England, he does not have the same power in respect of Wales.

The Secretary of State having called in the application, he appoints a lead inspector who—if the Under-Secretary would do me the courtesy of listening to what I have to say rather than chatting to her colleague, she might learn something—who does not have the power in his own house to decide how he will carry out the inquiry because he is considerably fettered by the Bill. Proposed new section 76B(2) states:

"The Secretary of State may direct the lead inspector . . . to consider such matters relating to the application as are prescribed . . . to make recommendations to the Secretary of State on those matters."

In other words, the lead inspector cannot decide matters himself. Subsection (3) states:

"After considering any recommendations of the lead inspector the Secretary of State may . . . appoint such number of additional inspectors",

subsection (8) allows him to remove them, and subsection (9) allows him to appoint others. In other words, if the Secretary of State does not like what the subsidiary inspectors are doing he can simply get rid of them and appoint others. Subsection (6) states:

"If the Secretary of State does not act under subsection (3) he must direct the lead inspector to consider the application on his own."

So if he does not like the other inspectors he can get rid of all of them because the lead inspector has to consider the matter.

This is a huge centralising clause, giving the Secretary of State power to meddle and tinker in any way that he likes in these major infrastructure inquiries. This is very centralising and very undemocratic.

By requiring that a major infrastructure project should have an economic impact report, their lordships are proposing a comparatively mild addition to the clause to try to make it slightly less centralising and dictatorial. I cannot see how an inspector could possibly do his job properly without such a report.

The second paragraph of amendment No. 41 states:

"Any planning application for a major infrastructure project based on a site-specific proposal in a national policy statement White Paper shall be considered by an inspector who shall be able to question the need for a specific development."

I should have thought that that was pretty well par for the course. Again, I cannot see how an inspector could carry out a proper inquiry into one of the most major, most controversial, largest applications in the land without questioning the need for that development.

If the Government resist this mild amendment from the Lords tonight they will be being particularly bloody-minded, and I hope that they will not do so because it makes a degree of good sense.

Yvette Cooper: With the leave of the House, Mr. Deputy Speaker, I shall reply to the debate.

First, the inspector will still need to consider the balance between a project's economic impact and other benefits, and will still be able to consider the rigour of different analyses and assessments that are put forward, as is the case at the moment. We in no way dispute the importance of rigorous economic assessment and its role in any analysis of a major infrastructure project and in the debates that are necessary at the planning level. Material considerations that are disputed, whether economic, environmental, social, even aesthetic, will obviously be the territory of the inquiry.

Interestingly, the concern of the hon. Member for South Holland and The Deepings (Mr. Hayes) seemed to be that economic considerations outweighed aesthetic, community or other considerations. Some might argue that by putting economic impact assessments over other kinds of impact assessments, we were increasing the likelihood of economic considerations taking precedence.

Mr. Hayes: My argument was that by examining the economic benefits of a proposal one would be best able to weigh them against other considerations. The problem is that the grand claims that are made for such schemes often do not ultimately bear fruit—at least, not for local people. The point is not to prioritise the economic aspects, but to be able to balance them against the others more accurately than is possible without such assessments taking place.

9 pm

Yvette Cooper: The planning inquiry system is already able to deal with cases in which considerations are disputed. It can take evidence from those who are in favour, those who are against and those who present different analyses, then weigh it in the balance to determine whether particular material considerations or analyses to back them up are adequate or appropriate. That will continue to be so under the Bill.

The hon. Member for Ludlow (Matthew Green) said that the amendment need not be an extra burden because it could refer to an impact assessment that had taken place at an earlier stage. I have some sympathy with that, but the Government continue to take the view that it is unnecessary to make such specification in the Bill because the inspector will still be able to consider contrary evidence from earlier economic impact assessments or analyses.

Matthew Green: If the Minister is to satisfy me on this point, will she state categorically that she cannot foresee any circumstances in which a major infrastructure development would not have an economic impact report attached to it? If she does not accept the amendment, she is leaving open the possibility of getting away with not doing one. If she can assure us that it will happen 100 per cent. of the time anyway, the amendment may be unnecessary.

Yvette Cooper: It is not necessary to include it in the Bill because appropriate economic analysis will already

need to be provided. Personally, I think that that should often happen at a much earlier stage to justify the funding for infrastructure projects. Where there is any dispute or debate about the level of economic analysis that has been provided, the public inquiry process is already able to deal with the situation by considering the competing views that have been put forward. I recognise the hon. Gentleman's point, but it is unnecessary to include in the Bill specifications that add complexity and are not required for other kinds of impact assessment.

Mr. Hayes: I want to be absolutely clear about what the Minister is saying. Is she saying that she can see no circumstances in which an economic impact assessment would not be produced, or that she can see circumstances where it would not be necessary? It is no good saying that the developer will come up with a series of suggestions and stories about what might happen, which could be tested by debate and discussion at a later stage. We are looking for empiricism, precision and independence: will those be guaranteed?

Yvette Cooper: We should be clear about what the amendment would and would not do. It does not specify that an independent economic assessment needs to be done by an independent body that is outside the process, but that an economic impact assessment should be done as part of the process. We would expect economic impact assessments, analyses or reports—however one chooses to describe them—not for all infrastructure projects, but at an early stage in the project development process. It is open for the inquiry process to test and debate those assessments and to determine the different kinds of analysis that might have been put forward should the inspector consider that that is a material consideration, or should it be disputed. Perhaps a specific analysis would not be disputed as part of the inquiry process or the infrastructure project process. We do not therefore need to specify that in the Bill.

In all sorts of legislation, we do not specify that impact assessments are necessary when we expect an inquiry to consider whether something, for example, the impact on the local community, amenities, health infrastructure in the area, housing and so on, is material. We do not specify that things must be assessed, reports compiled or an inquiry conducted in a particular way. We are simply trying to allow the inquiry process to be appropriately flexible and take all such factors into account, bearing in mind that we support the principle that rigorous economic analysis is likely to be an important part of any discussion about infrastructure projects.

Mr. Clifton-Brown: The Under-Secretary is regarded as bright and one of the Government's rising stars. It will therefore be interesting to note whether she refers to proposed new section 76B(2), which I have already cited. If she were in the Secretary of State's shoes, she would have to direct the lead inspector

"to consider such matters relating to the application as are prescribed".

Can she envisage circumstances during a major, controversial infrastructure project inquiry, such as the terminal 5 and Sizewell B inquiries, in which she would not direct a lead inspector to include an economic assessment and consider whether there was a need for the specific development? If she can give us the assurance that she would always include such an assessment, we might be satisfied.

Yvette Cooper: It would be inappropriate to try to specify the actions of a future Secretary of State under a particular provision in an inquiry that we cannot anticipate. The Government have often said, here and in the other place, that we expect appropriate and rigorous economic analysis to be conducted at an early stage of major infrastructure projects.

Matthew Green: The Under-Secretary is on a slightly sticky wicket when she says that she does not want to include such a provision on the face of the Bill or to specify what other forms of impact assessment are needed. Another sort of impact assessment is included in legislation: the environmental impact assessment for major projects. That is part of an EU directive, which has rightly been implemented. There is precedent and the Under-Secretary cannot fall back on the defence that the Government do not specify other impact assessments. I hope that she will not rely on that.

Yvette Cooper: The hon. Gentleman is right and I shall spend some time considering that because there is an issue about environmental impact assessment. Having trained as an economist, I have a strong prejudice in favour of as much rigorous economic analysis as possible, even though rigorous economists often do not agree about their conclusions. We must acknowledge that, if we are to have a planning system that works efficiently and effectively in every case and is appropriately flexible, we do not want to get into the detail of specifying in primary legislation every aspect that must be considered.

We have environmental impact assessments. We recognise that some issues will be a priority and must be considered but we must also get the balance right to ensure that inspectors make appropriate decisions about what the priorities are and concentrate on the material considerations in the individual project inquiries.

Mr. Hayes: I thank the Under-Secretary for being generous in giving way, but she must be more precise. On the one hand, she says that we need to be flexible and on the other, that she cannot envisage circumstances in which there would not be such an assessment. As my hon. Friend the Member for Cotswold (Mr. Clifton-Brown) said, the Bill gives her the power to ask for such an economic impact assessment, yet she will not give a commitment to do that, despite repeated questions from the official Opposition and the minor parties—I pause for effect—or an assurance that, if she became Secretary of State, she would insist on such assessments. If she would give that assurance, the whole House would be satisfied. Why is she shilly-shallying around? Why is she dancing on the head of a pin over this?

Yvette Cooper: I think that we are starting to get a bit bogged down. I have set out the Government's position, which is that we strongly feel that economic analysis will form an important part of any major infrastructure project assessment. There is scope for an inquiry to

[Yvette Cooper]

consider whatever the most important issues are, and to specify at a late stage that this kind of assessment is necessary seems an unnecessary addition, given that these kinds of issues will need to be considered.

The hon. Member for Ludlow raised some specific issues, and I shall respond to them briefly. He asked whether it would be possible for there not to be an inquiry if a major infrastructure project were at stake. I can assure him that it is inconceivable that there would not be an inquiry and an inspector's report into a major infrastructure project, because the whole purpose of this part of the Bill is to deal with projects that are called in for inquiry by the inspector but are so big and in danger of lasting so long that they need additional support and additional arrangements for, for example, several inspectors to get on with the business. I would draw the hon. Gentleman's attention to proposed new section 76B(7), which states:

"In every case the lead inspector must report to the Secretary of State on—

(a) his consideration of the application;

(b) the consideration of the additional inspectors".

The reason for arguing that the second part is not needed therefore has nothing to do with any desire to avoid an inquiry; there will always be an inquiry when a major infrastructure project is designated under this part of the Bill.

Finally, I should like to respond to the points raised by the hon. Member for Cotswold (Mr. Clifton-Brown). I suspect that he has not yet had a chance to have his dinner, because his tetchy tone rather suggested a drop in his blood sugar level. Perhaps he should take advantage of our coming to the conclusion of this group of amendments to grab a Kit-Kat, as I gather my right hon. Friend the Minister for Housing and Planning has done.

The hon. Gentleman's concern about the time allowed for the debate was a little churlish, given that the debate that we had in Committee when the Bill was recommitted took place according to the timetable of the Opposition. Had they been so concerned about major infrastructure projects that they wanted to prioritise the issue, they could certainly have raised the matter at any stage, either in the debate on the timing of the Bill or at any other time—but they did not.

The hon. Gentleman raised some other issues. He is concerned not about the specific measures in the Bill, but about the proposals for call-in. He will be aware that those proposals have been in place for a long time. The part of the Bill that deals with major infrastructure projects allows the process to be speeded up by having different aspects looked at by different inspectors in a proper, co-ordinated way so that we do not get stuck with the huge delays that have plagued these projects for a long time.

The Bill provides an opportunity to improve and speed up the way in which major infrastructure projects are dealt with, and the amendments are unnecessary, although we recognise and welcome the spirit behind them and behind the points that have been raised. With that, I urge the House to disagree with the Lords in their amendments.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 277, Noes 164.

Division No. 130] **[9:14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric

Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Jon Owen *(Cardiff C)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, David *(NW Leics)*
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Mr. John Heppell and Joan Ryan

NOES

Ainsworth, Peter *(E Surrey)*
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Doughty, Sue
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard

Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'rns & Kincardine)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Wilshire and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to:

Lords amendment disagreed to.

Clause 45

Simplified Planning Zones

Lords amendment: No. 42.

Keith Hill: I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Deputy Speaker: With this it will be convenient to discuss Lords amendments Nos. 130 and 139 and the Government motions to disagree thereto.

Keith Hill: Together, the amendments propose the removal of existing references to, and provision for, simplified planning zones both in the Bill and in the Town and Country Planning Act 1990. Amendment No. 42 proposes to delete clause 45 from the Bill. Amendment No. 130 proposes to amend schedule 6, which would result in the deletion of all sections of the 1990 Act pertaining to simplified planning zones and the deletion of the accompanying schedule 7 to that Act. Amendment No. 139 proposes to amend schedule 9, which would mean that section 83(1) of the 1990 Act pertaining to simplified planning zones would not be repealed as proposed.

The purpose of clause 45 is to amend the provisions for the creation of simplified planning zones so that SPZs cannot be made by a local planning authority unless the need for one has first been identified in the regional spatial strategy, or in the spatial development strategy in London, or by the National Assembly for Wales.

I am aware that concerns were expressed in the other place about the possible imposition of SPZs. Where the RSS has identified the need for an SPZ in a local planning authority area—not a specific site—the local planning authority must consider whether an SPZ is desirable. If so, it will be for the local planning authority to identify an appropriate location and prepare a draft scheme. The local planning authority will then consult on the scheme, and may hold an inquiry if necessary. Following an inquiry, the LPA will either propose modifications to the scheme and consult on those, or proceed to adoption.

Matthew Green: This is a clarification of something that already exists in planning terms. How many of these zones have been created already?

Keith Hill: I believe that eight such zones have been created and that a further six have been considered. Of those eight, four remain extant. I hope that that very precise response satisfies the hon. Gentleman.

9.30 pm

As I was saying before I was justifiably intervened on, following an inquiry the local planning authority will propose modifications to the scheme and consult on them, or proceed to adoption.

The Secretary of State is provided with powers to direct a local planning authority to make a scheme, or to make it himself, but it is highly unlikely that this power will need to be used. Local planning authorities will have been consulted on the preparation of the regional spatial strategy, and will have been able to express any concerns about RSS proposals. If a strategic need for an SPZ is confirmed in the RSS, the decision as to the exact location within the local authority area will be one for the local planning authority

The provision also enables the lifespan of an SPZ to be varied to suit local circumstances. It can be varied to last any period up to 10 years, rather than just the standard current 10-year period. This provision supports the development of high-tech business areas, which will be referred to as business planning zones—a concept that was first introduced in the planning Green Paper of December 2001. BPZs permit a flexible planning regime that is intended to encourage and support the rapid development of high quality, high-tech business. We envisage that they will be used to encourage investment for growth and regeneration, and to support the development of clusters. BPZs will be high quality and have low environmental impact. All BPZ schemes will be subject to public consultation and will be required to undergo an environmental impact assessment. Their locations will be chosen to meet identified strategic needs and will be identified in the regional spatial strategy; there will be perhaps one or two per region.

BPZs will be a useful strategic tool that will enable the pursuit and implementation of valuable development for business. That is why we want to retain the clause.

Mr. Syms: The Minister has given an interesting explanation, and it is clear from the Town and Country Planning Act 1990 that the principle of simplified planning zones has hardly taken off. Even the Minister's expectation of one or two per region, which was also expressed in the other place, does not add up to a great deal. But our main concern is why the provision needs to be changed and why approval needs to be sought through the top-down approach of the regional spatial strategy. Why can we not leave the legislation alone and allow matters to continue as they are? I doubt whether the Government's ambition extends much beyond what has already been achieved under the 1990 Act.

I should also point out that the Law Society does not consider it necessary to introduce new provisions for simplified planning zones, as there are sufficient existing statutory powers for local planning authorities. The Campaign to Protect Rural England has also expressed concerns. In keeping with one or two recent studies, it has considered whether the planning process itself impacts on competitiveness.

This is not one of the most important or weighty issues that we have had to deal with this evening, but we are concerned that the Government are yet again trying to transfer more powers upwards. That the south-east of England—an area the size of Austria, with a population of 8 million—should be the main arbiter of where such zones should be located, rather than local authorities, is indicative of the Government's response. We shall not press this issue to a vote, but it has been interesting to hear what the Minister had to say.

Matthew Green: If the Minister were being completely frank, he would have begun by saying that this is not the Office of the Deputy Prime Minister's favourite clause; rather, it is the Treasury's favourite. These measures were announced in the Budget of two years ago, and in reality this is Gordon's clause. I am not sure whether this constitutes planning with a lot of prudence attached, or planning leading to boom and bust. Either way, this is a Treasury add-on that the ODPM does not really care about.

Baroness Hanham said to Lord Rooker that she had heard more enthusiastic speeches from him, and it is easy to see why. Lord Rooker said:

"The business planning zones will provide a flexible planning regime to facilitate the rapid development of high-quality, high-tech business clusters and encourage investment for growth and regeneration."

Then, however, he said:

"I do not have any facts and proof to back that up, but that is clearly the aspiration."—[*Official Report, House of Lords*, 16 March 2004; Vol. 659, c. 167.]

The Minister used the first of those sentences today—clearly, he had the same set of briefing notes as Lord Rooker—but I wonder why he left out that second sentence, which was very revealing about the ODPM's attachment to the clause.

The zones are completely unnecessary. Only eight have been set up in 10 years, with only four still working. Businesses do not want them. High quality, high-tech businesses in particular want to operate in a structured planning environment. Perhaps we should not waste our time, as hardly anyone will use the clause and no one will really care, but that is not good law, and the Opposition should not let the Government do something simply because it will have no effect. It is probably not worth pressing this to a vote, on exactly those grounds, but the Minister would do well to square up to the Chancellor and say that the measure might have made a good speech at the time but does not really merit a place in the Bill.

Keith Hill: I reaffirm the Government's commitment to the clause, notwithstanding the hon. Gentleman's animadversions on my Department's level of enthusiasm for these measures. The hon. Member for Poole (Mr. Syms) asked why we are making the change. The reason is that we consider this a matter for regional planning. I understand why the official Opposition oppose planning at the regional level, but regionalism was in many respects established under the last Conservative Administration, although this Government have carried it much further, with a genuine commitment to decentralisation. I cannot, however, understand why the Lib Dems would oppose such planning.

Mr. Clifton-Brown: Will the Minister give way?

Keith Hill: How can I resist the hon. Gentleman?

Mr. Clifton-Brown: I would have thought that this was an area in which the argument was not about whether there should be regional planning, because the measure applies solely to such planning. We have heard that there have been only eight simplified planning zones in the past 10 years. Can the Minister predict how many there will be in the next 10?

Keith Hill: Of course I cannot, but let me draw the hon. Gentleman's attention to the fact that if this is a failure in policy, it is a failure of his own party's Government, as these measures were introduced under the Town and Country Planning Act 1990.

The Government remain committed to these proposals and I call on the House to reject the Lords amendments.

Question put and agreed to.

Lords amendment disagreed to.

After Clause 49

Lords Amendment: No. 45.

Keith Hill: I beg to move, That this House disagrees with the Lords in the said amendment.

Mr. Speaker: With this we may take Lords amendment No. 46 and Government amendment (a) in lieu thereof, and Lords amendment No. 47 and Government amendment (a) in lieu thereof.

Keith Hill: I understand that amendment No. 45 was designed to address the concern that, when a local planning authority considers the length of time a planning application should remain valid, it will not always take into account such matters as the length of time it takes to assemble the site and organise funding. Currently, under section 91(2) of the Town and Country Planning Act 1990 and section 18(1)(b) of the Planning (Listed Buildings and Conservation Areas) Act 1990, the local planning authority is required to consider "any other material considerations". If a local planning authority, in considering the duration of time needed for a planning permission, thinks that the time needed to assemble finance and land is relevant, that matter will be a "material consideration" to which the authority must have regard. The proposed amendment is therefore unnecessary.

Matthew Green: The Minister will know that in Committee the concern expressed about the duration of

[Matthew Green]

consent was that, although it is currently variable, councils do not vary it. If we are frank about it, most of the planning officers are not aware that they can vary it, or of what counts as a material consideration. Is there not a case for inclusion of the amendment as a means of sending a message to planning officers that they can vary the length of the consent? Whether it is three or five years, they need to be convinced of the need to vary it. In Committee the Minister agreed to ensure that planning officers would be told once again that they could vary the length of time granted.

Keith Hill: I share the hon. Gentleman's desire that local planning officers have proper access to information about the contents of the Bill and the powers available to them under it. I do not share his passion for loading everything—one is tempted to say "even the kitchen sink"—into the Bill. That tendency has re-emerged from our exchanges tonight. For that reason, we believe that the amendment is unnecessary.

Amendments Nos. 46 and 47 would leave out the suggested provisions, making the default period for the duration of planning permission and listed building consent three years. The position is that the Government proposed through clause 50 to reduce the period of validity of a planning permission, listed building consent and conservation area consent from five to three years. Local planning authorities will be able to agree longer periods where appropriate—for example, for complex regeneration projects. There is a right of appeal to the Secretary of State.

The clause also prevents a developer from seeking to extend a permission by submitting an application to vary a condition. Any developer wishing to extend the time limit will have to submit a new application for planning permission and the local planning authority will consider the entire application afresh. Reducing the default period for permission and consent from five to three years is a crucial part of our agenda to speed up the operation of the planning system. A three-year default period sends a clear signal about the importance of delivery. We are pressing local authorities to speed up their planning processes, and we are showing an even-handed approach towards developers with our proposal for a three-year default period.

Of course, circumstances can change and a three-year default period will allow changes to national guidance to take effect more quickly. We previously introduced an amendment whereby if planning permission were granted, but the grant of permission were subsequently challenged in judicial review proceedings, the duration of permission would be from the date of grant until three years—or other period as directed by the determining authority—after the completion of the proceedings.

The amendment was inserted in response to concerns raised by developers that the shorter validity period, coupled with the removal of the provision that enabled developers to extend the life of the consent, could mean that the validity period had expired before judicial review proceedings had been completed. During consideration of the Bill in another place, it was argued that even expert lawyers would find it difficult to calculate when judicial review proceedings would conclude. We have been persuaded by that argument, and we tabled amendments to deal with the problem—another example of the Government's fair-minded and reasonable approach.

Government amendment (a) in lieu of Lords amendment No. 46 allows that where planning permission is granted subject to a three-year time limit by virtue of a condition imposed under section 91(1)(a) of the Town and Country Planning Act 1990, or by virtue of section 91(3), as amended in each case, and the grant or deemed grant of that planning permission is challenged, the period of three years is statutorily changed to a period of four years in relation to that permission. Government amendment (a) in lieu of Lords amendment No. 47 makes a similar change to the Planning (Listed Buildings and Conservation Areas) Act 1990.

The Government have listened to criticism during the consideration of the clause, and we have proposed amendments to deal with problems arising from legal challenge. However, a three-year default period for planning permission is a central part of our programme of speeding up the operation of the planning system, and we are sticking with it. The Government therefore cannot accept Amendments Nos. 45, 46 or 47.

Mr. Syms: It is a pity that at the end of these proceedings, the Minister has not listened to many of the outside bodies that expressed concern about the change. There is general happiness with the present five-year period. As the hon. Member for Ludlow (Matthew Green) pointed out, there is already scope for planning authorities to vary the length of planning permission if they so wish.

The Government have on occasion overstated their argument about land banking. Indeed, most people who apply for planning permission with the intention of developing wish to do so as quickly as possible, but there are a vast number of hurdles to get over these days before people can start building, and sometimes planning permission is only the start of the process. People often find that things go rather slower than they had hoped.

If the reduction to three years is made, planning authorities may become more caught up with many more applications. Already, in the south of England, some authorities are having great difficulty in determining the applications that they already have within a reasonable number of weeks. The upside would be that authorities would get more in planning fees, but the downside would be that some hard-worked planning departments would have much more work.

I do not believe that three years is enough. There are a number of complications associated with development, especially with brownfield sites, and where land has to be decontaminated. The shorter period for planning permission could impact on the viability of many marginal and complex schemes. Funding would also be affected, especially where there is a mix between commercial and other development, and that could cause problems.

I do not believe that the Government have made their case. Almost all the outside bodies that have made representations, such as the CBI, the Law Society and the Housebuilders Federation, say the same thing. I again draw the Minister's attention to the letter from

Michael Snyder, the chairman of the policy and resources committee of the Corporation of the City of London, who sets out the problems he foresees, and says:

"Not all commercial buildings will be vacant when planning permission is granted and achieving vacant possession takes time and invariably entangles developers in protracted negotiations. The position can be exacerbated where part of a site has to be subject to a compulsory purchase notice—compulsory purchase notices can themselves take up to three years to be finalised. Some schemes will also require road closures, which are of course subject to separate proceedings, adding to the delay."

We all know that there are particular problems in the City of London and other places in our inner cities where development is taking place, but I suspect that shortening the duration of planning permission will make life rather more difficult for developers in those cases. The City of London in particular has been very successful, because over the past 10 years nearly 50 per cent. of the City's 8 million sq m has been rebuilt or subject to major refurbishment. That shows a great deal of success in managing things under the current regime, and I wonder whether changing the length of time that planning permission lasts from five to three years will really improve the prospects for development, especially where there are complex and difficult sites to develop.

The Opposition feel strongly about this important issue, as do many people in the business community, and we may force the Minister into the Division Lobby over it tonight.

Matthew Green: I support amendment No. 45, which seeks to make it clear to local authorities that they have to consider all areas when deciding the length of a planning permission. The Government may be using a sledgehammer to crack a nut, but I have more sympathy with them on this issue than the Conservative spokesman seems to have. There is a problem with land banking, and part of that problem is that 99.9 per cent. of applications for planning permission receive five years for consideration. Local authorities have the power to vary the period, but they never do.

The Government have decided that they need to tackle that and think that the only way to do so is to change the default period from five years to three. I have some sympathy with that idea, but if they are going to do that, they need to make it absolutely clear that local authorities can vary the period and that periods should on many occasions be varied to allow longer periods, particularly for complex applications or where, in a town such as Bath or York, there might be a reasonable expectation of finding archaeological remains, which is exactly the sort of situation in which a developer might reasonably expect to take more than three years.

The Government have a case, but they have pushed it too strongly without giving the other side. I have some sympathy with the reduction to three years, but the position would be more acceptable if amendment No. 45 were accepted, because that would make it clearer to local authorities that they must take all sorts of considerations into account, such as the complexity of a development or archaeological or environmental considerations such as a need to deal with contaminated land. All that should be taken into account in deciding whether to allow more than three years—whether it is five years or even longer in some cases, particularly if there is a need to put a financial package together.

The Minister needs to do a little more. He needs to give a little, and if he does, he may well find that opposition on this area will go away.

Keith Hill: The hon. Member for Poole (Mr. Syms) over-egged the pudding when he said that there appeared to him to be "general happiness" with the existing provisions for consents of five years. In our consultation, there was substantial support for a reduction from five years to three on the part of local authorities and non-governmental organisations. I reiterate that we have offered considerable scope in the Bill and in our general approach for flexibility on the part of local planning authorities.

If I may say so without intending unnecessary provocation, in what was a somewhat cavilling speech from the hon. Member for Ludlow (Matthew Green)—that was very uncharacteristic—he mentioned contaminated land, which is exactly one of the provisions that we accept may lead to an extension of the period of planning permission, which I think the hon. Gentleman well knows.

Mr. Don Foster (Bath) (LD): Will the Minister give way?

Keith Hill: How can I resist?

Mr. Foster: The Minister has much knowledge of this issue, so can he assure me that included on the list of criteria alongside contaminated land will be the possibility of an archaeological find? Will evidence have to be provided, or will the mere possibility be enough? Such archaeological finds are fairly frequent in local authority areas such as Bath.

Keith Hill: The hon. Gentleman offers an enticing prospect of interpretation and definition around the possibility or likelihood of an archaeological find. We would expect local authorities to show reasonable openness and flexibility in relation to potential developments, and that is well established in existing approaches to the granting of planning permission over various periods. We do not wish the Bill to challenge such existing practice.

The Government have shown openness in response to representations made in the other place on extending the period of permission in cases of judicial review. In general terms, the Government have sought to adopt an even-handed approach. The Bill offers a more democratic, more flexible and faster planning system. I must point out that in our final exchanges the Opposition parties have shown only limited commitment to those principles.

Question put, That this House disagrees with the Lords in the said amendment:—

The House divided: Ayes 280, Noes 163.

Division No. 131] **[9:57 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Bailey, Adrian
Baird, Vera

Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Bennett, Andrew
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Diamond, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Parham, Linda
Picking, Anne
Pickthall, Colin
Pleskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James

Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Taylor, David *(NW Leics)*
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Joan Ryan and Charlotte Atkins

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*

Barrett, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Doughty, Sue
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Randall, John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. David Wilshire and Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Lords amendment disagreed to.

It being after Ten o'clock, MR SPEAKER *then proceeded to put forthwith the Questions necessary for the disposal of the business to be concluded at that hour.*

Lords amendment No. 46 disagreed to.

Government amendment (a) in lieu agreed to.

Lords amendment No. 47 disagreed to.

Government amendment (a) in lieu agreed to.

Lords amendments Nos. 130 and 139 disagreed to.

Remaining Lords amendments agreed to.

Committee appointed to draw up Reasons to be assigned to the Lords for disagreeing to certain of their amendments to the Bill: Paul Clark, Linda Gilroy, Matthew Green, Mr. John Hayes and Keith Hill; Three to be the quorum of the Committee.—*[Paul Clark.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

PENSIONS BILL (PROGRAMME) (NO. 2)

Motion made, and Question put,

That the Order of 2nd March 2004 (Pensions Bill (Programme)) shall be amended by the substitution in paragraph 2 (time for conclusion of proceedings in Standing Committee) for the words "22nd April 2004" of the words "29th April 2004".—*[Mr. Jim Murphy.]*

The House divided: Ayes 310, Noes 113.

Division No. 132] **[10:14 pm**

AYES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Barrett, John
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bruce, Malcolm
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*

Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cotter, Brian
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Dalyell, Tam
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doughty, Sue
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Killoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
Mclsaac, Shona
McKechin, Ann
McNulty, Tony
Macleggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Malliaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marsden, Paul *(Shrewsbury & Atcham)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Mole, Chris
Moore, Michael
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
O'Hara, Edward
Oliver, Bill
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Parham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Singh, Marsha
Skinner, Dennis
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Touhig, Don *(Islwyn)*
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Webb, Steve *(Northavon)*
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Wooles, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Jim Fitzpatrick and Jessa Ryan

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Bacon, Richard
Baldry, Tony
Baron, John *(Billericay)*
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*

Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Paice, James
Paterson, Owen
Prisk, Mark *(Hartford)*
Randall, John
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Sayeed, Jonathan
Selous, Andrew
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Gregory Barker and
Mr. Peter Atkinson

Question accordingly agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

INCOME TAX

That an humble Address be presented to Her Majesty, praying that the Double Taxation Relief (Taxes on Income) (New Zealand) Order 2004 be made in the form of the draft laid before this House on 9th March.—*[Mr. Jim Murphy.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

JUSTICE

That the draft Lay Magistrates (Eligibility) (Northern Ireland) Order 2004, which was laid before this House on 11th March, be approved.—*[Mr. Jim Murphy.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees).

RECOVERY OF SOLE STOCKS IN THE WESTERN CHANNEL AND THE BAY OF BISCAY

That this House takes note of European Union Documents No. 5199/04, draft Regulation on the recovery of sole stocks in the Western Channel and the Bay of Biscay, and No. 5205/04, Commission Staff Working Paper on a draft Regulation establishing measures for the recovery of sole stocks in the Western Channel and the Bay of Biscay; takes note of the Government's concerns about the targets proposed for recovery and the impact of the proposals on vessels catching sole as part of a mixed fishery; and supports the Government's intention to ensure a close dialogue with the fishing industry on these proposals.—*[Mr. Jim Murphy.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That at the sitting on Thursday 29th April, notwithstanding the provisions of paragraph (2)(c) of Standing Order No. 14 (Arrangement of public business), proceedings on any Motion in the name of the Leader of the Opposition shall be entered upon at the conclusion of Government business and may continue, though opposed, for three hours, and shall then lapse if not previously disposed of, and the Orders of the House of 28th June 2001 and 6th November 2003 relating to deferred Divisions shall not apply.—*[Mr. Jim Murphy.]*

NOMINATION OF SELECT COMMITTEES

Motion made,

That the Standing Orders be amended as follows—

(1) In Standing Order No. 15 (Exempted business), line 18, leave out from 'committees' to 'which' in line 20 and insert 'to which that paragraph applies'.

(2) In Standing Order No. 121 (Nomination of select committees), line 9, leave out from 'under' to ', or' in line 13 and insert 'the Standing Orders of this House (with the exception of the Liaison Committee, the Committee of Selection, the Committee on Standards and Privileges and any Committee established under a temporary Standing Order).'.—*[Mr. Jim Murphy.]*

Hon. Members: Object.

NORTHERN IRELAND GRAND COMMITTEE

Ordered,

That—

(1) the matter of the social economy in Northern Ireland be referred to the Northern Ireland Grand Committee;

(2) the Committee shall meet at Westminster on Thursday 29th April at half-past Two o'clock; and

(3) at that sitting—

(a) the Committee shall consider the matter referred to it under paragraph (1) above;

(b) the Chairman shall interrupt proceedings not later than two hours after their commencement; and

(c) at the conclusion of those proceedings, a motion for the adjournment of the Committee may be made by a Minister of the Crown, pursuant to paragraph (5) of Standing Order No. 116 (Northern Ireland Grand Committee (sittings)).—*[Mr. Jim Murphy.]*

[Hon. Members]

PETITION

European Union Constitution

10.27 pm

Bob Spink (Castle Point) (Con): The European Union constitution would undermine Britain's ability to set its policies in key matters such as the economy, asylum and law and order. It would give the unaccountable European Union a president, a foreign minister and its own legal system—elements that distinguish statehood. The House and Members of Parliament are here to protect Britain's liberties, not sell them down the river. That is why we in Castle Point compiled a petition to force the spin-obsessed Government to listen to the people. Hundreds of Castle Point people of all political persuasions queued up in all weathers to sign it.

The petition states:

To the House of Commons

The Petition of Persons on the electoral roll in the parliamentary constituency of Castle Point, and others, declares

That the proposed European Constitution, with which Her Majesty's Government have agreed in principle, involves grave and significant constitutional issues that affect democracy in the United Kingdom, self-government and the national interest, and makes fundamental changes in the relationship of the United Kingdom with the European Union.

The Petitioners therefore request that the House of Commons pass legislation to authorise a referendum of the electorate on the European Constitution at the conclusion of the intergovernmental conference.

And the Petitioners remain, etc.

To lie upon the Table.

Shop Workers (Health and Safety)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Jim Murphy.]*

10.28 pm

Mr. Bob Blizzard (Waveney) (Lab): There are few, if any, sectors of the work force with which the general public come into contact more often than shop workers. Perhaps we tend to take shop workers for granted because being served in a shop is such an everyday occurrence for us. We should not. Any work that involves face-to-face contact with the public is not easy and all the signs show that it is becoming more demanding, more difficult and, worryingly, more dangerous.

I first became fully aware of this issue when I was approached by my local representative of the Union of Shop, Distributive and Allied Workers, Lesley Maddison. She handed me a petition that highlighted the growing incidence of unacceptable violence against shop workers. It showed that my constituents were concerned about the problem, because more than 1,800 people had signed it. I know that many other hon. Members will have received similar petitions as part of USDAW's "Freedom from Fear" campaign.

That campaign calls on the Government to work in partnership with the union, the police, employers and local authorities to help to stop incidents of violence against shop workers, and there is a real need for some joined-up thinking. For example, in most cases, it is the police who deal with crime and antisocial behaviour in and around stores, while local councils have a duty to reduce antisocial behaviour through their local crime and disorder reduction partnerships and to act as the enforcement body for much of the health and safety legislation. Employers have a legal duty to identify health and safety risks to staff, and to do what they can to prevent or control such risks, including the risk of violence. This is all fine, but those responsibilities would be more effective tools if those bodies worked together more closely to focus on the specific problem of the violence and abuse that is directed at shop workers. I believe that this raises the question of whether we now need a better and more coherent legislative framework to ensure that this co-operation and partnership actually happens.

Plenty of legislation applies to the risk from violence at work, including the Health and Safety at Work, etc. Act 1974, the Management of Health and Safety at Work Regulations 1999, the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 1995, the Safety Representatives and Safety Committees Regulations 1977 and the Health and Safety (Consultation with Employees) Regulations 1996. That legislation is good, and the problem of violence and abuse towards shop workers is substantially covered by it. However, there is a problem regarding its implementation.

That problem is recognised by the Health and Safety Commission in its publication "A strategy for workplace health and safety in Great Britain to 2010 and beyond". This strategy builds on the strength of the commission's relationship with the Department for Work and Pensions and the collective ambition, which

I share, to promote opportunity and independence in a healthy and productive work force. On page 6 of the publication, however, the commission states:

"We have looked closely at the current division of enforcement responsibility between local authorities and the Health and Safety Executive and their ways of working. There is no lasting logic to the current arrangements. They are complex, confusing and based on boundaries and approaches that suit more the convenience of the regulator than the needs of business or the workforce."

That strikes me as a strong argument for change and for doing something. I would argue, however, that it is not just the relationship between local authorities and the Health and Safety Executive that is complex; it is also the relationship with the police, retailers and the employees themselves.

The figures suggest that much more needs to be done. Between 1995 and 2002, more than 118,000 retail staff were victims of physical abuse, about 250,000 staff were threatened with physical violence, and incidents of verbal abuse were estimated at more than 500,000 for that same period. Employers, unions and the police all agree that the problem is getting worse. Those figures were taken from the report of the British Retail Consortium, and it is recognised that they are probably an underestimate because many incidents are not recorded.

We all know the Co-op, and it reported in its annual crime survey published last September that there had been an alarming rise of 39 per cent. in physical assaults against its staff compared with the previous year. The Co-op informs me that, since September 2003, in local Co-op stores in and around Lowestoft in my constituency, there have been at least nine incidents of assault against the staff of Anglia Co-op, often by offenders who have drink or drugs-related problems.

The Government have quite rightly put great emphasis on cutting street crime, and I believe that they have managed to do so. However, one unfortunate consequence of that is that persistent offenders are increasingly targeting shops instead. Many are drug addicts who steal to fund their habit and are prone to aggression and violence if confronted. The Tesco store in Lowestoft town centre, for example, has all too often experienced incidents of violence and verbal abuse, despite Lesley Maddison's hard work to promote USDAW's "Freedom from Fear" campaign. Six months ago a girl detained in the store for theft threatened to bite and scratch the manager, telling him that she had HIV and that if she managed to scratch or bite him she would transfer it to him. During the Christmas period a boy entered the store waving a knife, causing the store to be evacuated. It is now all too common for staff to receive verbal abuse, to be threatened with a weapon—be it a knife or a walking stick—or even to be spat at. My researcher, who worked on this topic for me, was spat on once while working in a video shop as she removed videos from the drop-off box. The culprits then walked into the shop holding bricks and threatening to hit her and the manager.

Such incidents are bad enough for employees themselves, but there are also wider consequences for the community. As we know, a local shop is often a community lifeline, but the single stores and small shopping areas are frequently more vulnerable to violence and abuse than the larger ones. In some cases such stores are having to close, depriving communities of what may be their only service.

Another type of shop that is on the front line is the community pharmacy. Last night I was talking to a friend who is a community pharmacist, and learning of the problem with which he and his staff must contend as they deal with numerous drug-taking customers. The real answer, as we know, is to overcome the drug problem and tackle crime at its root, but that is easier said than done, and will take a long time. We must give far more consideration to the welfare of our shop workers, who today bear much too much of the brunt of the problem.

The effects on staff who have suffered violence can of course be devastating, but even when the physical injuries are slight the mental scarring from being involved in or witnessing an incident can result in serious health problems. Post-traumatic stress disorder, for example, can take some time to develop. There are several examples of staff being bitten by suspected shoplifters, or stabbed with syringes when they try to intervene. USDAW has documented them. Sometimes, although the physical injuries are superficial, the uncertainty undergone by the shop worker concerning the risk of infection with hepatitis or HIV, and the need to keep going to regular blood tests and treatment, can be extremely stressful. Even when staff have not directly experienced an incident, they can suffer from ill health purely as a result of the fear of violence and abuse. They may experience nausea or insomnia, for instance.

This, of course, also damages the industry itself. Employees living under the shadow of fear can become demotivated and miss work, particularly certain shifts that might be vulnerable. Days can be lost through sickness absence, and it is on record that some experienced and skilled staff are now leaving the industry. That same stress and anxiety can also have an impact on family life if staff take their fears home with them. Shop workers have reported being increasingly tense and irritable at home, becoming tearful for no apparent reason, short-tempered with family members, and reluctant to go out in public.

So what is being done? Some stores are trying to help themselves, and have introduced uniformed staff after shop workers have complained. Security guards do have a deterrent effect on gangs of young people or persistent shoplifters, but owing to cost considerations there are usually too few to provide permanent cover in all but the largest stores. The attitude and behaviour of local managers is crucial. It is essential for employees to be backed up by their managers, and for managers to be given authority to provide that back-up and confidence when customers are abusive.

The Anti-social Behaviour Act 2003 contains a range of new powers and sanctions that the police can use to ban offenders from entering certain shopping centres or shops, or to disperse groups. Another initiative is the safer shopping partnership, which is being promoted by the British Retail Consortium in co-operation with local authorities and local police. I am told that it has succeeded in reducing the incidence of violent retail crime in a number of shopping centres. Habitual shoplifters and people with a record of threatening or abusive behaviour are banned from shops, and photographs are circulated. I understand that some 250 partnerships exist in the UK. I have to say, however, that a scheme of this sort was set up in Lowestoft—I may even have helped to launch it—and has had only limited success.

[Mr. Bob Blizzard]

So what more can we do? First, it is important that each of the relevant bodies dealing with the problem fully recognises its own function in combating violence and abuse against shop workers, and attaches real priority to that. There are parts of the country where the police could improve their response to incidents, and that could be a key performance indicator for the police. The criminal injuries compensation scheme could be improved to make it more generous and easier for victims to apply for. That would enable shop workers to feel that their experiences were real and that the effects that they had suffered were worthy of compensation, when injury had occurred.

Many of the crimes occur when young people are asked for identity to prove their age to buy certain goods. I should like to see a proof-of-age card made compulsory, creating a culture in which a young person expects to be asked, knows that they have to be asked and so does not argue and quibble when they are asked. For that reason, and for many others, I fully support the Government's pressing forward with identity cards.

The police and local authorities must work in a more co-ordinated way with local businesses on the use of antisocial behaviour orders to ban persistent offenders from shopping areas and town centres. Although I understand that local authorities have competing claims for resources, I am concerned that often in recent years, enforcement activity on health and safety at work appears to have been squeezed out. Environmental health officers must be able to focus more on the prevention of violence and on providing protection against it, and co-ordinate their work with safety reps and union officials in stores, as well as with management.

Many employers and retailers take the safety and protection of their staff very seriously and work hard to combat the increasingly tough situation that I have described; but not all do so. All too often, I have learned of, or seen with my own eyes, inadequately protected staff left isolated and exposed to unacceptable risk without proper back-up from management, even when staff have complained.

There is a real need for the Government to look seriously at the problem and to see where the legislation and its enforcement are really working, and where they are not. Some of the measures that I have outlined could make a difference, but I return to the central issue: the need for all the relevant bodies to come together in a fully joined-up approach. That is just not happening at the moment. The statement by the Health and Safety Commission that I quoted earlier speaks volumes, and I shall repeat it:

"There is no lasting logic to the current arrangements. They are complex, confusing and based on boundaries and approaches that suit more the convenience of the regulator than the needs of business or the workforce."

That is why I argue tonight for a review of the legislation to be conducted by the Health and Safety Executive with particular input from local authorities. That would give us a better understanding of how effectively the legislation is working, and of its pitfalls. Furthermore, if specific problems with implementation were found, it would be worth questioning whether those problems were with the legislation itself or with the bodies implementing it. That would enable the Government to assess whether new legislation should be created. The HSE is in the best position to take that task forward, and we look to it to take the lead on such matters.

I should like to acknowledge the help that I received from USDAW in preparing today's debate, and I pay tribute to its "Freedom from Fear" campaign. As part of that campaign, USDAW initiated respect for shop workers day on 17 September last year, and I hope that that becomes a regular, important event.

My key point is that although much of the legislation is in place, greater promotion of the tools that the legislation provides is needed. We need an overall framework, focused on people such as shop workers who come into direct contact with the public, so that the necessary partnerships between the relevant bodies and the businesses actually work in combating these awful crimes against those who serve us. Retail staff in the UK have suffered for long enough, and it is time to create a culture in which abuse and violence against shop workers is deemed wholly unacceptable.

10.44 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): I congratulate my hon. Friend the Member for Waveney (Mr. Blizzard) on securing this debate on such an important subject, and in such a timely way. As he pointed out, the scale of violence and abuse to shop workers is a very serious concern and he gave some disturbing examples of such behaviour.

Violence and abusive behaviour of that type does not have to be tolerated, least of all in the workplace. Everyone has the right to go about their work without the fear of physical assault or the intimidation of verbal abuse. Violence in any shape or form has a damaging effect on people's lives, their businesses and their families. At the very least, it can lead to the stress and psychological and emotional trauma to which my hon. Friend referred. At its worst, it can be fatal. That is why many of us—including my hon. Friend the Member for Eastwood (Mr. Murphy), who I am pleased to see here and who has been active on the issue—are concerned to ensure that we work with our constituents and organisations such as USDAW to ensure that we take the appropriate action.

Work-related violence also represents a real cost to employers, leading to increased sickness absence, low staff morale and high staff turnover. In turn, these can affect the confidence and profitability of a business, and may be further compounded by expensive insurance premiums and compensation payments. Employers cannot afford to ignore the risks of violence to staff. Apart from the ethical and financial arguments, the law requires them to consider it.

The Health and Safety Executive encourages employers to manage work-related violence in the same way as any other health and safety issue. To help employers do this, the HSE has published general guidance to help them prevent and manage work-related violence. The HSE has published practical guidance for retailers and their staff on how the problems and causes of violence might be tackled. It sets out an approach that can be adopted as everyday practice.

The retail industry is an area where local authorities are responsible for health and safety enforcement and the HSE works closely with local authorities to ensure that key issues are addressed. Meetings also take place between the local authority unit and trades unions. Indeed, at a recent meeting violence at work was one of the issues discussed.

We know from the latest British crime survey that there were just under 850,000 incidents of work-related violence in 2002–03. That is far too many, but it is significantly less than in previous years. That is not a cause for complacency. Work-related violence remains a serious problem and we know that there are some employees who are more likely to experience violence than others, including those who work with or deliver a service to the public—as my hon. Friend pointed out—such as shop workers.

The Government are committed to tackling this problem. In March 2000, the Health and Safety Commission embarked on a challenging three-year programme with the aim of reducing the number of incidents of violence at work by 10 per cent. by the end of 2003. This programme was particularly targeted at sectors that are most at risk, including the retail sector. Under this programme, the HSE has published new guidance to help smaller businesses manage the risk of work-related violence. This includes case studies showing how businesses in different sectors, including the retail sector, have tackled the problem by taking simple and cost-effective steps.

The HSE has published case study guidance showing examples of good practices in preventing and managing violence to lone workers, including shop workers. This is freely available on the HSE's website. It has funded the development of new national occupational standards in managing work-related violence. These standards will provide employers with a sound framework within which to develop detailed policies on work-related violence.

To help sustain and promote this work, the HSE held a joint conference with the TUC in December 2002 to help raise awareness of violence in the workplace and to share good practice across different sectors and businesses. John Hannet, Deputy General Secretary of USDAW, was a principal speaker at this event. He explained how his union is working with employers to address the problem of violence to shop workers through its freedom from fear campaign, to which my hon. Friend referred. I want to take this opportunity to commend USDAW for that campaign.

Doug Russell, also of USDAW, gave a similar presentation at the Health and Safety/Local Authority Enforcement Liaison Committee conference, also in December, to an audience of some 300 local authority officers and elected members.

The Government very much welcome the work that USDAW is doing—in partnership with employers, the public, local authorities, the police and the HSE—to tackle this problem and to promote the message that abusive behaviour towards shop workers is unacceptable. My hon. Friend has done a service this evening by pointing out the importance of that partnership—of making sure that all the elements of the policy of addressing violent and abusive behaviour in the retail sector are carried out across the boundaries of those different agencies.

The Health and Safety Executive is building on the momentum of the commission's earlier programme of work in order to demonstrate its continued commitment to working with key stakeholders and partners in reducing workplace violence still further. Future initiatives to tackle workplace violence will be designed to reflect the key principles of the commission's new policy "Strategy for Workplace Health and Safety in Great Britain to 2010 and Beyond", to which my hon. Friend referred. This strategy is clearly focused on making sensible health and safety a cornerstone of a civilised society. That means managing risks by working in partnership with stakeholders and by supporting the people best placed to make workplaces safer from harm—the staff and managers who work there.

Some of these initiatives will also form part of the Health and Safety Commission's priority programme on work-related stress. We know that violence at work is an important factor in contributing to such stress. As part of the stress priority programme, the HSE is developing standards of good management practice to enable employers and employees to work in partnership to address work-related stress at an organisational level. These standards will provide a yardstick by which organisations can gauge their performance in tackling a range of key stressors. One of these management standards covers work relationships, and will include issues such as work-related violence and bullying.

The future is about getting employers and workers to accept both the business and moral cases for workplace health and safety, and to work together to manage risks. Trade unions are key stakeholders in achieving this aim. I commend USDAW on its work through the campaign, and I commend my hon. Friend on bringing this issue to the attention of the House.

The HSE and local authorities are working towards regional partnerships to maximise combined expertise and local knowledge in order to overcome issues of inconsistency. Local authorities are involved locally in statutory crime and disorder partnerships, working closely with the police and other blue light services. The HSE, working in partnership with local authorities regionally, will be able to work more closely with such arrangements.

I have heard the arguments that my hon. Friend has advanced in this evening's short debate, and the HSE, the police, local authorities and the other partners who have to work together to ensure that we deal with violence and abuse at work—particularly in the retail sector—will read our proceedings carefully. We will look carefully to see whether we should be doing more, in addition to the measures that we are already adopting, to address this issue, and to ensure that shop workers and others can go about their work free from the fear and risk of violence and abuse.

Question put and agreed to.

Adjourned accordingly at seven minutes to Eleven o'clock.

House of Commons

Tuesday 20 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRANSPORT

The Secretary of State was asked—

Rural Transport

1. **Nick Harvey** (North Devon) (LD): If he will make a statement on the relationship between transport provision and access to public services in rural areas. [166169]

The Minister of State, Department for Transport (Dr. Kim Howells): Good transport is important in improving access to public services in rural areas. We recognised that in targeting additional investment to improve accessibility for rural communities. We have invested £240 million in rural transport in the last three years alone, a 54 per cent. increase on the previous three years.

Nick Harvey: Obviously new investment is welcome, but is the Minister aware that those improvements arise from a very low base? In my constituency, bus services to our hospital have been cut, and although we have welcome new sport and theatre facilities, using them in the evenings is an unimaginable dream for many youngsters because bus services stop at 6 pm. What impact does the Minister expect the forthcoming School Transport Bill to have on public transport provision in rural areas, which is already sparse? It raises the spectre of more children having to pay to travel to school by bus, which will inevitably drive more of them into the car run.

Dr. Howells: I accept what the hon. Gentleman says. We must encourage people to use buses much more. What worries me is that, although large amounts are being spent on bus subsidies in rural areas, few people use the buses. I know that several initiatives have been launched in the hon. Gentleman's constituency—a 1999 initiative called, I believe, Buses Are Cool, followed by Life in the Bus Lane and Life in the Bus Lane 2. A great deal of money is being spent on efforts to encourage young people in particular to get to the places mentioned by the hon. Gentleman, but there is much more work to be done. Local authorities have a responsibility to publicise the fact that they are investing in bus services, especially in rural areas. If there were more publicity and we could generate a better image for buses, many more people might use them.

David Taylor (North-West Leicestershire) (Lab/Co-op): Following the disasters of deregulation and privatisation, this Government's progress since 1997 has been commendable; but for a small extra amount—just £300 million per year—standards could be raised, and the free bus travel for pensioners that is available in other countries of the United Kingdom could be extended to England. Is my hon. Friend confident that we can make progress in that respect, and also raise the minimum standard of the scheme by eliminating rush-hour exemptions? That would enable pensioners in Castle Donington, for instance, to keep appointments at Derby Royal infirmary without having to wait until 9.30 am.

Dr. Howells: I am sure that my hon. Friend is on top of that quandary for pensioners in his constituency, and can work with local authorities to ensure that proper bus services are provided. The money has not been in short supply. The £300 million that my hon. Friend mentioned is not an inconsiderable sum; it is a very large sum. We are spending huge amounts on bus subsidies, but they are not always used to best effect. There must be a better way of getting value for precious taxpayers' money.

Railways

2. **Mr. John Grogan** (Selby) (Lab): What representations he has received from Network Rail about the future organisation of the railways. [166170]

The Secretary of State for Transport (Mr. Alistair Darling): In the course of the rail review, my Department has received representations from a wide range of people in the rail industry, including representatives of Network Rail.

Mr. Grogan: Given the Government's commendable view that what matters is what works, why not leave the franchise in the hands of South Eastern Trains, which has improved punctuality dramatically since the demise of Connex? To secure two public sector comparators, why not make a similar arrangement for the northern franchise area?

Mr. Darling: While I am always the first to welcome an improvement in performance, I must tell my hon. Friend that the performance of South Eastern Trains has improved by almost the same amount as that of the other south-east operators. It does not necessarily follow that the fact that the Strategic Rail Authority is currently running the franchise has led to the improvement; it is also due to Network Rail's improved performance.

During the review I have made it clear that I consider the principle of both public and private participation in the industry to be important and beneficial. Apart from anything else, the private sector brings in almost as much money as the public sector. Although Connex was undoubtedly a supreme example of a bad franchisee, there are many good private sector operators, and some

are an awful lot better than British Rail was. It is not necessarily the case that the private sector is bad and the public sector is good.

Pete Wishart (North Tayside) (SNP): To assist in the debate about the future organisation of the railways, is the Secretary of State in a position to tell us more about what powers he intends to devolve to the Scottish Executive and other regional bodies? Is he impressed with the contribution of the Federation of Small Businesses in Scotland—it has enjoyed great consensus—which has suggested that perhaps the solution to the Scottish railway problem is to devolve all powers to the Scottish Executive?

Mr. Darling: I suppose that it follows from the hon. Gentleman's philosophy that, as he does not like England, he would not want railway lines going beyond the border. If he thinks about the logic, let us suppose that Scotland were responsible for all mainline track. Correspondingly, the English attitude to upgrading track in England would be to stop investment at Newcastle and probably at Preston, because it would not be worth going beyond that. The fact is that we have a national railway network, and Scotland benefits from that. For example, when the east coast main line collapsed at Dolphinstone outside Edinburgh three or four years ago, Network Rail was able to step in and do something about that immediately, because although the sums needed were large, they were not for Network Rail. I reject the idea of balkanising Britain's railways, although I understand that that is entirely in tune with the nationalist philosophy.

In relation to devolving further powers to the Scottish Executive, we are considering that as part of the review. I made that clear on 19 January, and we are continuing to discuss with the Scottish Executive and others how we do that. We are also discussing that in relation to the Welsh Assembly and some of the English passenger transport executives.

Mr. Graham Stringer (Manchester, Blackley) (Lab): I would not want to balkanise the railway system in any sense. I am sure however, that my right hon. Friend is aware that about £750 million is spent on rail in Greater Manchester. The vast proportion of that money is for local rail services not national rail services. Would it not be sensible, in any future reorganisation, if the proportion of money that is for local services were handed over to the passenger transport executive, so that it could make rational choices to improve the rail system, and rational choices between heavy and light rail and the bus system to provide a better integrated transport system in Greater Manchester.

Mr. Darling: I have a lot of sympathy with what my hon. Friend says. I see that a small part of the recent Transport Committee report on the railways suggested that we should do just that. As I said in my statement on 19 January, one of the things that I want to consider is being able to give more responsibility to PTEs to choose between, say, rail, light rail and bus services. There are far too many areas in which people regard rail as a free good, and they do not make sensible choices between other modes of transport. As I said a moment or two ago, in reply to the hon. Member for North Tayside (Pete Wishart), devolving power, not just to Scotland and Wales but to the English PTEs, is an important element, because when looking at Britain's railways, it does not follow automatically that heavy rail is the solution for local transport. Indeed, Greater Manchester, with its metro system, is a very good example of an alternative to heavy rail having been highly successful.

Mrs. Theresa May (Maidenhead) (Con): The Secretary of State has just confirmed the importance of private sector investment in improving the railways. He has said in the past that the train operating companies have brought innovation to services, which was lacking. Will he now confirm that his future reorganisation of the railways will maintain the access to the fare box that has enabled train operating companies to compete and innovate in the interests of passengers?

Mr. Darling: It is important that the right incentives and rewards exist to enable private operators to be confident in investing in the railways and to get a proper return for doing that. As the hon. Lady will know, the whole point of the review is to look at all the options and to make sure that proper incentives and rewards exist. Let us be in no doubt: I am determined that we should maintain the present system in which there is substantial private sector involvement in the railways, as the railways as a whole will be better for that. What is lacking at the moment, however, is a coherent system of management to enable the railways to be run properly, which the review will also set out to achieve.

Mrs. May: The current system of management of the railways is the one that this Government set up when they established Network Rail and the Strategic Rail Authority. Following the reorganisation that led to Network Rail, the Government announced a series of performance benchmarks for improvements on the railways. Will the Secretary of State confirm that the key benchmark of improving punctuality and reliability has been missed in eight out of the last 10 quarters, and that with reduced services, such as stations closing in Kent, longer journeys for commuters from Maidenhead and Twyford, and cuts in cross-country services, passengers are beginning to ask whether the Government are capable of delivering any improvement on the railways? Is not the spirit of Dr. Beeching alive and well in the Department for Transport?

Mr. Darling: We must admire the hon. Lady's brass neck, if nothing else. There is probably limited value in going back over old ground about who is to blame for what. [HON. MEMBERS: "Go on."] All right; just for one moment. I remind her that Network Rail was set up because Railtrack, the creature of privatisation, was an abysmal failure. Virtually no one in the country remains in that small and select band, the friends of Railtrack, but she is one of them. As she ought to know, performance is gradually improving across the network. She mentioned cross-country trains and was critical of the decision to thin the services. As a result of that service thinning, reliability has gone up dramatically. The problem was—*[Interruption.]* I will tell the hon. Lady what was happening. Railtrack oversold the space on the railways, with the result that they became

congested and timetables became unreliable. That was a direct result of privatisation and the failure to have a coherent management. If the hon. Lady wants to go into the next election defending the privatisation of the 1990s, let her. For our part, we will go into the election with a reorganised railway which makes sense and which works. I remind her that, last year, Britain's railways carried more passengers than at any time since the 1960s.

Several hon. Members *rose—*

Mr. Speaker: Order. May I gently remind the House that I have an Order Paper to get through and I could do with some help? We are on question No. 2 and it is a quarter to 12.

Mr. Tony Clarke (Northampton, South) (Lab): In his future discussions with Network Rail, will my right hon. Friend raise the plight of Northampton commuters and make sure that promises made by rail operating companies when they come looking for public expenditure are kept post-expenditure? Ten years ago, trains from Northampton to London took less than an hour. We have now had 10 years of disruption. The west coast main line is still not finished and the rail operating companies are promising us longer train journeys and fewer trains. When will Northampton get more fast trains and shorter journeys? When will the promises made by operating companies be kept?

Mr. Darling: I am aware of the problems and, in view of your instruction, Mr. Speaker, I shall be brief. I shall get my hon. Friend the Minister of State to write to my hon. Friend about that issue.

3. **Chris Grayling** (Epsom and Ewell) (Con): Which rail projects outlined in the 10-year plan he expects will not be completed by the end of the 10-year period. [166171]

The Secretary of State for Transport (Mr. Alistair Darling): The plan set out investment for both the public and private sector over 10 years and substantial progress is being made. Delivery of projects depends on a number of factors including controlling costs and improving performance.

Chris Grayling: The Transport 2010 document is a work of fiction in many parts. At its launch, the Deputy Prime Minister said that it presented an ambitious vision of what we could achieve by 2010. Has the Secretary of State seen the map on page 48 of the new rail projects to be opened by 2010, on which virtually no work has even started and there is certainly little chance, if any, of them being completed by 2010? Does he now regret the promises made by the Government? What does he plan to do to ensure that some of the projects are completed any time soon?

Mr. Darling: One way of ensuring that these projects are delivered is not to have a Conservative Government, who would be committed to £600 million of cuts in railway expenditure. Let me give two examples from the map to which he refers. One is the channel tunnel rail link, the first high-speed railway line to be built in this country for 100 years. The first phase is now open and there are more passengers going between London and the continent. Another example is the west coast main line, a project that was in complete ruins under Railtrack, the friends of the hon. Member for Maidenhead (Mrs. May). It is now having £7 billion spent on it and most of the first stage of the work will be completed this year. It will take half an hour off the Manchester run and, when completed, will take nearly an hour off the Glasgow run. Those are two good examples of what investment in the railways can bring under a Labour Government.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend continue to endorse the importance that the 10-year transport plan places on the role of major ports as transport hubs, and as vital to our international trade? Does he continue to endorse the improvement of rail freight use to those ports as a key element of freight strategy? In the light of the decision, announced by the Government this morning, on the future of Dibden bay and the expansion of Southampton port, will he give additional priority to the upgrading of the rail link between Southampton and the west midlands to ensure that Southampton freight can travel efficiently on the rail from the port to its destinations?

Mr. Darling: Yes, it is important that we improve rail links between our ports and other parts of the country. I understand the disappointment that my hon. Friend will have felt at the decision on Dibden bay, but I am sure that he will accept, in the light of the inspector's report and the overwhelming environmental difficulties there, that the Government's decision is right. I say to him and to the House that that decision was made on the individual application. There are other applications for port developments in other parts of the country, on which the Government will decide in due course. The decision on Dibden bay was taken entirely on the application's own merits, and those alone.

Dr. Julian Lewis (New Forest, East) (Con): As the MP who represents Dibden bay, I welcome the contribution of the hon. Member for Southampton, Test (Dr. Whitehead). It is only a pity that the Government did not think about upgrading the railways in that connection from the outset. I congratulate the Government on their decision on Dibden bay, in a classic case of David outwitting Goliath. We thank the Government for listening to our community, for observing the environmental safeguards and for taking the right decision today.

Mr. Darling: I am sure that the hon. Gentleman will tell his constituents of the many gains that a Labour Government have brought to them, of which this is, apparently, one. On the hon. Gentleman's point, protecting our environment is crucial, but most Members accept that it is also important to ensure that we have adequate port development throughout the country. Where that port development is situated will depend on a range of circumstances, many of which are being considered in inquiries that are currently under way, or are about to get under way. As I said, that particular decision was taken on its own merits, and one cannot read anything wider into it.

On the more general point, the hon. Gentleman is quite right to say that rail links between ports and other parts of the country are important. I am pleased to say that the railways are carrying more freight than they have done for a long time, which perhaps indicates the success of investing in railways.

Jonathan Shaw (Chatham and Aylesford) (Lab): I welcome the Strategic Rail Authority's decision that the channel tunnel rail link domestic service will stop in the Medway towns, but does my right hon. Friend understand my concerns, and those of my hon. Friends in the Medway towns, at the SRA's proposals to reduce the number of fast services to Victoria and to reduce services to Cannon Street? If the Thames gateway is to meet all our ambitions, we must have increased rail capacity. Will my right hon. Friend talk to the Office of the Deputy Prime Minister and the SRA to ensure that there is joined-up government between the SRA, the ODPM and the Department for Transport so that we get the rail services in Medway that we need for the future?

Mr. Darling: I am aware of the continuing debate and controversy on the Kent services, and we must come up with a solution that is workable as well as affordable. The consultation is still under way, but I am very aware of the points that my hon. Friend makes.

Mr. Paul Marsden (Shrewsbury and Atcham) (LD): Can the Secretary of State explain why the safety radio system, GSM-R—Global System for Mobile Communications for Railway—has been delayed for a second time? It is vital for signallers and drivers. Will he assure the House that that delay will not affect safety or reliability, given that from 2006 the existing system will be prone to interference from other users using the same frequency?

Mr. Darling: Network Rail is injecting a dose of reality into the project that the hon. Gentleman mentions. Far too many rail projects that were got up during the last few years when Railtrack was around were totally unrealistic in terms of feasibility, affordability and deliverability. The project is being examined closely to ensure that it is realistically planned and has a better chance of being delivered.

On safety, I remind the hon. Gentleman and the House that the train protection warning system is now fitted on all the track where it is supposed to be fitted, so drivers have communication. I am satisfied that the effort that Network Rail has put in has been right and has not compromised safety. We spend a lot of time and money ensuring that our railways are as safe as they can be, and the TPWS has gone a long way towards achieving that.

Severn Bridge Tolls

4. **Mr. Huw Edwards** (Monmouth) (Lab): How many motorists are registered to pay tolls on the Severn bridge by the tag method. [166172]

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): The tag system is operated by the bridge operators, Severn River Crossing plc. I understand from them that as of 29 February 2004 a total of 38,893 tags were in use. In February 2004, 22 per cent. of all crossings and 68 per cent. of heavy goods vehicle crossings used that system.

Mr. Edwards: Does my hon. Friend appreciate the concerns of my constituents who, since the opening of the new bridge, find that the old Severn bridge is used largely for local traffic, and find it irritating to have to pay £4.60 to get back to town when they have travelled only a couple of miles to the east of where they live in Chepstow? Will he consider introducing a better discount system to serve the residents of Chepstow and other parts of Monmouthshire, and perhaps others who live near the bridge?

Mr. Jamieson: I understand the importance of this to my hon. Friend's constituents, and why he would call for a concession for local residents, but if that was imposed by the Government, the operators would almost certainly want to re-finance the deal, which would push back the estimated date of 2016 for the removal of the toll. Those who buy a monthly tag and use the bridge more than 18 times already receive some concession. Any other form of concession would put a considerable burden on the public purse. Perhaps he would like to raise the issue with the Welsh Assembly Government, but I can tell him that there is no easy or low-cost solution.

Mr. Simon Thomas (Ceredigion) (PC): Surely that last point is part of the answer. The Richards report has recently come out in Wales, and further devolution to the National Assembly is likely. Surely the future for both Severn crossings is now part of an overall package of road pricing for the whole of the motorway network in south Wales, and it would be better to transfer the responsibilities over a period from the Minister's Department to the National Assembly, to better reflect the views of local residents and the national needs of Wales.

Mr. Jamieson: We cannot now unpick the Act of Parliament that set up the two bridges. The hon. Gentleman's constituents may not be experiencing the same problems as the constituents of my hon. Friend the Member for Monmouth (Mr. Edwards) but perhaps they can join forces to see whether the Welsh Assembly Government can find a solution, or whether the operators themselves can come up with something. We would be happy to assist in that, but I repeat that there is no easy or low-cost solution.

Mr. Ken Purchase (Wolverhampton, North-East) (Lab/Co-op): Just up the road from the Severn bridge, although it is early days, we have a very successful toll road round the eastern side of our west midlands conurbation. In view of that success, which has eased congestion on the M6, linking to the M5 to the Severn bridge, may I urge the Minister to revisit his consideration of the orbital road around the western side of the west midlands conurbation, especially in relation to tolling?

Mr. Jamieson: First, I congratulate my hon. Friend on his ingenuity in getting in that question in this

context. I recognise the success of the M6 toll—I have used it myself—which considerably reduces journey times north and south around the north of Birmingham, and I am sure that his points will be given careful consideration.

Speed Cameras

5. **Bob Russell** (Colchester) (LD): If he will estimate how many (a) lives will be saved and (b) serious injuries will be prevented in the next 12 months as a result of the installation of speed safety cameras. [166173]

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): The independently produced evaluation report of the two-year trial of the safety camera cost recovery scheme showed a 35 per cent. reduction in the number of those killed or seriously injured at camera sites. A report covering the third year of the programme's operation is due to be published shortly.

Bob Russell (Colchester) (LD): I am grateful for the Minister's encouraging response. Will he confirm that by the end of today—as of any other day in the year—it is likely that about 10 people will have been killed and scores of people seriously injured on our roads? Against that background, can he understand the logic of those who encourage law-breaking? How many deaths are those people prepared to tolerate? Should they not be made to visit some of the families of people who have lost their lives because of excessive speed?

Mr. Jamieson: The hon. Gentleman makes a very salient point. Last year's report on the eight pilot areas showed a reduction of about 500 collisions in those areas alone. Many of those collisions would have led to death or serious injury. Since cameras have been fitted throughout the country, we have seen a dramatic fall, particularly in death and injury to children, which is most significant. There has been a 35 per cent. reduction in three years. I agree that the people calling for the cameras to be removed—we may hear from the hon. Member for Ashford (Mr. Green) in a few moments—should reflect on the consequences of their policy and assess how many additional deaths of children and elderly people are likely to follow from it.

Mr. Bill Olner (Nuneaton) (Lab): I welcome the Minister's announcement about the reduction in the number of road injuries and deaths. Those who campaign for the removal of cameras should have on their conscience the consequences for the victims of road traffic accidents. However, I implore the Minister to look further into the issue of speed cameras on motorways. I agree that those cameras are effective when men are working on the motorways, but for long stretches and huge amounts of time there are no roadworks. With modern-day telematics, surely there could be variable speed limits for various parts of the day.

Mr. Jamieson: My hon. Friend is absolutely right to say that people calling for the removal of the cameras should also answer the question of how many more casualties will result at those sites. He will know that there are very few speed cameras on motorways, which are the safest roads in the country. The few areas where cameras are placed permanently are usually where there has been a record of serious injury or death or where there are roadworks. The figures show that in 18 months, 11 people working on the roads were killed. As I said earlier, I hope that we hear from the hon. Member for Ashford today. Regular attenders of Transport questions will know that we have still not heard about the 4,000 sites that he alleged had cameras in the wrong places. Perhaps we will hear from him some time today.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Do lorry drivers from foreign countries who are caught on speed cameras have to pay the fine?

Mr. Jamieson: That is indeed a problem. In association with our colleagues in the EU, we are looking into the problem of tracking down foreign drivers for the payment of fines. The issue of fines and other penalties across the Union is a matter of concern and we are also worried about the number of foreign vehicles in this country that may not be taxed or insured.

M1 Multi-modal Study

6. **Dr. Nick Palmer** (Broxtowe) (Lab): If he will make a statement on action he plans as a result of the M1 multi-modal study. [166174]

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): Last week, we announced that we were putting a £1.9 billion scheme to widen the M1 in the east midlands into the targeted programme of improvements. That will now be taken forward by the Highways Agency. Work to progress other elements of the study's recommendations is being co-ordinated at various stages within the region.

Dr. Palmer: Together with Broxtowe borough council, I am concerned that the multi-modal study is being cherry picked and that we are seeing a celebration of the roads programme with insufficient progress made on other elements. I am sure that my hon. Friend would agree that the point of a multi-modal study is to integrate the different modes of transport. Will he assure the House that the other elements of the proposals will be taken with equal seriousness?

Mr. McNulty: I can tell my hon. Friend that, together with various stakeholders and key players in the region, we are progressing as much as we can on all elements of the multi-modal study across the piece, whether it be public transport, road or other elements. I can understand the frustration about the time involved in the process: in some cases it means local authorities making bids for the local transport plan—in conjunction or separately. We are seriously considering the outcome of this and other multi-modal studies across the piece, incorporating public transport as well as road elements.

Mr. Damian Green (Ashford) (Con): The Minister will know that drivers on the M1, especially in the west and east midlands, will want the multi-modal study to lead to easier, smoother driving on the motorway. In

that regard, may I congratulate him and his ministerial colleagues on hinting to selected media that they propose to adopt the Conservative proposal for an 80 mph maximum speed limit on the M1 and other motorways? Can he confirm that he has stolen that very good policy, and may I assure him that we have many more good policies—on speed cameras, uninsured drivers and road humps—that he would be well advised to steal as well?

Mr. McNulty: The hon. Gentleman might find that he would have more integrity in the House if he had risen during the last question and answered the points made by my fellow Under-Secretary about his previous little wheeze for endorsing those who would break the law on speed cameras. Many, many motorists will welcome what we have already announced in the programme of almost £2 billion for the M1, as they will welcome much of what we have done, in a concentrated and focused roads programme, for further improvements to the M1.

We take very seriously all suggestions for policies, however bonkers they may be, and we shall put those of the Conservative party into the mix, too. I encourage the hon. Gentleman to pursue his transport policies, because the more he talks about a clear transport policy for the Tories, the more he ensures that he will remain on the Opposition Benches for a long, long time.

Railway Stations

7. **Mr. Archie Norman** (Tunbridge Wells) (Con): What plans he has to increase investment in railway stations. [166175]

The Minister of State, Department for Transport (Dr. Kim Howells): Considerable investment has already been allocated to station improvement by the Strategic Rail Authority, Network Rail and, indeed, the train operating companies, but any proposal to increase investment in railway stations over the coming years will be subject to the availability of future funding, following the Government's spending review later this year.

Mr. Norman: Does the Minister recall that in successive answers to parliamentary questions, Ministers have reassured Members that resources would be made available and steps taken to ensure that stations meet the requirements of the Disability Discrimination Act 1995? Yet throughout the country, stations such as mine in Tunbridge Wells remain completely non-compliant, no resources have been forthcoming and neither Network Rail nor the train operating companies will take responsibility. In this day and age, does the Minister think it acceptable that disabled people have to make an appointment to be carried down stairs or through tunnels so that they can catch a train and, if not, what does he plan to do about it?

Dr. Howells: The hon. Gentleman is right: there should not be a system whereby people have to book help to get down stairs. I understand from South Eastern Trains that all stations in the hon. Gentleman's constituency have access problems; that the company has conducted an audit to identify what is required to ensure compliance with the DDA; and that the information has been passed to the SRA. I can also tell him that the SRA is considering how best to prioritise the programme of works to ensure that all stations and train services meet the accessibility requirements of the Act; the implementation works will be subject to the availability of funding.

However, I understand from South Eastern Trains that stations in the hon. Gentleman's constituency are due for the general tidy-up—repainting, cleaning of graffiti and so on—that they certainly require. Furthermore, on taking over responsibility for the franchise, SET found that there was 20 per cent. shortage of staff, so the company has undertaken a recruitment exercise and expects to be fully staffed by August. I shall certainly follow up the specific cases that the hon. Gentleman raised about access to and from platforms, but I hope that he will welcome the fact that we have an indication that there could be a general improvement in the state of those stations.

David Cairns (Greenock and Inverclyde) (Lab): Through my hon. Friend the Minister, may I thank the Secretary of State for his staunch support for the regeneration of Gourock station in my constituency? Is it not the case that when a station is redeveloped, it can have a very beneficial knock-on effect on the regeneration of the surrounding area? That would certainly be the case in Gourock, where major benefits would flow. To that end, can my hon. Friend ensure that his Department continues to support the regeneration of the station and encourages Network Rail Scotland to spend the money that has already been allocated in its budget wisely, as part of a partnership to ensure the broadest possible regeneration for Gourock when the station is developed?

Dr. Howells: I can give my hon. Friend the reassurance that my right hon. Friend the Secretary of State is in discussions about that issue at the moment.

Mr. John Horam (Orpington) (Con): What are the Government's intentions towards investment in London Bridge station? As the Minister and his colleagues will be aware, that station is a huge bottleneck for trains coming in from south-east London and Kent, a fact which has led, among other things, to the Strategic Rail Authority's absolutely disastrous proposals in the integrated Kent franchise to cut peak-hour trains from south-east London. For example, Petts Wood trains are being cut by about a half at peak times and trains from Chelsfield to London termini by about two thirds. Does he not think that it is much better to invest relatively small amounts in increasing capacity at such stations, rather than cutting services, which inevitably leads to even more overcrowding?

Dr. Howells: I understand that London Bridge is Britain's busiest railway station, and if we could sort out the problems there, it would increase capacity of services in the south-east a great deal, as the hon. Gentleman suggests. However, that is not an inexpensive project—it could be very expensive—and it has been bedevilled by planning problems, such as the future of Borough Road market. The pinch point that the hon. Gentleman mentions runs directly over the roof of the market. Those engineering problems are not easy to sort out, but I have visited the area twice recently and I understand

that there are now some feasible engineering solutions to those problems that could well allow us to build at least another track there, which would do a great deal to increase the capacity of the lines in and out of London Bridge station. The hon. Gentleman is right to point out that that is one of the key projects on the British rail network, and it will probably offer very good value for money if we can find a way to solve the list of complex issues that bedevil the regeneration of that station.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my hon. Friend agree that the best investment that we could possibly make in stations is to stop them being unmanned or unpersoned? I have seen newly painted stations where the graffiti has been wiped out and the stations have been cleaned up, but the graffiti starts to appear again the next day because the stations are unpersoned or unmanned. We will not get accessibility—*[Interruption.]* I am making a very serious point; I do not know why the Minister finds it amusing. The fact is that people have access to railway lines. Given what they put on railway lines, if they have free access 24 hours a day, with little surveillance, it will lead to another serious accident on the railways. I believe that unmanned stations will lead to accidents, and my hon. Friend should take that seriously.

Dr. Howells: I assure my hon. Friend that I take it very seriously. I was smiling in sympathy at his struggling with a number of phrases, such as "unmanned" and "unstaffed" and so on.

We are very concerned about the fact that people should feel safe and secure at stations, and the best way to do that is to ensure that staff are present to meet the train when it arrives and to make sure that everyone is on the train safely when it leaves. Unfortunately, of course, there are a great many stations where the number of people passing through is very small—a tiny number—and it is not economically possible to ensure that there are staff at such places 24 hours a day.

We have safe station schemes—I visited one in Hereford recently—whereby, without much money being spent, a guarantee is given that staff will be present to meet trains and to see people off on them, and the performance and the state of the station are improved very dramatically. My hon. Friend makes a very important point, but we must be careful to hedge it by pointing out that such things cannot happen at every station and halt in this country.

Travelling Costs

8. **Norman Baker** (Lewes) (LD): If he will make a statement on the relative changes in the cost of travelling by (a) car, (b) train and (c) bus since 1997. [166176]

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): Between 1997 and 2003, the real-terms cost of travelling by car fell by 4.8 per cent., the cost of travelling by train rose by 3.0 per cent. and the cost of travelling by bus rose by 8.2 per cent.

Norman Baker: Are not those figures an admission of failure in Government transport policy—not only undermining the Government's social inclusion agenda, but encouraging a modal shift from buses and trains to cars? What practical steps—I emphasise the word "practical"—other than hand wringing will the Government take to encourage a real cut in the fares charged by public transport operators? In particular, will the Minister consider the example in my constituency, where South Central, at my request, has cut season ticket fares between Eastbourne and Lewes and Seaford and Lewes by a third, which has led to a 35 per cent. increase in season ticket sales and a 30 per cent. increase in passenger traffic? Is not that the sort of example that he should be championing?

Mr. McNulty: I suppose that one should not be shocked by the typical mischievous Liberal distortion of statistics. Those figures far more readily reflect the decrease in the overall cost of motoring than the increases in fares. Whether to make deals on fares is entirely up to the franchisees in any area. Significant improvements in bus services throughout the country are plugged in directly to the social inclusion agenda. The hon. Gentleman knows that, overwhelmingly, the 10-year plan and the new review of it are rooted in an integrated transport programme with public transport at its core. However, I look forward to seeing punitively high taxation on motorists in the Liberals' next shadow Budget, which is the inexorable logic of the hon. Gentleman's posturing.

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): Does my hon. Friend agree that the secret is to get more people on the buses, and that the easiest way in which to do that would be to give free transport to pensioners countrywide? That would be good for the environment and for pensioners, and it would reduce bus losses.

Mr. McNulty: My hon. Friend knows that since 1997, because of what the Labour Government have done rather than posturing, pensioners throughout the country experience at least half fares. We have examined and will continue to examine, among other things, the cost of going further than that, but it is only because of what the Labour Government have done since 1997 that pensioners are now in a far better position in terms of public transport than they were under the previous, miserable Administration.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Minister deal with my question seriously, because it is genuinely of great concern to my constituency? Bus companies have dramatically increased the cost of the provision of services to Cheshire county council, which seeks to subsidise rural and other routes. As a result, and because of capping and the other problems facing councils, there has been a substantial reduction in the number of routes for which the council has been able to provide a subsidy. I am concerned that the bus companies have increased costs—the charges—by between 35 and 50 per cent. Will he look into the matter?

Mr. McNulty: I shall of course look at the case in some detail, and if the hon. Gentleman wants to discuss it, I shall be more than happy to meet him. I have two further things to say to him. First, I answer every question seriously. Secondly, if behind his question is a hint that there should be significantly higher public subsidies for buses, especially in shire areas, he should

have a word with his Front Benchers about how that would fit in with a £600 million cut in transport provision, should the Conservatives ever get near the Government Dispatch Box.

Uninsured Drivers

9. **Chris Bryant** (Rhondda) (Lab): What estimate he has made of the average number of uninsured drivers on the road on any one day in the past 12 months. [166177]

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): My Department takes the problem of uninsured driving seriously. The insurance industry estimates that about 5 per cent. of motorists drive without insurance. The Association of Chief Police Officers of England, Wales and Northern Ireland recently conducted a survey, checking vehicles across the United Kingdom. The results of that survey are being collated and we will study them most carefully.

Chris Bryant: Bearing in mind the significant number of uninsured drivers and the appalling expense and inconvenience caused to those who are involved in accidents with such drivers, is it not time that we considered having a joint tax and insurance disc—or at least ensuring that when someone buys a disc for six or 12 months, they can prove that they are insured for the whole period, not just for the day they go into the post office?

Mr. Jamieson: I note my hon. Friend's interest in this important matter, which he is right to raise. I assure him that I think that uninsured motorists are a menace on our roads. We have not discounted the use of insurance discs on windows, but we have asked Professor David Greenaway to conduct a full inquiry into uninsured driving and we expect his report shortly. We shall examine the recommendations and implement them rapidly. We want tough measures to be taken against those who are clearly flouting the law.

Mr. Greg Knight (East Yorkshire) (Con): Does the Minister agree that the problem affects us all, as every motorist pays for uninsured drivers through higher insurance premiums? Transport Ministers have been showing a modicum of common sense recently. We suggested the introduction of a statutory code for traffic wardens—Ministers adopted Conservative policy. We suggested looking at higher speed limits on motorways—Ministers are now looking into that Conservative policy. Will the Minister complete the hat trick and adopt Conservative policy on uninsured drivers by giving courts the power to confiscate the vehicles of repeat offenders?

Mr. Jamieson: One thing we will not be learning from is the Opposition's transport policy. While we concentrate on safety, they wallow in opportunism. The right hon. Gentleman was quite right, however, that uninsured drivers are a menace, and there is a cost to everyone in our insurance policies and in terms of safety on the road. We will look carefully at Professor Greenaway's report—I hope that he and his party will do so as well, and support the measures that we introduce in the House.

CABINET OFFICE

The Minister was asked—

Civil Servants

21. **Mr. Peter Luff** (Mid-Worcestershire) (Con): What recent guidance he has provided to Ministers on the public identification of civil servants they believe are responsible for mistakes made by or within their Department. [166189]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Douglas Alexander): Ministers are accountable to Parliament for the decisions and actions of their Department. That is clearly set out in the ministerial code and a resolution of the House carried on 19 March 1997.

Mr. Luff: Has not the Government's treatment of civil servants in general been utterly shameful? Special advisers are given powers over civil servants in the burying of bad news; the Lord Chancellor is held to be in contempt of Parliament for his treatment of a civil servant; and recently a Home Office Minister blamed an individual in her private office for policy errors for which she should have carried responsibility. If the Government are to squeeze an extra Bill into the legislative timetable, should it not be a long overdue Civil Service Bill, not a Bill to ban hunting?

Mr. Alexander: I am intrigued by the Opposition's legislative priorities, as I have previously noted that a Bill that won the support of the Opposition included a provision for executive powers for special advisers retained under that measure. That said, the Government have introduced a code on special advisers and brought unprecedented transparency to their work in government, so we will take no lessons from the Opposition.

Paddy Tipping (Sherwood) (Lab): When drafting the Civil Service Bill, will the Minister look at opportunities to deal with this serious problem, which affects not just individual civil servants but the trade unions as well? Will he confirm that he meets civil service trade unions to discuss those issues?

Mr. Alexander: I assure my hon. Friend that I meet regularly with the Council of Civil Service Unions. The Public Administration Committee published its own draft Civil Service Bill on 5 January, and my officials are currently preparing a draft Government Bill.

Mr. Oliver Heald (North-East Hertfordshire) (Con): The Minister holds that it is not important to protect the civil service and define the relationships between civil servants, political appointees and Ministers, but that is not what he said in January, when we called for a Civil

Service Bill. He promised one then, just as Labour have done every year since 1997, but in the three months since, the Lord Chancellor has been found guilty of contempt of Parliament for his treatment of a civil servant. What a disgrace. On top of that, we have a Home Office Minister—

Mr. Speaker: Order. I call the Minister.

Mr. Alexander: Thank you, Mr. Speaker. I shall try to rescue the Opposition spokesman from the difficulties in which he finds himself. The Conservatives had 18 years in which to introduce a Civil Service Bill, but did not take the opportunity to do so in any of those legislative Sessions. We gave a commitment in January in the House, and we will honour it.

Mr. Bob Blizzard (Waveney) (Lab): Is it not the case that if something goes wrong in an organisation it will want to know exactly what happened and who was at fault? With the civil service, however, when the issue comes to public notice, the media's thirst for news makes it inevitable that the identity of civil servants who prove to be at fault will come out. Should we not reflect that reality in a new Civil Service Bill?

Mr. Alexander: I will bear in mind my hon. Friend's comments in relation to the work that is under way on the Civil Service Bill. As regards some of the specific cases in the news in recent months, there is little that I can usefully add at this stage.

Norman Baker (Lewes) (LD): Is not the question whether civil servants make mistakes sometimes difficult to establish because of the confusion over the role of special advisers? Can the Minister explain, for a start, why Jonathan Powell should have the right to issue orders to civil servants? Would it not also be helpful if there were a process for identifying publicly the mistakes made by special advisers, such as some of the rubbish put forward by Lord Birt?

Mr. Alexander: The basis on which power is exercised in Downing street by Mr. Jonathan Powell was made clear in the Order in Council when Labour came to power in 1997. As I said, it is significant that the Conservatives chose to support a draft Bill earlier this year that maintained the power of two executive positions in Downing street for a future Administration. Nevertheless, I shall bear his comments in mind.

Home Computing Initiative

22. **David Hamilton** (Midlothian) (Lab): What assessment he has made of how the recently launched home computing initiative will help to reduce the digital divide. [166190]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Douglas Alexander): Employer-provided home computing initiatives make owning a computer more accessible for many people. Such schemes reduce the costs of acquiring a computer by up to 40 per cent., drive up levels of internet access and use, and improve IT skills as a result.

David Hamilton: My hon. Friend is well aware that I represent a former mining area. Although I welcome the fact that we are down to 2.5 per cent. unemployment in the area, that camouflages a large number of people who have been long-term sick and long-term unemployed. What access will those people have? What can we do to give them free or low-cost digital access? Is any help available for that?

Mr. Alexander: My hon. Friend makes an important point. From his work in Midlothian I know of his keenness to tackle long-term unemployment. I know he shares with me pride in the fact that almost 1.75 million more jobs have been created since 1997. On the specific point that he raises concerning internet access in Midlothian, I shall be happy to take the matter up with the Scottish Executive Minister.

Broadband

23. **Mr. Michael Connarty** (Falkirk, East) (Lab): What assessment he has made of the impact of broadband access on the Government's delivery of its e-Government strategy. [166191]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Douglas Alexander): The UK currently has the third most competitive and extensive broadband network in the G7. Broadband can drive higher take-up of e-government services, as broadband users are around twice as likely to transact online than their narrowband counterparts. Broadband also offers the potential to deliver new and more sophisticated public services, which is why we as a Government are investing more than £1 billion in the period from 2003 to 2006.

Mr. Connarty *rose—*

Mr. Speaker: Order. The noise level in the Chamber is far too high, and that is unfair.

Mr. Connarty: Thank you, Mr. Speaker. Broadband access is an important topic. If everyone is to have access to the Government's e-agenda, everyone needs to be on broadband, because that is the future of the technology. I note that the Chancellor said that there were rules against state aid, which prevent the development of the market. Is it not time that the Government considered a commitment to 100 per cent. access to broadband in all parts of the UK, and challenged the European Union if it tries to prevent appropriate state aid being made available to bring that about?

Mr. Alexander: I know of my hon. Friend's concern about the matter and his tireless work on behalf of his constituents. It is worth pointing out for the sake of perspective that there are 40,000 new connections to broadband taking place each week. At the end of February 2004, research revealed that the UK had reached an estimated 3,523,350 broadband customers.

That is tremendous progress. I shall bear my hon. Friend's comments in mind and pass them on to the Chancellor in due course.

Mr. Robert Key (Salisbury) (Con): Broadband access in rural areas is essential. It is a lifesaver for hard-smitten rural economies, and the Government are not moving fast enough in that regard. For example, can the Minister explain why, when it comes to the delivery of e-local government services, there are no grants available for parish councils and town councils?

Mr. Alexander: The hon. Gentleman is no doubt aware that there is the £30 million UK broadband fund, which is taking forward that work. I find it intriguing, to say the least, that a party that seems to support a reduction in the funding for the Department of Trade and Industry is simultaneously pleading for more money for broadband in its members' constituencies.

Departmental Procurement

24. **Andrew Selous** (South-West Bedfordshire) (Con): What the Cabinet Office policy is on buying British goods. [166192]

The Minister for the Cabinet Office and Chancellor of the Duchy of Lancaster (Mr. Douglas Alexander): In line with Government policy, my Department bases all procurement decisions on value for money. Information on nationality of companies is recorded only for contracts subject to EU advertising procedures. During 1999–2002 eight such contracts were advertised, of which seven were awarded to British suppliers.

Andrew Selous *rose—[Interruption.]*

Mr. Speaker: Order. Once again, the Chamber must be quiet to allow the question to continue.

Andrew Selous: There are unemployed motor workers in my constituency following the closure of the Vauxhall plant. Will the Minister explain why 80 per cent. of ministerial cars are not made in Britain?

Mr. Alexander: The United Kingdom produces more cars than ever before. Procurement laws apply not only to this Government but to all previous Governments, which explains our decisions.

Europe

12.30 pm

The Prime Minister (Mr. Tony Blair): With permission, Mr. Speaker, I will make a statement on the forthcoming negotiation over the new European treaty. In parallel, the Foreign Secretary is today publishing a White Paper on Europe.

On 1 May, the European Union will enlarge from 15 to 25 members, which will be the biggest increase in Europe's size and will reunify Europe after the travails of Communist dictatorship in eastern and central Europe. It is an historic event that this British Government, and the previous Government, have championed. Whatever problems it poses—we see them in the anxiety over prospective immigration—let us be in no doubt that the prospect of EU membership, together with the courage of the Governments concerned, is the primary reason why those countries have been able to reform their economies and politics so radically and so beneficially, and such change is in the interests of all of Europe. I say unhesitatingly that enlargement is right for Europe and for Britain, and that this country should support it.

In addition, Bulgaria and Romania are set for membership in future years, taking the numbers to 27. Turkey is now taking extraordinary strides on democracy, human rights, economic change and the resolution of the conflict in Cyprus, which would have been unimaginable just a few years ago, under the impulsion of future EU membership. Within the space of a few years, Europe will be transformed, and it will be easily the strongest political union and greatest economic market in the world. Britain should be at the heart of it. That is its right and its destiny.

Because of enlargement, Europe is sensibly seeking to change the way it works. In a Europe of 25, 27 or 28, a rotating six-month presidency makes no sense. The use of the veto should be confined to the areas in which it is truly necessary; otherwise, decision making becomes paralysed. In certain areas—terrorism, security, economic reform and the environment—Europe must do more and do it better.

The new constitutional treaty is designed both to answer the challenge of enlargement and to bring together in one treaty what is currently found in two separate treaties. Indeed, a significant part of the new treaty is the repetition of articles that are already in force. I want to make it clear that Britain will co-operate fully in helping Europe to work better, but to work better as a Europe of sovereign nation states. Maintenance of control of our affairs is essential in certain areas of policy. The national veto must remain in areas such as taxation, foreign policy, defence, social security, how the essentials of our common law and criminal justice system work, and treaty change, and we will insist on the necessary amendments to the current draft treaty to ensure beyond doubt that it does. On that basis, the treaty does not and will not alter the fundamental nature of the relationship between member states and the European Union.

After ratification by all member states, the new treaty will probably take effect in 2007, with certain key provisions taking effect in 2009. Until then, the key provisions of the Nice treaty will remain in place. If the new treaty contains those essentials, we believe that it is in Britain's interest to sign it. It will replace the six-month rotating presidency with a full-time chairman of the Council—a vital step away from federalism—enabling the Council, which is, of course, the repository of individual European Governments, to become the body that sets Europe's agenda. For the first time, the new treaty will allow national Parliaments the right to object to Commission proposals for legislation, which is a big advance in subsidiarity. It adds a greater ability to co-operate on areas such as terrorism and cross-border crime which are crucial for the world in which we live, and it gives a bigger role for enhanced co-operation between some of the member states, where not all of them wish to participate in certain areas.

That is what the treaty, if amended in the way that we seek, will actually do. Ever since its inception, however, the myths propagated about it have multiplied in those quarters, political and media, which we know to be hostile not just to this treaty, but to the whole notion of Britain playing a central role in Europe. For example, that the EU will be renamed the "United States of Europe". No, it will not. It is to remain the European Union. *[Interruption.]*

Mr. Speaker: Order. Her Majesty's Opposition wanted this statement to be made. It does no good to shout down the Prime Minister. I will not tolerate it.

The Prime Minister: That the Queen will be replaced as our head of state by an EU President of the Council. In fact, we already have a President of the Council, and always have had. Or that Britain will be forced to join the euro, without a referendum and regardless of the economic tests being passed. No, it will not. The existing agreements on the single currency remain in the new treaty. That Britain—this was said by the Opposition—[HON. MEMBERS: "No!"] Yes, it was. That Britain could not mount a future Falklands war or Iraq campaign without permission from Brussels. Yes, we could. Defence is to remain unanimous and the prerogative of the nation state. Or that we will lose our seat on the UN Security Council. No such provision exists. Or that Brussels will seize control of our oil supplies. No, it will not, and the treaty will make that clear. Or that Brussels will have the power to set taxes in Britain. Taxation is to remain with the nation state.

Or—another myth from the Opposition—that our foreign policy will now be decided by the EU because the new treaty obliges member states to support Europe's common foreign and security policy

"in a spirit of loyalty and mutual solidarity".

I quote from the draft treaty. Actually, those words are taken from the Maastricht treaty; and in any event, common foreign and security policy is decided unanimously. Or—another myth from the Opposition—that we will surrender control over our borders. It is already agreed that our right to control our borders—secured by this Government in 1997—will be specifically retained in the new treaty. That the assumption of innocent until proven guilty in British law will be scrapped. No such provision exists.

[The Prime Minister]

All those, and many others, such as the hardy perennials about being forced to drive on the right, the Germans taking over our nuclear weapons; and, no doubt, the shape of our bananas, too. Even yesterday, the right hon. and learned Gentleman the Leader of the Opposition asserted that if this treaty were in place, I would be unable as British Prime Minister to go to Washington to talk to President Bush. I know that that might recommend itself to some of my colleagues on the Labour Benches, but it happens to be untrue.

It is all nonsense—myth designed to distance people's understanding of what Europe is truly about and loosen this country's belief in its place in Europe. It has been an unrelenting, but, I have to accept, at least partly successful campaign to persuade Britain that Europe is a conspiracy aimed at us, rather than a partnership designed for us and others to pursue our national interest properly in a modern, interdependent world.

It is right to confront this campaign head on. Provided that the treaty embodies the essential British positions, we shall agree to it as a Government. Once agreed—either at the June Council, which is our preference, or subsequently—Parliament should debate it in detail and decide upon it. Then, let the people have the final say. The electorate

"should be asked for their opinion when all our questions have been answered, when all the details are known, when the legislation has been finally tempered and scrutinised in the House, and when Parliament has debated and decided."—[*Official Report*, 21 May 1997; Vol. 294, c. 735.]

If Conservative Members object to that, it is a quote from the right hon. and learned Gentleman the Leader of the Opposition, speaking about referendums in 1997.

The question will be on the treaty, but the implications go far wider—as I believe we all know. It is time to resolve once and for all whether this country, Britain, wants to be at the centre and heart of European decision making or not; time to decide whether our destiny lies as a leading partner and ally of Europe or on its margins. Let the Eurosceptics, whose true agenda we will expose, make their case. Let those of us who believe in Britain in Europe—not because of Europe alone, but because we believe in Britain and our national interest lying in Europe—make our case, too. Let the issue be put and let the battle be joined.

Mr. Michael Howard (Folkestone and Hythe) (Con): I begin by welcoming the fact that the Prime Minister has, at long last, seen sense and decided to give the British people their say on a question of such fundamental importance, even though he could not bring himself to utter the word "referendum" in his statement this afternoon.

Six months ago, the Prime Minister stood before his party conference and said, with all the lip-quivering intensity for which he has become famous:

"I can only go one way. I've not got a reverse gear."

Today, we could hear the gears grinding as he came before us, lip quivering once again, to eat all those words that he has pronounced so emphatically for so long. Who will ever trust him again?

Last May, the right hon. Gentleman told us all:

"We do not need a referendum on whatever constitution comes out of the intergovernmental conference."—[*Official Report*, 21 May 2003; Vol. 405, c. 1004.]

Last July, he said:

"A referendum would be a gross and irresponsible betrayal of the true British national interest".

Only last Saturday, he was insisting on the radio:

"Our policy hasn't changed."

Perhaps he will tell us this afternoon when exactly it changed. Sunday? Monday? Have we all missed something, or was there a secret weekend Cabinet meeting to agree the change in policy? Was the Minister for Europe speaking for the Government when he told the House only last month that the Government would never

"surrender itself to the populist plebiscites of the Rothermere press"?—[*Official Report*, 30 March 2004; Vol. 419, c. 1530.]

Clearly, no one told him that the policy was likely to change.

No one told the 319 Labour Members, who all dutifully trooped through the Lobby only three weeks ago to vote against a referendum. They not only voted against it but wrote letters to their constituents, explaining why it would be wrong for Britain. I shall make them an offer: if they want help to explain to their constituents why a referendum is right for Britain, the Conservative research department will be only too happy to assist. There they all sit—having been marched up to the top of the hill only three weeks ago to oppose a referendum and marched down again today—the loyal foot soldiers of the Grand Old Duke of Spin.

Now that popular opinion and parliamentary pressure have forced the Prime Minister to eat so many of his words, let him answer the fundamental questions. First, why has he changed his mind? There was not a word of explanation in his statement. Is it because he knows that he is hurtling towards defeat in the European elections in June? Is it because he knows that he cannot win the argument in the next general election? Perhaps he will tell the House whether his change of heart is a product of principle or a decision based purely on opportunism.

The Prime Minister will remember telling us time and again, "I don't believe it's necessary to hold a referendum unless there's a fundamental change in the nature of the relationship between the member states and the European Union." According to the statement, he apparently continues to believe that there is no fundamental change. Does he now therefore believe that a tidying-up exercise justifies a referendum? That, of course, is not how others see it. The Belgian Prime Minister called the constitution the "capstone" of a "federal state", and the German Foreign Minister says that it is

"the most important treaty since the formation of the European Economic Community".

Why does the Prime Minister not recognise what is obvious to everyone else?

Why has the Prime Minister changed his mind about the timing of a referendum? After all, as recently as 26 March he was telling reporters in Brussels:

"The sooner we do this, the better",

and that a "speedy resolution" would "safeguard Britain's interests".

If the Prime Minister wanted a speedy resolution to safeguard Britain's interests on 26 March, why does he not want one today? The Government will have our full support for the speedy passage of the legislation necessary to hold a referendum, but there is no case whatever for asking Parliament to spend months on ratification legislation before obtaining the consent of the British people. *[Interruption.]* After all, it was this Prime Minister who held referendums for the Scottish Parliament and the Welsh Assembly before this Parliament had passed the necessary legislation. He did it, and while at that time many of the details remained unclear, on this constitution all the details will be clear. That is the difference: we shall know what they are. How can the Prime Minister say, "Trust the people—but not just yet"?

The Prime Minister has suggested today that the debate on this constitution is in reality about whether we stay in or out of the European Union. He knows that that is a complete misrepresentation of the facts. Will he now confirm that, in order for the constitution to be adopted, every country must agree to it? It is open to any country in the European Union to reject it, and if any country does so, the constitution will be dead. He knows that that is the position; everyone knows it. That is no doubt why the Foreign Secretary said that the constitution was "not . . . essential".

Will the Prime Minister confirm, once and for all, that Britain or any other country can reject the constitution and remain a full member of the European Union? If Ireland or Denmark vote no, they will remain in the European Union, and if Britain votes no, we will remain in the European Union.

So let us have no more of this nonsense. Let us have the honest debate about Europe that the Prime Minister says that he wants, not a debate about the Aunt Sallies that his statement was full of, or about bananas or driving on the right. Let us have a debate about the real issues that are relevant to the future of Europe. The European Union has achieved a great deal. Together, we have created a single market of 380 million people. But the European Union is failing to face up to the realities of the 21st century, and the constitution will make that failure worse. It will mean greater centralisation, more regulation and less flexibility. It is the exact opposite of what Europe really needs. Far from solving its problems, it will create more.

Conservatives have an alternative vision for Europe. We want a Europe that is flexible. If some countries want to integrate more closely, that is fine, as long as they do not force other countries to follow them if they do not want to do so. Our policy is simple: live and let live. That is a modern and mature approach that will allow Europe to succeed in the 21st century. It is a far better approach than the centralising, top-down constitution to which this Government are wedded, and which we will continue vigorously to oppose.

The Prime Minister: The right hon. and learned Gentleman went on so long about the U-turn that I got the impression that he did not really like it. When he talks about changing one's mind on a referendum, I suppose it is rather like him and the Maastricht treaty, is it not?

Mr. Howard *indicated dissent.*

The Prime Minister: Did he not vote against a referendum on the Maastricht treaty? I rather think so. I thought I remembered that he did. So I am afraid that I am not the only one who can change his mind.

The biggest change that the right hon. and learned Gentleman indicated today, however, was on the view that we should not have a parliamentary debate in the House on the detail of what is a 300-page document, before the people have their say. This is what the right hon. and learned Gentleman said when we were debating Scottish and Welsh referendums:

"A pre-legislative referendum is designed to pre-empt parliamentary debate. It is not a new device. The device was the hallmark of continental dictatorships between the wars. European tyrants used the plebiscite to sideline their Parliaments; they used it to suppress the rights and liberties of their citizens."—[*Official Report*, 21 May 1997; Vol. 294, c. 736.]

That is what the right hon. and learned Gentleman said. I have listened to him: he should be congratulating me.

The right hon. and learned Gentleman says it is a myth that he said yesterday that it would be not me but the president of Europe who would visit the President of the United States, but it is indeed what he said. He said:

"if . . . the constitution were in force, the president of Europe, not the British Prime Minister, would have met the President of the United States".—[*Official Report*, 19 April 2004; Vol. 420, c. 25.]

That is exactly what he said. [HON. MEMBERS: "Read on."] I will read the whole paragraph. Does the right hon. and learned Gentleman want me to? Yes.

"Given that the Prime Minister is always eager to secure the maximum possible agreement in the European Union on such issues, will he confirm that, if such agreement existed and the constitution were in force, the president of Europe, not the British Prime Minister, would have met the President of the United States last week?"—[*Official Report*, 19 April 2004; Vol. 420, c. 25.]

It does not get any better on a second reading.

These are the myths. In fact, if anything convinced me of the case for a genuine debate in Parliament and then in the country, it was the fact that not once in his response to me did the right hon. and learned Gentleman get down to the details of the constitution. There is a very simple reason for that. He is not against a particular provision of the constitution; he is against it in its entirety. Exactly: the Conservatives nod.

The right hon. and learned Gentleman's position is not that we should amend this phrase, this clause or that article in the constitutional treaty, but that we should get rid of the whole thing. *[Interruption.]* "Quite right," they say.

Let us just follow that through. This is why the debate will be quite interesting when it is under way. Not one of the 24 other Governments in the European Union agrees with that position: not one. The right hon. and learned Gentleman would have to convince all of them that they should change their position, because any

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treaty change must be agreed unanimously by the Council. In other words, if the right hon. and learned Gentleman wants the whole of Europe to agree to abandon the constitution completely, he will find himself saying either, "We will veto the whole constitution", or "You go ahead as 24 on this basis, without us".

Mr. Howard *indicated dissent.*

The Prime Minister: I am afraid the right hon. and learned Gentleman is wrong. That is precisely what the European Union would want to do in those circumstances—which is precisely why the case put by his right hon. Friend the Member for Wells (Mr. Heathcoat-Amory), who represented the Conservative party on the Convention, is that we should bring about a situation in which Britain is against the whole constitution and then, as he said, move to a form of associate membership.

Mr. Howard *indicated dissent.*

The Prime Minister: That is the position of the Conservative party. That is where the right hon. and learned Gentleman will end up, because no one will support his attempt to renegotiate the conditions.

As the debate continues, it will become very clear what the choice is. Either we have Britain at the heart and the centre of Europe, able to play its full part in the European Union, or we end up opting to go down the road set out by the Eurosceptics who now dominate the Conservative party, and fundamentally change the relationship that Britain has with the European Union. That is what is at issue—whether Britain continues at the centre of European decision making, as we passionately believe it should, or we retreat to the margins, where we were when the right hon. and learned Gentleman's party was last in power.

The right hon. and learned Gentleman has already said, for example, that he wants to opt back out of the social chapter—has he not? *[Interruption.]* That is exactly what he said. And what would that mean? It would mean British workers once more being the only workers anywhere in the European Union without the right to paid holidays.

Mr. Howard *indicated dissent.*

The Prime Minister: Yes, it would mean exactly that. In 1997 they did not have the right to paid holidays, did they? The Conservative party was against it, and against the social chapter.

That is the debate that we shall have over the coming months. I simply say to the House and the country that it is a debate that everyone who believes in Britain's true destiny in Europe will view with enthusiasm.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): We certainly welcome the Prime Minister's confirmation today that in due course there will be a referendum of the British people on the proposed European constitution. We welcome that, whatever the ultimate motives that led the Prime Minister to his overdue decision. I can only express the hope, at the outset, that the co-ordination of a European referendum campaign will be a bit more slick and polished than the co-ordination that led to today's announcement in the House of Commons.

Does the Prime Minister agree that when the referendum comes it must be based on an unloaded, unbiased question which will be subject to confirmation by the Electoral Commission, and that it is best decided after due parliamentary consideration? Does he agree, or at least acknowledge, that one of the subtexts of the dispute, or debate, about timing in which he is now engaged is that—while the other European member states have their own processes, which mirror or will act in parallel with ours, and that is obviously outwith the Government's control—the timing of the next British general election is of course in the hands of the Prime Minister himself? The general election is the only race in the world in which a principal competitor also holds the starting pistol. When it comes to an issue as important as the timing of a referendum on a fundamental matter concerning Britain's role in Europe and the related timing of a general election—if ever there was a case for fixed-term Parliaments, this must surely be it.

It is clear from the exchanges so far that when the referendum comes it will set its own pace and develop its own character. Does the Prime Minister agree that, whatever the expressions of public support over the past year to 18 months, one thing that comes through loud and clear in every analysis of public opinion is that a great percentage of people repeatedly say that they want more unbiased, factual information on which to base their final conclusions about Europe? This campaign must represent the opportunity to provide that.

Does the Prime Minister also agree that, in one of the great missed opportunities of recent years, those of a Eurosceptical or Euro-hostile disposition have been allowed far too much of the running, and that therefore the more quickly the pro-European forces can co-ordinate and make a positive case based on the facts, the better it will be? Does the Prime Minister now propose to move quickly to re-establish a pro-European British campaign, drawn from all political parties and, indeed, from outside formal party politics itself? Does he acknowledge that if the referendum campaign, whenever it comes, were hatched, controlled and spun from No. 10 Downing street, that would not command the confidence of its participants and would not persuade the British public of the desired outcome?

Does the Prime Minister acknowledge that his negotiating position between now and June will be strengthened by today's announcement? Does he acknowledge that that applies particularly to his ability to guarantee the red lines—which, as he knows, we support—especially the maintenance of the national veto over matters concerning constitutional changes, defence, taxation, spending policies, social security and the like? Given his strengthened negotiating stance, will he, between now and June, push for further improvements in the treaty? Not least, will he stress that European Union action should be limited to specific objectives that make sense in the context of nation states, that there must be more enforcement of consistency in regard to EU rulings and laws across

member states, and that there should be more decentralisation to local communities throughout Europe?

Finally, what discussions does the Prime Minister envisage will take place to decide what will be the umbrella organisation for a pro-European campaign to be registered with the Electoral Commission? Assuming that his Government are in power administering the proposed referendum, will he apply collective Cabinet responsibility or will he take the view of Harold Wilson in the 1970s that it can be suspended?

Surely this is an historic opportunity to settle at last an issue that has bedevilled two generations of British politics and each and every successive Government of whatever political persuasion across those generations. At the end of the day, it will come down, to use the phrase of the leader of the Conservative party, among those of us of all political persuasions where Britain's future engagement in Europe is concerned, to being between those who want to live and let live and those who will increasingly be exposed as wanting, where Britain's future in Europe is concerned, to live and then let die.

The Prime Minister: I can answer briefly on this. We are agreed on the basic position on the treaty and on the measures needed to secure further improvements in it. It is absolutely right that we engage in this debate in a way that allows people to debate the actual details of the treaty. I am sure that that is right. Obviously, the exact nature of any campaign can be decided later, and of course the position is a Government position. It is the Government's view that this treaty should be carried through, and I would expect that to be a Government position.

Mr. Jimmy Hood (Clydesdale) (Lab): I welcome the Prime Minister's statement, particularly his announcement that full and proper parliamentary scrutiny will be applied to the Bill before any referendum. Perhaps history has been made today, because never in my 17 years in the House—and I cannot remember any previous occasion either—has the Leader of Her Majesty's Opposition come to the Dispatch Box and argued against parliamentary scrutiny. It is a moment of history of which everyone should take notice.

In any publicity when we have the referendum debate, whether in White Papers or reports, may I suggest that we make an annexe of the situation before and after—the treaty as it is, and the treaty as it will be in future—so that we can have a proper debate? When Conservative Members criticise the changes in the draft treaty, they have a terrible habit of putting the blame as far back as the treaty of Rome.

The Prime Minister: What my hon. Friend says on these issues is absolutely right, particularly as he is Chairman of the European Scrutiny Committee. On issues of detail, given that the constitutional treaty is a 300-page document, it is surely right and better that the public have their say after an informed debate in the House in which we can thrash out some of these issues. I am happy to go back to some of the questions raised earlier, particularly about what the consequences would be if, say, we rejected in entirety the principle of the treaty. We can debate those issues here, and the country will then make its decision on an informed and better view.

Mr. David Heathcoat-Amory (Wells) (Con): Was not the Prime Minister's announcement today entirely consistent with the rest of his European policy, which is to give categorical and repeated assurances one way, followed by an ignominious retreat while pretending that everything is the same and that everybody has changed except him? Why does he continue to misquote and misrepresent deliberately my arguments in a pamphlet that I wrote last year? Is this to be the way he conducts the referendum when it is held? Will he give a straight answer to a straight question? If another member state—a small country—holds a vote and rejects a constitution before we hold a referendum, will he, assuming he is still the Prime Minister, go ahead with his promised referendum, or will he use that as an excuse to cancel the British national referendum, even though that other country may subsequently be bullied into changing its mind?

The Prime Minister: No, of course not. The referendum should go ahead in any event. [HON. MEMBERS: "Ah."] Of course it should. May I deal with the issue that I constantly misrepresent the right hon. Gentleman about associate membership? I assume that I have an accurate quote. This is what he wrote in his pamphlet on this issue:

"In practice, if a country voted no to the Constitution, the matter would eventually have to be resolved politically. The state concerned would probably allow the others to go ahead, having negotiated an associate membership of some kind"

That is why I keep saying that he is favour of that, and he is.

Mr. Heathcoat-Amory: I was not advocating it.

The Prime Minister: This is where the Conservative party is very tricky. It says, "We are not actually advocating it." Let me explain why that is the consequence of its position. If its position is not simply to oppose one aspect of the constitutional treaty but the whole treaty, the political reality—as it has made it clear that it will be running for a no vote in the referendum campaign—is that no matter what emerges from the negotiation, it will say no. Therefore, it would not go back to the European Council and say, "We think this or that should be changed." It would be coming back and saying, "The whole thing should be scrapped." I will tell Conservative Members, here and now, that the political reality, which is why the right hon. Gentleman wrote what he wrote, is that the rest of Europe would say, "I'm sorry, we are determined to have a constitutional treaty. You move to a different form of relationship with the European Union." That is why he wrote:

"The state concerned would probably allow the others to go ahead, having negotiated an associate membership of some kind"

That is exactly what he wants.

Mr. Frank Field (Birkenhead) (Lab): May I thank the Prime Minister on behalf of the majority of Labour voters, who have longed to hear him make the statement that he has made today? I congratulate him on resisting

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those pressures from colleagues who argued that at all costs he should not concede a referendum on the constitution of Europe. May I also ask him now to resist those same people who will be asking him to knock this issue into the long grass until after the next election? Does he appreciate that Labour voters will see all the difference between a promise that can be delivered before the next election and one that may be delivered after the next election? If the Opposition are genuine about letting the people decide, he may get his Bills on the constitution and the referendum through in such quick time that it would allow him to call the referendum before we vote in the general election.

The Prime Minister: I thank my right hon. Friend for his welcome for the statement. Even though we may be on different sides in relation to some aspects of the constitution, I am sure that he will conduct the debate in a sensible and reasoned way. The issue related to timing arises in this way: should the parliamentary debate come first or not? I happen to believe that this is a case par excellence of when it should come first, so that both Houses of Parliament debate it fully and properly, and the people then have the final say. That is the issue on timing, rather than other issues that must be decided at a different time.

Rev. Ian Paisley (North Antrim) (DUP): Will the Prime Minister explain what is the difference between now and a few weeks ago when he was opposing a referendum? When did the change come? If this is a genuine conversion to the referendum, I applaud it. I would like to act as Ananias to him and say, "Welcome, Brother Tony, to the referendum supporters," as I believe that this nation should have a say. If it is an expedient U-turn, however, we find ourselves in great difficulty, in the country and the House. He owes the people of this country a solid explanation.

The Prime Minister: The position that I hold on the constitutional treaty is the same in terms of the details of that treaty. I believe the treaty to be right for Europe and right for Britain. I believe that the constitutional treaty is necessary if we are going to make the historic enlargement of the European Union work. I also believe that it does not alter fundamentally the nature of the relationship between the European Union and the member states. I would not agree to a treaty that put us on a path to a federal superstate. I will only agree to one that maintains the rights of sovereign independent states. I must accept that it is not merely that many people in this country want this matter decided finally in a referendum, but that, frankly, it is time to dispel the myths about Europe. The reason why I think people should have their say is not that I agree with the hon. Gentleman—I do not—but that the question of myth versus reality on Europe should finally be laid to rest.

Ms Gisela Stuart (Birmingham, Edgbaston) (Lab): I welcome my right hon. Friend's statement and urge him to ignore the laughter from the Opposition parties for the time being. Once they have to explain their policies, the laughter will disappear quickly. I urge him to have a referendum on the constitution only and not to take this opportunity also to have a referendum on the UK's remaining opt-outs. Will he confine the referendum to that subject?

The Prime Minister: My hon. Friend is absolutely right; the referendum should be on the constitutional treaty. That is what we should do, and once we have cleared away all the arguments about process, we can have a proper argument about the substance.

Mr. Ian Taylor (Esher and Walton) (Con): What is it about a referendum on a constitutional treaty that creates such chaos? The Liberal Democrats have called for one and are now gobsmacked that they have been offered it. Traditionally, my party has been against referendums but has suddenly decided that this one is a good thing. The Prime Minister has done a handstand so that the sun can shine out of part of his anatomy. A constitutional treaty is a complex document that needs to be debated and analysed by this House, and that should be the guidance to the public. Why has the Prime Minister suddenly changed his mind on such a fundamental principle of Westminster democracy?

The Prime Minister: The hon. Gentleman and I agree on the substance of most European issues. We agree on the importance of Britain playing its full role in Europe, on the need for this constitutional treaty and on making sure that it is adopted and seen through. But both of us must accept, as pro-Europeans, that the pro-European case has gone by default in many instances. People see that there is some choice or division between the British national interest and Britain's place in Europe. The reality is that when we get to the substance of the discussion of the constitutional treaty, we will be on strong ground. At the moment, the substance of the constitutional treaty is drowned out by the call that we are denying people a say because we are trying to conceal some terrible thing that the constitutional treaty is doing.

I have not changed my mind on the constitutional treaty, but it is the right moment for those of us—in the Conservative party, frankly, as well as on the Labour Benches—who believe passionately that Britain's place is at the centre of European decision making, particularly when Europe evolves into a European Union of 25, 27 and then 28, to make our case. We may believe, rightly, that parliamentary democracy is the normal way in which these things ought to be decided. Personally, I think that it is extraordinary that the Leader of the Opposition has said that Parliament should not debate this matter first. None the less, the hon. Gentleman and I must accept that if we are to make the case, we will have to take it out and make it to the British people.

Mr. Colin Challen (Morley and Rothwell) (Lab): I congratulate my right hon. Friend on his statement and echo the comments of my hon. Friend the Member for Clydesdale (Mr. Hood), the chairman of the European Scrutiny Committee. Having read parts of the draft constitution, I can say that it is difficult to determine what was in previous treaties and what is new. I cite article 51—a minor issue on the recognition of religious organisations and so on—as an example, because there is an addition to article 51. The first thing that the Prime

Minister should do is to convince the Opposition not to go into a referendum campaign opposing our membership of the EU. From today's debate, it is not at all clear that they want to stay in.

The Prime Minister: The truth is that a very large part of the Conservative party will not want to say that it is going to withdraw from the EU, but will want to provoke a crisis out of which we will have a choice, one that will be a stark one for this country. I am sure that the Leader of the Opposition would prefer not to be put in that position—he has some experience of government—but the truth, as he knows, is that, in a large part of the Conservative party, the centre of gravity has moved to an extreme Eurosceptic position. That is the case and, after all his remarks about U-turns are out of the way, he will have to confront that within his own party.

Mr. Richard Shepherd (Aldridge-Brownhills) (Con): I have never heard an initial statement of such transparent bluster. However, if the Prime Minister believes—as I do, profoundly—that it is a principled decision to have a referendum and not merely a question of tactical expediency, will he explain to the House and the country at large the principles by which he changed his view and is now having a referendum?

The Prime Minister: I explained that in answers to the Leader of the Liberal Democrats and to the hon. Member for Esher and Walton (Mr. Taylor). If we both agree that it is right that the people have the final say, let us get on and have the debate about the issue. It is extraordinary; I have done what the Conservative party clamoured for, month after month, but it is now terribly interested in skewering us on the reasons without getting to the substance of the issue. That is the most telling aspect of the debate.

Mr. Iain Luke (Dundee, East) (Lab): As a fervent believer in further European integration, I reluctantly accept the proposition that we need a referendum to dispel the distortions being put out by the Conservative party. But will the Prime Minister undertake today that, on the successful negotiation of such a treaty, the Government will wage an aggressive campaign for entry into the constitution based on Labour's commitment to the European ideal and on Labour's values of internationalism, and that the campaign itself will not seriously impede the move to a referendum on a common currency for Europe?

The Prime Minister: As my hon. Friend will understand, those are separate issues and we have set out our position on the single currency. However, he is right that we need to get across what the treaty does. The truth is that large numbers of people in this country think that, if we sign up to the draft constitutional treaty, we will give up our right to set our taxation rates, conduct our foreign and defence policy and do those things that a nation state should be able to do. That is simply untrue. I do not know of any country in Europe—especially not, incidentally, the new members coming into the EU, who have only just escaped from the dictatorship of a supranational body—who want to do such a thing. The idea that I or the Prime Minister of the day will not be able to conduct our foreign policy as we would wish or set out own tax rates, or that our pension provisions will be determined by Brussels, simply are not true. That is why I agree with my hon. Friend: When people know that there is a referendum at the end of the parliamentary debate, public awareness and interest in it will be rather greater.

Mr. David Trimble (Upper Bann) (UUP): I congratulate the Prime Minister on his statement and on the decision, which—for whatever reason it was taken is the right thing to do. Could I advise him not to get too dug in at this stage on when the referendum should be? There is still a lot to be sorted out yet. We do not know that there will be an agreement. In my view, it would have to be completely rewritten to be a satisfactory constitution. But if there is agreement, it is only right that one should proceed as quickly as possible to have the debate and a decision. The last thing the Prime Minister wants is to be seen to be trying to deny or delay the decision; the words of the right hon. Member for Birkenhead (Mr. Field) were wise on that. May I further advise him not to be too influenced by the rather foolish comments of the chairman of the Electoral Commission, if it should prove convenient to have the referendum on the same day as the general election?

The Prime Minister: On timing, the issue is whether the parliamentary debate precedes the referendum, which is the key thing for us. I agree with the right hon. Gentleman that we do not yet have the treaty; it is not yet agreed. There is a general assumption that the Polish and Spanish positions have completely changed since the previous negotiation. That may or may not be true about the Spanish position; I simply do not know. I rather doubt whether it is true, in quite the way people think, about the Polish position. Incidentally, it is not merely Britain that has concerns. Virtually every country around the table has concerns about the existing draft. There is still a lot of negotiating to get right, which is why it is sensible to set out a process at this stage, but I agree that the timetable is open.

Mr. Tam Dalyell (Linlithgow) (Lab): As the last of the 69 Labour Members who went into Ted Heath's Lobby to go into the Community and as a hardened veteran of the constitutional arguments that occupied 47 days on Scottish devolution in 1978–79, may I say gently to the Prime Minister that scrutinising temporary legislation is not a quick business? It guzzles up parliamentary time. Has he had a word with the Leader of the House and the Chief Whip on the crucial question of the time available and at what point the guillotine will be put in? Experience of recent devolution Bills has shown that, frankly, huge chunks were unscrutinised and, we now find, unsatisfactory.

The Prime Minister: There is no one in this House who has greater experience of constitutional debates than my hon. Friend, and I shall listen carefully to what he says. The main point is that we must be able to debate the details of the constitutional treaty properly, although I think that in the end that will fall around certain key provisions of the treaty. That will be essential. Let us be quite clear: neither the country nor Parliament will think that we should not sign up to the constitutional treaty on

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the basis that we have qualified majority voting on patents, on the rules of parts of the European Central Bank or on many of the other issues on which we are moving towards qualified majority voting. On the other hand, the House will want to be sure that, on the issues that I mentioned, such as taxation, foreign policy and defence, the rights of the nation state remain.

Mr. Edward Leigh (Gainsborough) (Con): Will the Prime Minister confirm that the referendum will not be about Britain's membership of the European Union but about the constitution? Will he confirm that, if the British people were to say no, all that would happen would be a renegotiation, as happened when Denmark said no? Will he confirm that, under the existing treaties, no one could force us into associate membership and no one could proceed without unanimity? That is what the treaties say.

The Prime Minister: Of course the question should be on the constitutional treaty, but let me just say this to the hon. Gentleman. Ireland recently first voted against the Nice treaty, then came back to have a further referendum. Of course, it then came back and negotiated certain changes. That is wholly different from the position of the Conservative party, which wants to come back and say, "We are not going to have this treaty at all". That is the Conservative party's position. That is why there are two steps. I agree that the point of associate membership or withdrawal is not reached immediately, but I have to tell the Conservative party that if we were to come back and say that we would not have the treaty at all—not in any shape or form—the other countries around the table would not accept that. If I were in that position, I would not accept it.

Donald Anderson (Swansea, East) (Lab): My right hon. Friend made a powerful and convincing case over the past year that there was no need for a referendum, and there is every reason to think that by June, there will be something of a triumph of British diplomacy in that intergovernmentalism will be enshrined and our red lines maintained. He will not, therefore, be surprised if some of us ask what new and major factor has arisen. There are constants. In my judgment, there has not been a major change in the constituencies. The myth-mongering of the newspaper magnates is as before and, even worse, the opportunism of the Opposition, who held no referendum on Maastricht or the Single European Act, is maintained. The so-called alternative vision, as my right hon. Friend has said, is not shared by any other country, and can only be a recipe for either withdrawal or isolation. What is new?

The Prime Minister: My right hon. Friend and I share the same position on Europe, and however much we disdain the position taken by the Conservative party and believe—as I do—that most of its members want to have a fundamentally different relationship with the European Union from our existing one, I am afraid that we must accept that the fact of the matter is that this argument is not yet won in the country. We must accept that. We should not alter in any way our view on Britain's place in Europe but, on the contrary, should be prepared to go out and fight for it. That is what we should do.

Mr. David Curry (Skipton and Ripon) (Con): Does the Prime Minister recall taunting a previous holder of his office with weakness over the management of his party and his Government in respect of Europe? Is he not in exactly the same position? Given the abandonment of everything that he has ever said about the constitution—always with characteristic biblical certainty—does not that description now rightly apply to him: "Weak, weak, weak"?

The Prime Minister: I have not altered my view on the constitutional treaty, its importance, its terms or our negotiating position on it. The right hon. Gentleman, again, is someone who shares my view on Europe, but unfortunately does not share the view on Europe of his Front Bench spokesmen and his party. As he knows, his party wants to take Britain in a fundamentally different direction in Europe. In the end, this is not a question of pressure in the party or anywhere else, but there is now a real desire among the public to debate this issue. As pro-Europeans, we have to accept that.

I have watched matters accumulate over a period of time, including the myths about Europe. When I read those myths out, members of the right hon. Gentleman's party say that of course they are all nonsense; but in fact, some of them are exactly what they have been saying. For example, when the shadow Chancellor stood for election, he said not merely that he was against the single currency, but that he wanted to repatriate powers from Brussels. If that is the case, that negotiation, which is not supported by anyone else in Europe, will have to be conducted. That is the nature of the argument that we now face and if we are serious about winning the argument, now is the time when we have to go out and make it to the public.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): May I express my complete and enthusiastic support for Government policy on the referendum? I am sure that the Prime Minister will accept that as genuine, because I am not always as enthusiastic about every aspect of Government policy.

I particularly welcome the fact that the Government have been prepared to listen to the people. Will my right hon. Friend accept that many of us on the Labour Benches know that there is no merit in intransigence for its own sake and welcome the change? However, I ask him not to be too hasty in moving to the necessary debate and exploration of the measure, because it involves complex matters that need to be properly scrutinised. Will there be scope for any amendment or does he intend the measure to come before Parliament and the country entirely on a take-it-or-leave-it basis? Many of us want parts of the constitution to be amended, while we accept other parts thereof.

The Prime Minister: I welcome what my hon. Friend says about wanting to scrutinise this matter carefully in Parliament. That is the right thing to do. In respect of what Parliament can do, anything that we amend that goes to the heart of what is already in the treaty must be negotiated with people. However, it is right to say that

we will have the fullest opportunity to debate the treaty, as we would any constitutional treaty, on the Floor of the House—and not just here, but in the other place.

Angus Robertson (Moray) (SNP): As an historic European nation, Scotland and the Scots have always sought to play a significant role in our continent—but not at any cost. It is right and proper that voters north of the border will be able to cast their ballots on whether the constitution is in Scotland's and Europe's interests, but does the Prime Minister understand that it will be impossible to win a referendum in Scotland unless unacceptable provisions on key industries such as fishing and energy are radically amended?

The Prime Minister: Fishing is still a shared competence, and we believe that that is right. In respect of energy, concerns have been put to us, but there is already agreement in principle to changes being made on energy to make the position clear. As far as I am aware, the changes have the agreement of the oil industry.

Northern Ireland (Independent Monitoring Commission)

1.28 pm

The Secretary of State for Northern Ireland (Mr. Paul Murphy): With permission, Mr. Speaker, I should like to make a statement about a report that I have received from the Independent Monitoring Commission concerning paramilitary activity in Northern Ireland.

Before I move to the substance of my statement, I should like to take this opportunity to condemn in the strongest terms yesterday's sending of suspect packages to two elected representatives in Northern Ireland, the hon. Member for Belfast, East (Mr. Robinson) and Mr. Alex Attwood. I am sure that the whole House will join me in those sentiments. Police investigations into those incidents are continuing.

As the House will recall, the Independent Monitoring Commission was set up by an international agreement, supported by legislation that we passed in this place last year. It is composed of four distinguished members: John Grieve, former assistant commissioner of the Metropolitan police and Lord Alderdice, formerly presiding officer of the Northern Ireland Assembly, who were both nominated by the British Government; Mr. Joseph Brosnan, formerly secretary of the Irish Department of Justice, who was nominated by the Irish Government; and Mr. Dick Kerr, formerly deputy director of central intelligence in the United States, who was nominated by the US Administration.

Last Wednesday, the British and Irish Governments received the commission's first report. I am today laying it before the House as I am required to do by law. Copies will be available in the Vote Office at the conclusion of my statement.

The report is concerned with the continuing activities of paramilitary groups in Northern Ireland. The commission had originally expected to produce it in the early summer, but at the request of the Governments, it has brought forward its production. At the request of the Governments, in the context of its wider analysis, the report also specifically addresses the incident at Kelly's Cellars, Belfast, on 20 February 2004. That event, as the House will recall, caused profound controversy in Northern Ireland, which has in turn disrupted the conduct of the review of the operation of the Good Friday agreement that began earlier this year.

We are most grateful to the commission for advancing its report, which has clearly involved a great deal of work by all concerned. Notwithstanding the pressures of time, I believe that it has produced a very thorough and far-reaching report. Both Governments accept the commission's conclusions and recommendations.

The commission states that the situation is now much better than it was in past years, but it finds that paramilitary activity is at a disturbingly high level on the part of both republican and loyalist groups. I quote from the report:

> "On the basis of reported figures—which, especially for assaults, may not reflect the full picture—the scale of paramilitary violence since 1 January 2003 has been worryingly high: approaching one murder a month; some three victims a week both from shootings and from assaults."

[Mr. Paul Murphy]

It goes on to state that two parties represented in the Assembly, Sinn Fein and the Progressive Unionist party, have links with paramilitary groups. It is clear from the report that senior politicians are in a position to exercise significant influence over their activities.

The commission also expresses its belief that the incident in Belfast on 20 February was the responsibility of the Provisional IRA. It urges elected politicians in Northern Ireland to commit themselves to supporting the rule of law and the criminal justice institutions and says that, in the absence of a sitting Northern Ireland Assembly, it is not possible for it to make recommendations on measures that the Assembly itself might consider taking in response to its report. However, it makes it clear that

"had the Assembly now been functioning, we would have recommended in respect of Sinn Fein and the Progressive Unionist Party measures up to and possibly including exclusion from office."

In the absence of a sitting Assembly, however, it recommends that I

"should consider taking action in respect of the salary of Assembly members and of the funding of Assembly parties, so as to impose an appropriate financial measure in respect of Sinn Fein and the Progressive Unionist Party."

When we debated the legislation relating to the commission last year in this House, I made it clear that the Government believed it very important that its recommendations should be given effect, and said that, in circumstances where it had made recommendations but action had not been taken, I would be able to use the powers of last resort granted to me by that legislation to take action myself in line with such recommendations.

In the light of that, and having considered the report, I am persuaded that it would be right to remove for a period the entitlement to the block financial assistance paid to Assembly parties in respect of both Sinn Fein and the Progressive Unionist party, and I propose to do so next Wednesday, 28 April. I have therefore today made an order under the urgency procedure, amending the Northern Ireland Act 1998 as amended by the legislation that we passed last year, to allow me to take this step in the absence of a sitting Assembly. It will also permit me to act to reduce Members' salaries should I see fit to do so in the light of a future IMC report. I will, however, in line with the legal requirement on me to act fairly, take account of any representations that I receive by next Tuesday from the two parties concerned before reaching a final decision.

The commission's other recommendations, all of which the British Government endorse, include that paramilitary groups must cease all forms of criminal activity; and that all politicians and others in prominent roles must exert every possible influence to bring about a cessation of paramilitary activity. I hope that this report, and the firm but carefully measured action that the Government are taking in response to it, will underline that it is essential that all paramilitary activity, from whatever quarter, should cease fully and completely. The commission's next report on paramilitary activity will be able to test whether that has happened, and if not, whether further action is needed. In the meantime, the Government remain firmly committed to the idea that political progress can be achieved only through dialogue. I shall continue to meet all the parties in Northern Ireland to explore how we can achieve the basis for a restoration of the devolved institutions.

In the context of the review, a number of interesting proposals have already been made. There is still much to discuss, but the report underlines starkly what steps need to be taken if we are genuinely to move forward to stable and inclusive devolved government. I must reiterate what the Prime Minister, the Taoiseach and others have said on many occasions: all paramilitary activity must come to an end if there is to be a stable future for devolved government in Northern Ireland. That is what the Prime Minister spelled out when he talked of acts of completion. It is what both Governments made clear in paragraph 13 of the joint declaration. The commission recognises in its report that violence and the threat of violence can have no part in democratic politics.

The Independent Monitoring Commission has a vital role to play in securing that development and underpinning it once devolved government is re-established. It has, through the report, demonstrated its impartiality, its competence and its willingness to speak the truth, even when it is uncomfortable to do so. I believe that the whole House will be grateful to it.

Mr. David Lidington (Aylesbury) (Con): First, I associate myself with the Secretary of State's condemnation of the attacks yesterday on the hon. Member for Belfast, East (Mr. Robinson) and Mr. Alex Attwood. Those events were a sobering reminder to us all of the risks borne and the courage shown daily by democratic politicians in Northern Ireland—both Unionist and nationalist. I also thank the Secretary of State for advance sight of the statement, and pay tribute to the work of the Independent Monitoring Commission and the quality of its report, which has been produced within a very short period.

The report provides a stark and truthful analysis of what is happening in Northern Ireland. There are no euphemisms in it. All the main organisations—the IRA, the Ulster Volunteer Force, the Ulster Defence Association—remain armed, active and capable of full-scale terrorist activity if they so choose. As the Secretary of State said, there is some good news—the number of murders, bombings and attacks on security forces has decreased—but, as the commission says on page 25,

"the level of other paramilitary violence has been and continues to be considerably higher than before the Belfast Agreement."

It goes on to conclude that

"the leadership of the paramilitary groups is directing, rather than seeking to prevent"

that violence.

Perhaps most startling of all to those of us who live and work in England and other parts of Great Britain is the commission's conclusion that if the level of violence experienced in Northern Ireland were extrapolated to the United Kingdom as a whole, since the beginning of January 2003 there would have been 375 murders, 6,300 victims of shooting and 5,700 assault victims.

I have a number of questions for the Secretary of State. Before I deal with the sanctions, I ask him to confirm that the Government intend that paramilitary violence and the organised crime that supports and

funds it be met with the full force of law. On 24 July 2002, the Secretary of State's predecessor announced that the Attorney-General was to examine on the Government's behalf whether changes in police powers and the criminal law were needed

"to facilitate successful prosecution for acts of terrorism, violence and organised crime."—[*Official Report*, 24 July 2002; Vol. 389, c. 984.]

What has happened to that work over the past year and a half? Will the Secretary of State also confirm that there can be no question of security normalisation while paramilitary violence continues as described by the IMC?

On sanctions, we shall support the action that the Secretary of State proposes to take—I hope that he will say for how long he intends to cut off funds from both Sinn Fein and the Progressive Unionist party—but can he really be satisfied that today's announcement is sufficient? Frankly, if Sinn Fein is to sacrifice its Northern Ireland Assembly funding because of its links with paramilitary violence, it is surely outrageous for Sinn Fein Members to continue to enjoy both access to and allowances for the House of Commons. [HON. MEMBERS: "Hear, hear."] Will any financial penalty make much of a difference to paramilitary organisations that, according to the IMC and the Minister for Justice in the Irish Republic, are reaping millions of pounds from drug trafficking and other forms of gangsterism?

So, will the Secretary of State consider additional action? In view of the report's evidence of violence by the paramilitaries, will the Government consider—as we have asked them to do before—specifying the Provisional IRA under the Northern Ireland (Sentences) Act 1998? In his statement, the Secretary of State rightly spoke of the responsibilities of those Northern Ireland politicians with influence over paramilitary groups. Does he share my profound concern on learning that Mr. McGuinness, when speaking in County Tyrone on Easter Sunday, paid tribute to the role that IRA volunteers had played

"and continue to play in the struggle for Irish freedom"?

The Secretary of State knows that the Taoiseach of the Irish Republic has consistently and trenchantly stated that so long as Sinn Fein remains linked to paramilitary violence, it cannot be a fit partner in a coalition Government in the Irish Republic. In the light of the conclusions of today's IMC report, surely the Government must now accept that the principle that is right for a Government in Dublin must be right for the formation of an Executive in Belfast.

Mr. Murphy: I am grateful for the hon. Gentleman's welcome for the statement and for the IMC's report, and I certainly agree that the figures in it are startling. On the force of law bearing down on people who commit such crimes, he may rest assured that the Chief Constable is doing a very good job in that respect. Our Organised Crime Task Force is working extremely well, and I hope that the Assets Recovery Agency will deal with the assets of paramilitaries as soon as possible. Between April 2003 and February this year, 139 loyalists and 80 republicans were charged with serious terrorist and public order offences. In the past year, six individuals have received long sentences for extortion. Other convictions have been secured for armed robbery and drug offences, and fuel-laundering plants have been dismantled and illegal fuel seized. The hon. Gentleman is right to point out that normalisation as it appears in the joint declaration document cannot happen unless there are acts of completion.

On sanctions, the hon. Gentleman will of course recall that when the relevant legislation was going through this House, it was the statement and belief of this Government that, whatever the Independent Monitoring Commission recommended, it would be very difficult to envisage a situation in which we would not accept it. On this occasion, we certainly do accept the IMC's recommendations and conclusions—as, indeed, do the Irish Government.

The important point to emphasise is that if the Assembly had been operating, the IMC would have recommended something up to, and possibly including, exclusion from office. We do not know exactly what the IMC would have recommended because, as it is aware, the Assembly is not up and running; but it certainly would have considered such action.

So far as the term of the penalty—the sanction—is concerned, there is no particular end. We can renew the order after a year, so there is no limit. I intend to look at the situation after six months, because that is when the IMC will next report. So, for six months, no allowances will be paid in that respect. Obviously, this is a matter for the Commons to consider, but whatever the sanctions, it is very important that they represent and reflect society's disapproval of, and public displeasure at, what has happened.

Although these revelations are startling and sometimes very dramatic, I still hope that the devolved institutions can be restored as soon as possible, and that that will include all parties. I hope, too, that Sinn Fein and the Progressive Unionist party will be involved in discussions on how we achieve that—but we must of course see an end to paramilitary activity.

Lembit Öpik (Montgomeryshire) (LD): The Liberal Democrats also welcome the Independent Monitoring Commission's report and its detailed analysis of what has been going on. I was interested to hear the Secretary of State say, "Both Governments accept the commission's conclusions and recommendations." I am pleased to hear it; indeed, they had little alternative. On the financial penalties that might be incurred by political organisations associated with paramilitaries, it seems appropriate, as my colleague Lord Smith of Clifton has said many times, that a financial penalty be imposed for not participating more overtly in the peace process.

I want to ask some questions concerning the Government's commitment to responding to the IMC's recommendations and conclusions with action. The IMC's report details a wide range of illegal activities committed by a number of organisations. Given that those activities undermine the democratic process and the rule of law, will the report alter the Government's definition of a ceasefire? In the light of the IMC's comments, do the Government intend to change their approach to peace process discussions with parties linked to named paramilitary organisations, or do they intend to carry on as if nothing has happened? Was the postponement of the Lancaster House talks related to the contents of the IMC's report? In the light of that postponement, will the Secretary of State clarify the status of the review?

[Lembit Opik]

Are the Government expecting to have any meaningful discussions this side of the European elections? Given that the IMC has been able to recommend only rather weak sanctions, in the form of financial penalties, what plans do the Government have to review the powers of the body, specifically in the context of a suspension?

We all know that Northern Ireland politics is characterised by long periods of negotiation and, it has to be said, a degree of pragmatism. However, does the Secretary of State accept that, unless the Government show themselves willing to act on the recommendations of the IMC, opportunism and a lack of respect for political institutions will continue to be additional ingredients in the mix?

Mr. Murphy: Obviously, the report is disturbing. Equally, it is important to carry on with the process of trying to achieve a stable and proper democracy in Northern Ireland based on the operation of devolved institutions, together with the peace process. We must do so with all the political parties in Northern Ireland. We always knew that, after the signing of the Good Friday agreement, it would be a difficult road, as has proved to be the case.

Today we are dealing specifically with a report on paramilitary activity, and the hon. Gentleman asked two questions. One was about the ceasefire; it is interesting to note what the IMC says about it. It underlines

"the importance of moving the debate on from one about ceasefires and breaches of ceasefires to one about the totality of illegal paramilitary activities. Though many fewer are murdered, many more are being shot or assaulted."

The legal definition of a ceasefire remains the same, and we do not judge that there has been a breach, but that should not in any way suggest that what we are dealing with today is any less significant, because the reality of the impact on people's lives in Northern Ireland is, as the information in the report shows, far greater. The conclusions on the effect of so-called punishment paramilitary shootings on the individuals assaulted and their families are devastating.

As to the talks, we came to the conclusion that we had not really made sufficient preparation to conduct them in the next week or two; if we did conduct them, they would not be meaningful talks. The talks likely to occur over the next couple of weeks will not be as intensive or high-powered as we originally envisaged, but we should certainly continue to examine areas considered in the review. We have examined strand 1, but not strands 2 or 3 of the agreement. The Northern Ireland political parties, in common with those in Great Britain, are moving towards a period of election activity, which will inevitably have an impact on what happens over the next couple of weeks. However, we will return to intensive talks as we move forward into the summer. In the meantime, I will talk to all the parties. There is a formal meeting tomorrow of the British and Irish Governments, who will be able to consider in greater detail the points that the hon. Gentleman raised.

Mr. Seamus Mallon (Newry and Armagh) (SDLP): It is right that the report reminds us that it is now 10 years since the first IRA ceasefire and six years since the Good Friday agreement was signed. It provides confirmation, if we needed it, that we are still in the stranglehold of paramilitary violence and organised crime. It comes as no surprise to many of us, particularly those who live in Northern Ireland, that the report is as stark as it is.

I would like the Secretary of State to clarify one matter. The commission was charged with assessing whether the political leadership of those connected with paramilitary organisations were complicit in, condoning, supporting or allowing violence and organised crime. If the report specifically fulfils the mandate from Parliament to make that assessment—like many others, I look forward to reading it—and finds that that is so, the type of petty-cash penalties specified are risible and will be an embarrassment not just to the Government but to the political process.

My poor mathematical mind has worked out that the type of organised heist of cigarettes that took place in my constituency at Christmas would pay those penalties for 22 years. I ask the Secretary of State and the Irish Government to consider the matter sincerely in that light. If the Independent Monitoring Commission makes such an assessment, we should not waste time on tokenism. To the richest party in western Europe, those penalties mean nothing. They are like levying fines on a rich footballer—nothing more, nothing less. I view this as tokenism—well meaning and for the right reasons, which will perhaps have a peripheral effect. The reality is that until the two Governments, Sinn Fein and the Democratic Unionist party are able to come to terms about the continuation of violence, we will be working at the edges, not getting to the heart of the problem.

I am always loth to give anyone advice, not least my right hon. Friend the Secretary of State, but after 30-odd years of watching attempts to solve the problem, I say sincerely let us not waste time on scratching at the surface. We have wasted too much time already, and there is precious little to waste.

Mr. Murphy: I understand my hon. Friend's frustration about the sanctions, but I repeat two points that I made in the statement. First, we are putting into effect the recommendation of the commission itself, and we made it clear that the Government would do whatever the IMC recommended. Secondly, I know that the House would agree with the important point that, if the Assembly were up and running, it would have been a different picture. Recommendations would have been made up to and possibly including exclusion from office, but that does not apply because the Assembly is not sitting.

My hon. Friend expresses a view that most people in Northern Ireland know: these activities are going on. However, it has now been formally acknowledged by an independent and international body that those activities are indeed going on and disrupting the peace process.

Part 7 of the report is entitled "Leadership of Paramilitary Groups" and I shall quote a few sentences from it because they relate to my hon. Friend's point. Paragraph 7.5 states:

"We recognise that there might not have been a PIRA ceasefire in the first place without influence from the leadership of Sinn Fein. By the same token Sinn Fein must bear its responsibility for the continuation by PIRA of illegal paramilitary activity and must recognise the implications of being in this position."

It goes on to say:

"While we are satisfied that the Progressive Unionist Party and others exerted a positive influence in achieving the loyalist ceasefires we believe it has not sufficiently discharged its responsibility to exert all possible influence to prevent illegal activities on the part of the UVF and the RHC."

Rev. Ian Paisley (North Antrim) (DUP): This report is very important. I thank the Secretary of State for what he said about my colleague, my hon. Friend the Member for Belfast, East (Mr. Robinson), and Mr. Alex Attwood. We all know in Northern Ireland that public and elected figures run the gauntlet and we know not what a day may bring forth. It is right that the House take note of that at all times.

What worries me—it evidently also worries the hon. Member for Newry and Armagh (Mr. Mallon), who takes a different view from me of the present troubles—is the problem of delaying, delaying and delaying. We should not have had to wait for this report. The police had done their work and discovered who was behind one of the incidents that took place. Instead of the police dealing with law and order in a proper way, the matter was shelved off to the commission. Will the Secretary of State explain why the Government wanted it shelved off even longer? Those people acted speedily on their own initiative because the Government set them a date a bit later in the year. Why did they do so? Do the Government not want to face up to those facts?

The good thing about the report is that it deals with loyalist violence—so-called—and with IRA violence. I suggest that Members look at page 22 to find out exactly where we are today with that paramilitarism and its awful aggression.

Something else worries me. Can sanctions be taken against terrorists by introducing a murder tax? That is exactly what the Government are trying to do—introduce a murder tax. The Secretary of State even said that the report's suggestions in that regard were appropriate. I do not think they are appropriate at all. If a man is murdered, do we tell the people who are weeping, "Oh aye, but we are taking back the money that we have already paid out"? What sort of nonsense is that? Are we to play soullessly with the blood of innocent people? This is not the time for doing sums and taking back money that the Government have already paid. Those people are losing nothing—in fact, we heard from the southern Irish Minister for Justice, Equality and Law Reform that they are bringing in millions from other sources. Surely, the time has come when we should face up to the fact that there can be no murder tax.

There is only one remedy: if people do not keep to the rules that govern the talks, they cannot be in the talks. If I did not keep the rules, the Secretary of State would have me out on my ear. I remember that, because I had not signed a paper at the beginning of the talks, it was moved that I be put out of the room immediately—but not so the IRA, not so Sinn Fein. We need proper sanctions. If we cannot have proper sanctions through the Assembly, the Secretary of State must legislate in the House to ensure that those who do not keep to the rules cannot take part in the negotiations. That is the final arbitration.

Until that is done—think of it!—those men can come into this House and strut around these Corridors, yet nothing will be said to them. Why was something not done about that? Does the House condone what those people are doing when it gives them the run of this place? Why was the House not even mentioned in any of the sanctions?

What about the sanctions relating to Stormont? The only appropriate action that the Secretary of State can take is to say, "You are not in the talks". The leader of the official Unionist party made three efforts to bring those people in—

Madam Deputy Speaker (Sylvia Heal): Order. The hon. Gentleman should bring his comments to a conclusion.

Rev. Ian Paisley: All I wanted to say was that those people were brought in, but did it convert them? No. They are at their same old game—going on with their murders. The time has come to call a stop. I welcome what the hon. Member for Newry and Armagh (Mr. Mallon) said today; it shows that there is agreement on both sides of the House that action, not words, is needed.

Mr. Murphy: I think that the House is very much aware that, despite what we read in the report, Northern Ireland is an infinitely better place in which to live and work than it was 10 years ago, because of the agreement and the advances that we have made since. I have no doubt about that. We no longer have the terrible bomb outrages or the number of murders that we saw in the past, but today we have to deal with something that seriously undermines progress towards a political settlement and the peace and tranquillity of people in Northern Ireland. I do not for one second underestimate the significance of that.

We always indicated that we would act on the recommendations of an independent body. The commission is an independent body—not a Government, but an independent body with international representation—and therefore has different status, which is why we are putting its recommendations into effect. I repeat that were the Assembly up and running there would be different recommendations.

The hon. Gentleman is right to point out that the report highlights loyalist and republican violence equally, right across the board in Northern Ireland. In all honesty, there is no correlation between a death—a murder—and any form of sanction. This is not a murder tax, but one way in which we can express our disapproval of what has occurred.

What is much more significant is that, when people read this dispassionate report by independent experts who have no axe to grind, they will see that the situation set out in the report—drug trafficking, extortion, racketeering, smuggling of fuel and cigarettes and, worse, murder, assaults and shootings—no longer applies. That is what the report outlines. Although

[Mr. Murphy]

people in Northern Ireland already know that such things go on, the fact that they are set out in that official report gives its contents great weight.

Several hon. Members *rose*—

Madam Deputy Speaker: Order. May I ask for shorter contributions from Members, so that more of them can question the Secretary of State?

Kate Hoey (Vauxhall) (Lab): The Secretary of State must realise that, although fewer people are being killed these days, if that level of violence and that scale of murder were occurring across the United Kingdom it would be unthinkable for Members to talk about doing so little as taking away a small amount of money that people did not need. What is the Secretary of State's personal view about the fact that IRA-Sinn Fein Members are allowed to come into this House and use its facilities and receive its benefits? Surely, he could take a lead on that; he could say that the House should vote again and take those benefits away. Given the position of the whole IRA-Sinn Fein party and the fact that we have other democratic parties with large majorities, why cannot we go ahead with talks that involve everyone, including the Social Democratic and Labour party, the mainstream Unionists, the Democratic Unionist party and all the other parties that are signed up to peaceful means, and get the Assembly going again with the people who want to be in it—not those who are holding things up because they are into violence?

Mr. Murphy: The talks will go ahead; they have not stopped. The intensive talks that the two Prime Ministers were to lead will not now take place over the next couple of weeks, but further down the line. As I indicated in a previous answer, our view is that we are not yet prepared for that sort of negotiation and discussion. However, that does not mean for one second that we shall not continue to talk about the issues—for example, those we raised some weeks ago in Parliament Buildings about how to deal with the north-south arrangements, the operation of the Assembly and the number of Ministers and so on. All those issues can still be discussed and we shall continue so to do. It is important to understand, however, that unless we get to grips with the issues identified in the report we shall never reach a permanent, settled situation in Northern Ireland, whereby we can have a permanent devolved Administration.

I think that there is a great appetite among people in Northern Ireland for the return of devolution. I am absolutely convinced of that and no one is sadder than I am that it is not yet the case, but we have to keep trying to resolve the difficulties. Even if the parties that are not involved with paramilitary groups were talking to one another—as my hon. Friend the Member for Vauxhall (Kate Hoey) described—we should still have to resolve the problems outlined in the report. We have to see an end to paramilitary activity, and it is vital that that occurs alongside the discussions for a political settlement.

On my hon. Friend's point about the House of Commons, I repeat that the whole purpose in setting up an independent commission was "it would have legitimacy, which I hope everyone can accept, so that its recommendations would be agreed. Obviously, we shall listen to the comments made by my hon. Friend and other Members and will come back to them at a future stage.

Mr. David Trimble (Upper Bann) (UUP): Is it not a pity that we did not have the report two years ago when we first proposed such a body?

I welcome especially the reference in the report to the IMC's willingness to exclude from office. May I ask the Secretary of State to comment specifically on that? Will the Government now support such action?

As has been said, there is a weakness: the IMC cannot sanction organisations without political representation. That omission is particularly glaring with regard to the Ulster Defence Association, which is a major offender in terms of continuing violence. But does not the Secretary of State have the power to act under the prisoner release legislation? Would not such action be better than the proposed financial penalties?

Finally, I am sorry that next week's talks have been cancelled. Was the cancellation caused by the fact that, after the action that the Government have announced today, some parties were perhaps unwilling to attend?

Mr. Murphy: It is not a cancellation; it is a postponement. Intensive talks dealing with such matters will take place nearer the summer.

With regard to the point about exclusion, the right hon. Gentleman will know that we made it clear on the Floor of the House—I did so earlier today—that if the IMC recommended a course of action, it would be very difficult for me to envisage a situation where we would not accept that, irrespective of whether it included exclusion. We would obviously have to consider that recommendation if it were made. The IMC has not recommended that. It said that it might have done so if the Assembly had been up and running.

Again, on the prisoner release legislation, I return to the point that, yes, we could do all sorts of things, but the purpose of that body is to make specific recommendations to the Government to deal with the issue. The report does the great service of highlighting what the situation is in Northern Ireland today to people—not just those in Northern Ireland, but those in Great Britain, too, and in Ireland—who may not have studied these things as closely and carefully as hon. Members do.

Mr. Iain Luke (Dundee, East) (Lab): My right hon. Friend is correct to suggest that there has been a movement away from the violence that we saw in previous years, but the statistics are still startling—one death a month and three beatings or shootings a week—and the number of deaths would have doubled in February but for the swift intervention at Kelly's Cellars. Will my right hon. Friend undertake to pass the report to the Leader of the House and the appropriate House authorities, so that proper sanctions can be considered with regard to the access and allowances granted to one of the parties, whose members have access to the House but do not take their seats? There could then be a true set of sanctions to enable a

realisation that we can achieve a true dialogue in Northern Ireland only by a complete withdrawal from supporting groups with terrorist aims.

Mr. Murphy: I have already indicated that I will certainly pass on my hon. Friend's views and those of other hon. Members who have expressed their views with regard to the House of Commons. Of course, the IMC's members will be able to read in *Hansard* what the House has discussed today.

With regard to my hon. Friend's emphasis on continued paramilitary violence, he is right to suggest that such violence causes us great worry. What has disturbed me over the past few months is that, each time that I go into the office, the number of so-called paramilitary shootings and so-called paramilitary punishment beatings has gone up and up on both sides, and there is no place for that in a modern democracy.

Mr. Andrew Robathan (Blaby) (Con): I welcome the statement by the Secretary of State, for whom I have great respect. This is a major change of direction in Government policy in Northern Ireland. By accepting the IMC's report and by taking such action, the Government are accepting the principle, beyond peradventure, that the leadership of Sinn Fein and other paramilitary organisations are directly responsible for the direction of paramilitary violence. I am delighted to hear him say that, because everyone has known that for a very long time.

Will the right hon. Gentleman pursue the logic of that position? Will he enforce all aspects of the Belfast agreement, which came into effect nearly six years ago? Will he ensure that, for instance, there is total decommissioning before we have further negotiations with Sinn Fein and others? Will he ensure that no Adams or McGuinness walks these Corridors and draws parliamentary allowances—public money—to further their evil causes? Will he now stand up, as I believe he would wish to, and force the paramilitaries either to accept the Belfast agreement or to be excluded from it altogether?

Mr. Murphy: I do not think that the Government have changed their view on what the report says about paramilitary activity. We have always indicated that we thought that such activity was the great stumbling block to progress. Of course, the hon. Gentleman is also right to point to decommissioning. That, too, is an important issue, which the Belfast agreement addressed, but which had not been addressed properly over the past few months. However, if political parties—whether Sinn Fein or the Progressive Unionist party—wish to progress their political ends in a peaceful and democratic manner, those are legitimate aims for which those parties rightly appeal to the electorate in Northern Ireland. Of course, Sinn Fein increased the number of its members of the Assembly, and the Progressive Unionist party still has a representative in the Assembly. By no means do I dismiss the importance of those political parties to the process—they are immensely important, and there must be an inclusive peace process, but that must be divorced from violence in all its forms.

David Burnside (South Antrim) (UUP): If I was, God forbid, Gerry Adams, Martin McGuinness or, more appropriately today, Slab Murphy, or a brigadier in the Ulster Volunteer Force or the Ulster Defence Association and I was going over the past 12 months' accounts of the criminal empire that I controlled, I would be laughing. I would have a smirk on my face, and I would say, "The British and the Irish Governments—my God, aren't they tough? Haven't they really taken us on?" We are talking about a few thousand pounds for a multi-million pound empire, whether in south Armagh, the UDA or the UVF.

The Government have a choice today: they can use the report and move in one direction; or they can take the report and be laughed and smirked at by the brigadiers and the members of the army council of the IRA. If only a few thousand quid of the Assembly salaries is involved, with no action in Westminster, they will continue to laugh. The Government must take strong measures. The punishment must fit the crime, and the crime and terrorism continue right across all the so-called loyalist bodies and the Provisional IRA. I hope that the Secretary of State will consider moving towards the total expulsion of Sinn Fein and the loyalist paramilitary front organisations from the political process, so that the democrats can move ahead. That is what will frighten the paramilitaries; they are not frightened today, Secretary of State.

Mr. Murphy: I have indicated on more than one occasion, in many ways it is not a financial penalty or sanction which is the important issue. Although that is important, it is not so important as the fact that the independent body made up of internationally recognised people—has now been able to tell the world what is going on in Northern Ireland in a very special way. All of us as politicians in one form or another over the past few years have said more or less the same thing, but that has now been done formally by an independent commission that was set up by two Parliaments and two Governments, so that the world now knows that these are serious issues that need to be addressed.

Mr. Nigel Dodds (Belfast, North) (DUP): Is not the report a savage indictment of those who as recently as last October were praising the words of Sinn Fein-IRA leaders and getting ready to admit IRA-Sinn Fein to government, not for the first time, not for the second time, not for the third time, but for the fourth time in Northern Ireland, following another so-called decommissioning event? Is not the fundamental lesson that, six years after the Belfast agreement, democracy in Northern Ireland cannot be held to ransom any longer?

The Secretary of State says that, if the Assembly were up and running, other measures would be taken, up to and including the exclusion of Sinn Fein-IRA. Is it not now the time to move ahead with the political process, including the talks, without Sinn Fein-IRA, applying the analogy as though the Assembly were up and running? Let us move forward without them. Let us go forward with those who are committed to exclusively peaceful and democratic means. Let us stop, in the words of the hon. Member for Newry and Armagh (Mr. Mallon), wasting time on laughable fines that will be dismissed out of hand by everyone in Northern Ireland.

[Mr. Nigel Dodds]

Let us get on with the democratic parties and find a way forward with those who want to make progress in Northern Ireland.

Mr. Murphy: One of the ways forward is to try to stop the activities that are outlined in the report. That has to happen, too. I have given some indication to the House about the way in which the Police Service of Northern Ireland, the Organised Crime Task Force and so on have successfully dealt with those issues. Of course, much still needs to be done and we must carry on along those lines, but there is an important job of work to be done to ensure that we see an end to such activity, so that we can have an inclusive process in Northern Ireland. Now, at the end of the day, if what the hon. Gentleman wants is to come about, it will still have to do so on the basis of an agreement between nationalism and Unionism for it to work.

Orders of the Day

Finance Bill

[Relevant document: The Sixth Report from the Treasury Committee, Session 2003–04, on the 2004 Budget, HC 479.]

Order for Second Reading read.

Madam Deputy Speaker (Sylvia Heal): I should inform the House that Mr. Speaker has selected the amendment in the name of the Leader of the Opposition.

2.20 pm

The Chief Secretary to the Treasury (Mr. Paul Boateng): I beg to move, That the Bill be now read a Second time.

The 2004 Budget set out the next steps of the Government's economic policy making by outlining what we would do to lock the hard-won progress that we have made into this country's economic stability and growth so that it endures, and to equip the country with the means with which to compete in a global knowledge-based economy. The Government have examined the challenges and pressures that face the nation now and will do so in future, and we are determined to take the right steps to meet those challenges.

We are here today for the Second Reading of the Finance Bill and, as I look around the Chamber, I see the cast assembling for the many long hours of debate that lie ahead, under the leadership of my right hon. Friend the Paymaster General. I know that those of us who are graduates of previous Finance Bills feel a sense of anticipation regarding the struggle that is to come.

The Bill reflects the determination on the part of the Government to introduce the measures that will implement the next stage of our economic policy—a policy that has been and continues to be characterised by stability—enterprise fairness. In so doing, the modernisation of the tax system and the protection of tax revenues go hand in hand with greater investment in public services and improvements in efficiency. Together, they will lock in the stability that this country has enjoyed during the seven years of the Labour Government's stewardship of the economy.

Our proven macro-economic policies and the tough fiscal decisions that we have taken have already provided us with a sound economic foundation on which to base our policies. The United Kingdom is enjoying the lowest inflation for 30 years, the lowest interest rates since 1955, and the lowest unemployment for a generation. While America, Germany, France, Japan and much of Asia have suffered recessions, the British economy has grown uninterrupted since 1997—over 46 consecutive quarters. On that foundation, we shall continue to build an enterprising and knowledge-based culture. In doing so, we shall work to ensure fairness in the tax system and throughout our society, and to strike a balance between economic growth and environmental protection.

Compare and contrast that record—our policy, our programme—with that of the Conservatives. They ruined the economy in the 1990s. Their record shows why they can never again be trusted with the economy

and why our hard-won economic stability cannot be taken for granted. Their extremist policies do not add up, they would require massive cuts in vital public services, and they show why no one can afford to believe the Conservatives, now or in future. Not only have they failed to learn from their mistakes—*[Laughter]*—but their new policies are more extreme than before. Underpinning their smiling and laughing faces is hard-nosed, hard-faced extremism. [HON. MEMBERS: "Oh!"]

I hear a certain amount of incredulity from Conservative Members. It is good to see the hon. Member for Arundel and South Downs (Mr. Flight). When he assumes his place, we know that it is that time of year: he has been let out and will be set loose on the Finance Bill. Well, good—Government Members welcome that, because we have some questions for him. We want to ask him about the newsletter that he sent to the Conservative City Circle—an interesting body, which receives newsletters from him from time to time. Whenever the Conservative party wishes to disown the hon. Gentleman, it glosses over the fact that he is the shadow Chief Secretary and refers to him as the party's "City expert". Well, the Conservatives' "City expert" has been writing to the Conservative City Circle, and in his letter he states:

"Our medium term expenditure strategy ... calls for real reductions in areas other than Health, Education, Pensions and Welfare".

We hope that in the course of the hon. Gentleman's address to the House this afternoon, he will explain where the cuts are to fall.

The Conservatives have apparently identified some £18 billion in cuts to be made immediately. The shadow Defence Secretary said of the cuts:

"It is outrageous. You cannot possibly go into an election with this pledge."

The shadow International Development Secretary said:

"If we are to be taken seriously as a party of government which cares about the most vulnerable people on the planet, there has to be a public spending commitment."

Because the cuts must fall on the police and security services as well, the shadow homeland security Secretary has—according to *The Sunday Telegraph*, a journal of record if ever there was one on matters concerning the Conservative party—

"protested that the cuts, if implemented, would badly damage their future departments."

The shadow Home Secretary has

"asked for reassurance that the freeze would not lead to cuts in police numbers."

Mr. Michael Jack (Fylde) (Con): Will the right hon. Gentleman give way?

Mr. Boateng: Let me finish my line of thought first.

I hope that in the course of his speech this afternoon the shadow Chief Secretary will answer the many concerns that I have outlined, which have been voiced by his right hon. and hon. Friends on the Conservative Front Bench. The nation is entitled to hear where his cuts will fall.

Mr. Jack: I am most grateful to the Chief Secretary for interrupting his passage of self-congratulation. Will he confirm that it is the Chancellor's intention to cut expenditure on the civil service by some £20 billion over the next few years? If things have been so splendidly managed, how is it that the Government are having to remove 40,000 civil servants from the payroll?

Mr. Boateng: The right hon. Gentleman is absolutely right to point to our commitment to raise public sector efficiency and to release extra resources to the front line of our priority public services. Our ambition is to deliver some £20 billion of annual efficiency gains by 2007–08 through a 2.5 per cent. annual efficiency target for the whole of the public sector. That has been identified for us through the work taking place under Sir Peter Gershon, which will be reflected in due course in the outcome of the spending review. What we do not see is any exercise on the Conservatives' part that is comparable with the work into which we have entered in the Gershon efficiency review.

Perhaps this afternoon all will be revealed and the Conservatives will unveil their plans. *[Interruption.]* The shadow Chancellor says, "Wait and see." We are in for an interesting afternoon if we are to have sight of the Conservatives' spending plans. What we know is that they propose an immediate cut of £18 billion. We know what that would mean. The number of police officers would be cut. The effect on our armed forces would be devastating: a cut in defence spending of £1.5 billion is equivalent to cutting armed forces personnel by 40,000.

Mr. Peter Atkinson (Hexham) (Con) *rose*

Mr. Boateng: I shall finish this point before giving way.

If that is not the Conservatives' policy, we are entitled to hear what is. We reject the plans of the Opposition, who would fail to invest in employment opportunities by scrapping the new deal. They favour deep spending cuts year on year, regardless of the needs of public services. Their dogmatic plans to cut spending by £18 billion would weaken the economy and put at risk its hard-won stability. The Government recognise the need to introduce measures that would create a platform of stability for business, and enable the UK to keep pace with the global economy. Promoting enterprise and productivity has long been a key aspect of our economic policy making, and the Bill introduces specific measures to advance that aim. I know that it is tedious for the shadow Chancellor, but I fear that I must take him through those measures. After all, that is the purpose of Second Reading.

Mr. Oliver Letwin (West Dorset) (Con) *rose*

Mr. Boateng: If the right hon. Gentleman can contain himself, I shall give way in a moment.

Since 1997, we have taken a number of steps to reform the business tax system and reward entrepreneurship, including cuts in corporation tax and the introduction of targeted measures such as research and development tax credits and measures to reduce the administrative burden of VAT. We have already cut long-term capital gains tax for business assets from 40p to 10p. This year, rates of corporation tax and capital gains tax will both remain frozen. To assist small businesses' cash flow and provide enhanced funding for new investment we have

[Mr. Boateng]

increased the first-year capital allowances for small business investment in plant and machinery from 40 to 50 per cent., and that increased allowance will be available for 12 months from April 2004.

The VAT threshold has been raised to £58,000, the most generous VAT threshold in Europe. In addition, up to 13,000 businesses will be eligible to benefit from simplified VAT accounting. From next year, in 2,000 enterprise areas, we will further increase the tax incentives to invest. To increase the incentive to invest in research and development, a new definition of research and development tax credits will come into effect on 1 April 2004, extending the tax credit to power, fuel, water and software costs, totalling a further £35 million-worth of support.

Mr. Atkinson: I thank the Chief Secretary for giving way. The moment, however, has passed, as I wanted to point out that he had been speaking for 10 minutes about our policies. I would rather hear my hon. Friends do so. I was going to ask him when he was going to discuss the Bill, but he has begun to do so.

Mr. Boateng: The hon. Gentleman must be enjoying enormously what I am saying now.

To encourage the incentive to invest in new businesses, and following consultation with industry, the Bill confirms the Government's commitment to allowing investments in venture capital trusts to secure tax relief of up to £200,000 a year, not at the lower rate of 20p but at the higher rate of 40p. Promoting enterprise and competition is important, but it must be underpinned by fairness. Our objective continues to be ensuring stable public finances and world-class public services, which are served by a fair tax system in which everyone pays or claims for what is due. To protect revenue for investment in the public services that the country wants and needs, we are determined to tackle tax avoidance and evasion. I hope that in Committee that theme will find support among Members from all parts of the House.

Mr. David Laws (Yeovil) (LD) *rose—*

Mr. Boateng: No doubt the hon. Member for Yeovil (Mr. Laws), who speaks so well for the Liberal Democrats when he is allowed to do so, will express his support for the measures that my right hon. Friend the Paymaster General will discuss in detail in Committee.

Mr. Laws: I am delighted to give my support to measures to clamp down on tax evasion and avoidance. Such measures can have unintended consequences, and the Chief Secretary will be aware of concerns over the weekend that many people who ran in the London marathon will have to pay VAT on the money that they are seeking to raise for charity. Do the Government intend to see whether they can remedy that?

Mr. Boateng: If the hon. Gentleman casts his mind back to debates on the previous Finance Bill, he will agree that we are concerned to avoid unintended consequences. Customs and Excise have issued detailed guidance to charities helping them to avoid such consequences. I hope that charities follow that guidance so that they can avail themselves of the generous concessions available. I am sure that the hon. Gentleman acknowledges that since 1997 there has been an unparalleled increase in such concessions under this Government.

Mr. Laws *rose—*

Mr. Mark Prisk (Hertford and Stortford) (Con) *rose—*

Mr. Boateng: For the sake of balance, it is only fair that I give way to the hon. Member for Hertford and Stortford (Mr. Prisk).

Mr. Prisk: On Saturday, I wrote to the Economic Secretary on this very issue. Could the Chief Secretary tell us whether the Government will ensure that the charities are not out of pocket? That was done after the death of Princess Diana in relation to the charitable returns from the record, "Candle in the Wind". Will the Government repeat that gesture, or do they intend to ignore charities' genuine worries?

Mr. Boateng: As the hon. Gentleman knows, that is a different matter. He is aware of the considerable contact that the Inland Revenue and Customs and Excise have with the charitable sector and voluntary and community organisations to make sure that they avail themselves of the available concessions. That contact will continue, and I hope that he welcomes the steps that the Government have taken through gift aid and a variety of other measures to ensure that voluntary and community groups and charitable organisations take full advantage of the available concessions.

Several hon. Members *rose—*

Mr. Boateng: I must make progress, I am afraid.

To protect the revenue for investment in the public services that the country wants we are determined to tackle tax avoidance and evasion. We have therefore introduced a number of legislative changes to close loopholes that have been exploited for tax avoidance, and we are taking steps to target low rates of corporation tax on small businesses that are reinvesting to ensure that distributed profits are subject to a minimum corporation tax rate of 19 per cent. We are protecting the zero rate as an incentive for businesses to invest for growth, enterprise and productivity.

We have also introduced new requirements to disclose the use of direct tax and VAT avoidance schemes. As a result of the continued high level of spirits duty fraud, we will legislate to implement the Roques report recommendation to stamp spirit bottles. Recognising the costs to the trade, however, we will assist it with cash-flow costs and defer payments for tax stamps. In addition, spirits duty will remain frozen for the seventh successive year and, as my right hon. Friend the Chancellor made clear, for the remainder of this Parliament. My hon. Friend the Economic Secretary has spent many hours in discussion with the industry, and has made himself available to right hon. and hon.

Members in all parts of the House in order to make sure that we get this right. Considerable progress has been made in ensuring that we tackle the evil of the illicit trade in spirits.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Not long ago the Prime Minister as leader of the Labour party chose to abolish a different clause IV. Now through clause 4 of the Finance Bill the Government are imposing a burden on the whisky industry that I am not convinced will tackle the problem that they seek to address. Can the Chief Secretary clarify how he means to help operators who have small production lines and therefore cannot necessarily predict whether their bottles will need stamps for the internal market or no stamps for export? That will impose added burdens and costs not just on the cash flow through the acquisition of stamps, but on the production line. The measure will be a burden on all operators, but for the small operators especially, the stamp could be a particular difficulty in the management of their business.

Mr. Boateng: My hon. Friend the Economic Secretary has spent some time, as have civil servants in Customs and Excise, in discussion with the industry about the particular concerns of small distilleries, and progress has been made in that respect. There will be help with their additional costs, and those discussions continue in order to make sure that they are given every assistance that is reasonable and practical.

The evasion of duty on spirits is a matter of widespread concern, not least to the industry, because of the way in which illicit trade undermines the brands. The Roques report went into that in some detail. I recall from my own time as Financial Secretary the detailed discussions and measures that we undertook together with the industry to tackle the problem, but it is clear that it continues to escalate. That is why the measure is a proportionate and reasonable response.

Mr. Richard Bacon (South Norfolk) (Con): The Chief Secretary is right that the illicit trade is of concern to the legitimate industry. Does he recognise that it is also of concern to taxpayers that, as was pointed out in the Roques report, the actions of Customs and Excise—which, I accept, have improved since—contributed dramatically to the losses to the taxpayer? Some £800 million of revenue was lost, £341 million to London City Bond alone.

Mr. Boateng: I rather regret that I gave way to the hon. Gentleman. He knows that that is an entirely different point from the one—

Mr. Prisk: Will the right hon. Gentleman give way?

Mr. Boateng: No, I certainly will not. I have been given sufficient forewarning by the intervention of the hon. Member for South Norfolk (Mr. Bacon) not to give way to the hon. Member who sits on the Opposition Front Bench. The point made by the hon. Member for South Norfolk was entirely different from the one that I was making and was recognised in the Roques report. It was a one-off and, as he fairly said, there has been considerable improvement since in the performance of Customs and Excise.

Through tax stamps we are dealing with a significant fraud that not only deprives the Exchequer of revenue, but creates unfair competition for honest businesses and serves as a conduit of resource for organised crime. The industry, through the joint alcohol and tobacco consultation group, worked hard and constructively to develop a response to the problem, but we know that the anti-fraud impact of that package fell significantly short, and if it continued, would still fall significantly short of that estimated to result from tax stamps. It is right, therefore, that we should protect the revenue as we propose, but offsetting measures will reduce substantially the impact of compliance costs.

Mr. Prisk: I appreciate that the situation is awkward for the Chief Secretary, because he is on record previously as being strongly opposed to such a measure, but this is a day for U-turns by those on the Government Benches. May I ask the right hon. Gentleman a simple question? Given that the Government expect to get only £160 million back from the measures, what is the logic for spending £280 million, which is the experts' best estimate of the cost of the scheme? It cannot make sense.

Mr. Boateng: Those figures are not accurate. The hon. Gentleman knows very well why it has been necessary to take the measures. The work of the National Audit Office, the investigation carried out by the Select Committee and the work of Customs and Excise all indicate a loss that needs to be addressed. We must be clear about this. Yes, it is right that there should be a fund to assist with capital investment. It is right, as the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) said, that we should take particular note of the position of small firms. That is why my hon. Friend the Economic Secretary has targeted the assistance at smaller firms in particular, in order to mitigate their upfront costs. Customs is having further discussions with the trade on design, terms and coverage. It is right that we address this mischief. I hope that in Committee, we will be able to build some sort of consensus around the need to tackle a serious fraud.

Together with these and other measures to safeguard fairness in the tax system, the Budget makes a real contribution, ensuring that everyone pays their way and that as little as possible is wasted through avoidance and fraud. It is important to tackle such behaviour and to ensure that taxpayers' money is safeguarded and spent efficiently.

Of course, fairness extends across the generations. The Government recognise that we have an obligation to future generations to pursue sustainable economic growth that delivers our economic, social and environmental objectives, and to meet our domestic and global responsibilities in that regard. Environmental action of the sort enshrined in the Budget and the Bill that puts it into effect is not incompatible with productive business. It is to the advantage of businesses to adapt and invest now in new practices, and so stay ahead of the global trend.

We have already made considerable progress with the environmental agenda through the introduction of measures such as the climate change levy, the United Kingdom emissions trading scheme, the aggregates levy, and support via the Carbon Trust and through enhanced capital allowances for energy and water-saving

[Mr. Boateng]

technology. These measures are not designed primarily to raise revenue, but to incentivise environmentally responsible behaviour by business.

In the Bill we will introduce new eligibility criteria for climate change agreements, which will increase the number of businesses that can participate in the scheme, boosting both the environmental impact and business competitiveness. Given business success in delivering on climate change objectives, and taking account of business competitiveness, we will freeze the rates of the climate change levy. There has been a real partnership between industry and Government in this respect and considerable progress has been made. We are keen to encourage households as well as businesses to tackle energy efficiency, and we have introduced a package of measures that includes incentives for the private rented sector to invest in energy efficiency.

The Finance Bill advances some of the key steps to ensure that the country has the means to meet the challenges of the future, but it is important for individuals to be able to do that too. That need drives our pension simplification measures, which are the most radical changes to the taxation of pensions for a generation. Simplifying the taxation of pensions is the cornerstone of making pensions easy for everyone to understand, thus enabling everyone to prepare for the future.

The eight different tax regimes for pensions were built on top of each other, leaving us with a maze of regulations through which the citizen and consumer must make their way, and often driving arbitrary distinctions between employees. We are sweeping away that complex system and replacing it with a single regime with an easily understood lifetime allowance for tax-privileged pension saving and a tax-free lump sum of up to 25 per cent. for all.

Annual limits on savings that vary according to an individual's age, the date on which they joined a scheme or the type of the scheme will end. As decision making becomes easier for savers, so administration will become simpler for employers and providers, which will reduce costs in the long run. Simplification matters if people are to save as flexibly as they now work. When we have simplified the system, it will be possible to draw a pension and carry on working for the same employer, perhaps for fewer hours a week. By creating a simple system that enables people to plan and save for their retirements, the Bill renews and affirms the Government's role in the UK pensions partnership.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): I agree with the Chief Secretary about the merits of simplification, which is one good aspect among the litany of bad aspects of the Government's pension changes. If he is trying to encourage savings, however, will he explain why he is reducing the amount that people can save through individual savings accounts and making other disadvantageous changes for ISA holders? Next year, why does he not increase the figure from £7,000 to, for example, £10,000 or even £15,000 per year, instead of reducing the capital figure allowed to £5,000?

Mr. Boateng: The hon. Gentleman takes an interest in such matters, and will therefore remember the introduction of ISAs. He knows that a transitional period was always intended, which is precisely what has happened. His proposal is over and above the initial ISA scheme, and, although I hear his point, it does not commend itself to the Government.

The Government aim to maintain the UK's position as a low-tax environment, and that ambition is enshrined in the Finance Bill. The Bill builds on and develops the macro-economic stability that is essential for our future productivity, growth and prosperity. It supports business while ensuring fairness, which will enable this country to match its new-found economic stability with the confidence to excel in the future.

The dividing lines between the Government and the Opposition are clear, and the choice of two futures for Britain is plain: either sustained economic stability or a return to the Opposition's economic stop-go and recession; either investment and reform in health, education, transport and tackling crime, or cuts, charges and privatisation; either expansion of the new deal to build on the success of helping more than 1 million people move into work and getting unemployment to its lowest levels since 1975, or, under the Conservatives, the abolition of the new deal and a return to high unemployment; and either investment and targeted help to develop science, innovation and enterprise in our universities and in communities across Britain, or a Britain of Tory laissez-faire, where the fortunate few succeed and everyone else's potential is simply written off.

In the competitive global economy of the future, the intellectual capital of our country will drive its economic growth, and it is therefore imperative that we invest in our children's education, in adult skills and training, and in science, innovation and enterprise. Those investments will enable us to reach our potential as individuals and as a nation, and make Britain a world leader of the future global economy.

Our plans enable us to meet the needs of this country's future. The Conservative party has made its decision, which is to cut spending and privatise and run down our public services. While the Labour party will invest in skills, science and enterprise, the Conservative party would slash spending in all those areas. Conservative Members laugh, but they are committed to axing the new deal—they would weaken the economy and return us to an era of boom and bust. We will invest in those areas that will enable the UK to grow and ensure prosperity not only for some but for all, while the Conservative party would put that at risk and cut public spending by £18 billion.

The Budget laid down the measures that will enable the UK to respond to and meet the challenges of the global economy, and the Finance Bill sets them in statute.

2.56 pm

Mr. Howard Flight (Arundel and South Downs) (Con): I beg to move,

That this House declines to give a Second Reading to the Finance Bill because the provisions contained in its 574 pages increase the burden and complexity of taxation, particularly on

small owner managed businesses; do nothing to increase the savings rate or improve United Kingdom productivity; and will lead to a further decline in the competitiveness and relative attractiveness of the United Kingdom as a location for investment.

First, I refer hon. Members to my declaration in the Register of Members' Interests. Secondly, I congratulate the Chief Secretary on a better performance than that in the recent Budget debate, but his promotion of his own Finance Bill lacked both conviction and enthusiasm.

This is, perhaps, the dullest Finance Bill for a long time, but I imagine that the Chancellor is proud of himself for adding another 574 pages of tax complexity for businesses and citizens to cope with—admittedly, 158 pages deal with the new tax regime for pensions. The reforms were supposed to simplify arrangements and, as the Chief Secretary said, to create a single new system, but if he read through the 158 pages he would find that the Bill sets out six new systems to replace the eight old systems.

If the Government were in listening mode, they would find that pension professionals are offended and outraged that this massive piece of complex legislation has been introduced without prior consultation, which permits no more than three months of digestion, analysis and criticism as the Finance Bill moves through its parliamentary stages. The time scale is unnecessary because the new measures will not become effective for two years—Green Papers are different from specific consultation on detailed legislation.

Virtually all economic commentators agree that the background to the Finance Bill is the Chancellor's need to raise taxation sooner or later in the face of a current structural deficit of some £35 billion with, by the Government's own measure, full capacity in the economy next year. In addition, there is an estimated £13 billion black hole arising largely from what the Institute for Fiscal Studies assesses as over-optimistic projections for corporate tax revenues.

Citizens and businesses do not face major tax increases only if Labour win the next general election—the tax take is going up by nearly 8 per cent. this year, to £31 billion, after a 6 per cent. increase last year and before a further 8 per cent. increase next year.

Angela Eagle (Wallasey) (Lab): The hon. Gentleman mentions that the economy will run at full capacity next year. Is he against economies running at full capacity?

Mr. Flight: Perhaps the hon. Lady might like to take a lesson in basic economics. The simple point is that if an economy is at full capacity and public spending is then in significant deficit, there is a risk that that will lead to inflation. Of course it is a good thing for economies to run as close as possible to full capacity, but it is unwise to operate a structural deficit at that stage of the cycle. Indeed, that is the very principle behind the Chancellor's fiscal rules.

The shame revealed by the Government's own Office for National Statistics figures is that the massive increases in taxation and public sector spending since 2000 have failed to deliver the improvements in public services that were promised. Rather, the spending has gone on public sector inflation, which has risen to nearly 10 per cent. this year compared with just 1.6 per cent. in 1997. Hon. Members may care to note that the ONS data also showed that productivity in the public sector fell by 5 per cent. during the past two years.

The Chancellor himself now admits to the waste in public spending that his policies have produced. No longer can he or his colleagues make silly assertions that those seeking to make the public sector more efficient have to cut front-line services. Conservative Members hope that the Chancellor will achieve his plans for public sector savings of £20 billion a year and that the Gershon review will be more successful than the Chancellor's discredited targets regime. But like the Treasury Committee, we await further details and explanations as to how the 2.5 per cent. annual efficiency savings will be achieved.

The working draft efficiency review paper, which I have read, is a highly theoretical analysis. It highlights four main cross-cutting ways in which savings efficiencies can be achieved, but its conclusions on 2.5 per cent. savings do not follow from those four main areas. It looks as though one person wrote the first half of the report and another person wrote the second. Gershon's review is based primarily on benchmarking. It has set targets and leaves it to each Department to determine how they will be achieved. The work that is now being done by the James committee on our behalf is looking much more specifically at each Department and each area of the public sector to determine where and how improved efficiency and improved delivery can be achieved. We have also set six targets by which we will evaluate the Government's efficiency savings plans, as well as our own.

May I give the Chief Secretary a little lesson in arithmetic in relation to his earlier comments? First, he should be aware that it is delivery that matters, not spending. One can have huge increases in spending, but if delivery does not improve, it is a waste of time. Secondly, if one achieves a situation whereby inflation is 2.5 per cent., which is roughly the Government's target; efficiency savings of 2.5 per cent. are achieved, which is the Government's target; and the amounts spent are frozen, the result is that there is no actual cut in services, because the effective real spending save of 2.5 per cent. is compensated for by the efficiency gains of 2.5 per cent. That is precisely what my City Circle paper was getting at. The Chief Secretary would be welcome to join us so that he can learn a little more about the public finances and improve on the way in which he does his job.

The Chancellor's general-election-campaigning Budget speech not only failed to address the key issues facing the British economy, but omitted any reference to 48 per cent. of the measures contained in the Bill. As the Chancellor well knows, but dare not say, all his contrivances and changes to the bases of calculations in order to claim that he has met his fiscal rules avoid facing up to the fact that growth has been sustained by consumption growth well in excess of gross domestic product growth and financed by a growing mountain of personal debt; and that will now be added to by another £150 billion of Government debt by 2007, as set out in the Red Book. But the productivity growth that is needed if that is to be sustainable has declined and is half that achieved under the previous Conservative Government. The savings rate has similarly fallen to half what the Labour Government inherited from us in 1997.

[Mr. Flight]

The Chancellor had nothing to say about addressing those issues. With interest rates now rising, and the Government themselves predicting zero slack capacity in the economy by next year, any prudent Chancellor—particularly one who believes so passionately in micro-management—might have sought at this stage in the cycle, in this Finance Bill, to have increased the savings rate; but the Bill contains no incentives for savers. Rather, as contrived outside the Bill, individual savings accounts will be considerably less attractive for the 12 million ISA savers as a result of the loss of tax credits on equity dividends and the reduction in the limit from £7,000 to £5,000 a year—from £3,000 to £1,000 for cash ISAs. As the Treasury Committee commented, those measures appear to run counter to any policy of encouraging people to save. In particular, the major reduction in the limit for cash ISAs is bad news for lower income and younger savers. We will table a new clause to address those problems.

Mr. Jack: Does my hon. Friend agree that his critical analysis is made all the more important in light of the substantial losses that many have experienced on endowments and similar financial instruments; and that therefore, to ensure that people can meet their long-term personal financial obligations, encouragement to save at an individual level is even more vital at this time?

Mr. Flight: I thank my right hon. Friend for making that point, which is particularly relevant in the face of the problems that many have experienced. There is the wider economic point that when an economy is at full capacity and when interest rates are rising, with the threats that that can bring to the economy, one of the things that can prevent that from boiling over into economic problems is boosting the savings rate. A wise Chancellor would try to get the savings rate up at this moment in the economic cycle, as any economist would tell him. The truth, however, is that the Government's savings policy is a mess and has virtually disappeared off the Chancellor's radar screen, just as he has dropped any reference to the equally important need to improve productivity growth.

There are some measures in this leviathan Finance Bill that Conservative Members support. The rebating of all VAT on church repairs is long overdue, particularly given that charities are collectively paying nearly twice as much tax as under the last Conservative Government following the loss of advance corporation tax. We welcome the delivery of the promised extra relief for community amateur sports clubs and the child care voucher proposals. However, too much of the Bill is about leeching the tax system and will fall particularly hard on small businesses and on ordinary citizens.

The Chancellor's biggest sting was fixed last year with the freezing of tax thresholds and allowances. As hon. Members will realise, a fiscal drag serves to pull large numbers of additional people into the higher income tax rates. In his Budget speech, the Chancellor failed to mention the tax rise from £110 to £600 a year for drivers who use company vehicles for private use. Nor did he mention the imposition of an income tax charge, retrospectively, on those who have made perfectly legal arrangements in the past to enable them to pass on their houses to their children while occupying them until their death. The cause of the problem there is that, as a result of the Government's policies, house prices have risen by much more than the inheritance tax threshold. The Chief Secretary referred to the natural obligations that one generation feels towards the next, but the Government seem not to understand that it is very natural for parents to want to hand their houses on to their children. There is nothing immoral or wicked about that—virtually everybody has that sort of generation-to-generation motivation. The Chancellor should not underestimate the resentment about the provision that will be felt by the middle class voters whom the Prime Minister is so keen to retain. I believe that the Government should have tightened the gift of reservation laws for inheritance tax purposes. Instead, the new income tax charge in the Bill adds yet further complication to personal taxation for tens of thousands of people and threatens the future of many of our historic homes.

As we stressed in Committee on the Finance Act 2002, the introduction of the zero corporation tax rate introduced a fiscal distortion that favoured incorporation for small businesses, as opposed to remaining sole traders. As we warned, that led to a massive shift to incorporation, which the Government estimate would cost £420 million in lost tax this year alone. The Government have chosen to tax the distributed profits of small companies, which would otherwise fall within the zero band, at 19 per cent., to deal with that. Again, that will create significant compliance and legislative burdens for small businesses, with complications relating to undistributed prior year profits carried forward, and hit especially the smallest companies, which often find it difficult to retain profits.

The Law Society commented that the extent and complexity of the provisions are disproportionate to the amount of tax involved. The Treasury Committee stated that it is puzzled about why, unlike other commentators, neither the tax authorities nor the Treasury appear to have anticipated the inevitable incentive to incorporation for small businesses.

The Paymaster General will remember that she pointed out in Committee that small businesses would not look a gift horse in the mouth. She clearly expected the provisions to encourage small businesses to incorporate, but now we are told that it was not a gift horse after all. Consequently, small businesses now end up with a complex tax charge.

On another subject relevant to owner-managed businesses, clause 86 seeks to remove the ability of small owner-managed businesses to be held jointly, and the husband and wife to remain taxed on a 50:50 basis. That flies in the face of the provisions that were specifically made in 1990, when independent taxation was introduced. Outside the Finance Bill, aggressive new interpretation of section 660A, universally criticised by the accounting profession, seeks to introduce another stealth tax, to tax as the husband's income dividends from the proportion of owner-managed companies that were historically owned by the spouse. The parliamentary debates and Budget press release relating to the Finance Act 1989 made it clear there was no such intention thus to interpret section 660A.

What is fundamentally wrong with these initiatives, essentially designed to extract more taxation from small, owner-managed businesses, is that they impose complicated rules on small businesses, which are costly to administer, potentially penal, and will possibly lead to mistakes. At the end of the day, the earnings are not large. As a constituent wrote to one of my colleagues:

"I am sick of this Government messing up so many areas of my life. I am fed up with their taxes, anti-family stances and sheer arrogance. They meddle in so many areas where they just do not see the ramifications."

I am surprised that the Inland Revenue has not previously attacked artificial tax avoidance schemes, which have been widely marketed, well before they have become widely used, and I understand the Government's objectives in the Bill. However, I ask the Chief Secretary to make a commitment that the Government will now publish the prescribed Treasury regulations, mentioned in clause 290, which will define "notifiable arrangements". Without that, we cannot know whether, as the Treasury Committee warned, the arrangements will create undue compliance burdens for taxpayers and their advisers, or undue administrative burdens for the tax authorities. As the national head of Ernst and Young commented, his concerns are that UK businesses should not be put at a competitive disadvantage. I am sure that the Government share that objective.

I also warn the Government of the dangers of confusing tax evasion and tax avoidance. In those European Union economies where that happens, the outcome has been to make tax evasion socially acceptable. Ultimately, there also needs to be a degree of consent on the part of those asked to pay the taxes levied on them. As the senior partner of Grant Thornton pointed out, many of the Government's problems in their attempts to tackle tax avoidance are of their own making. Moreover, to avoid the new rules imposing excessive and uneconomic burdens on business, they also need to draw a clear line between "offensive" tax avoidance schemes and normal corporate tax planning, otherwise, provisions could have the effect of requiring any transaction on employment or a financial instrument that could have been accomplished in a less tax-efficient manner to be reported. That would impose wasteful time and cost burdens both on business and on the Inland Revenue.

Clause 298 lacks adequate clarity about when lawyers are bound by their duties of confidentiality to a client and when they will be obliged to report under the new rules.

It is also notable that, although the Bill contains major anti-avoidance measures, there is a marked absence of Government initiatives to tackle tax evasion and the growing black economy, or for that matter, the £7 billion incorrectly paid out in state benefits as the result of one in five Department for Work and Pensions decisions being wrong, as recently reported by the Public Accounts Committee. Moreover, in the Chancellor's drive to leech the tax system, he might apply his ingenuity to improving the collection of £14 billion of uncollected tax last year, as the recent National Audit Office figures revealed. That partly reflects the growing unwillingness of the rising generation to be bothered with the demands of ever more time consuming, bureaucratic compliance in their private lives.

Much the most serious challenges to the UK tax base, however, have come from recent European Court of Justice decisions founded on the principle of freedom of establishment in the EU. The Government have no clear view about what the corporation tax system will look like once all the existing and prospective EJC cases have been decided. The recent ECJ decision in the Delasteyre case applies to British companies and allows UK companies to move abroad without incurring a tax liability.

Until now, a UK company would be deemed to have made a disposal of assets if it moved to a low corporation tax rate country, such as Ireland, where that represented a major capital gains tax bill deterrent. The Delasteyre case removes this barrier and renders unlawful the new migration charge under clause 48 and schedule 8 , thus opening the doors to a Dutch auction of corporation tax rates across the EU. I fear that the Government have done no more than react, with delay and without any overall strategy, to each ECJ decision. We understand the Government's objectives with the UK transfer pricing and UK thin capitalisation proposals in the Bill, but we suggest that the Chancellor note the concerns of the Confederation of British Industry about the huge compliance burden placed on UK businesses and the possible impact of the provisions on competitiveness. The Government should tackle the problem head on in Europe, where it should not be within the jurisdiction of the ECJ to rule on tax issues.

A full digestion of the 158 pages setting out the new regime for pension savings will have to await the Committee stage. As the Chief Secretary commented, the changes were supposed to reduce the pension system from eight regimes to one, but they create six new systems. Most of the proposals appear generally welcome, but in a long-term territory such as pension saving it is all the more important, in principle and in practice, for changes not to be retrospectively damaging to individuals. When the Conservative Government first introduced the pension cap in 1989, the principle was clearly established that individuals' pension contributions, where they were already members of pension schemes, were grandfathered for as long as they remained in that scheme and employment, or its successor scheme and company. So we believe that it is an important point of principle that such individuals should not be unfairly disadvantaged under the highly complex transitional arrangements that are proposed.

We also question the Government's apparent reversal of their own measure introduced three years ago to enable women who take a career break to keep up their pension contributions for five years, based on the amounts that they had been earning at the time they stopped work, rather than restricting them to the stakeholder limit *[Interruption.]* The Financial Secretary says that that is covered, and I am glad to hear it, but the industry does not feel that that is the case.

We also have concerns that the 1:20 ratio regime provides substantial tax advantages to members of final salary schemes, while those with money purchase pensions are materially disadvantaged. As we have already pointed out, there is no need in principle for a cap if all employees have to be members of the same company scheme, and if annual contributions and tax-free lump sum withdrawals are subject to reasonable limits. We also wonder whether the new arrangements

[Mr. Flight]

will provide larger incentives for tax leakage, up to the £1.5 million limit than the Government have anticipated.

While welcoming in principle effective measures to tackle VAT avoidance, we are worried that clause 20, which tightens up on VAT group relief, will act as a major incentive to banks and other large financial services organisations to sub-contract their back-office functions overseas. Here again, the Government would have done better to tackle the EU VAT problem in this territory head on.

We understand that the property VAT anti-avoidance measures to outlaw schemes such as those under which the Labour party saved £1 million on the purchase of its new offices in Old Queen street, by treating the acquisition as a business rather than a property, are being discreetly addressed outside the Bill by a separate statutory instrument. However, I am glad to see that the Labour party knows so much about this kind of tax avoidance.

Next week, we will be addressing more fully the specific Budget resolutions that we voted against, on the Floor of the House. It is extraordinary that the Government should be introducing the costly and complex strip-stamping regime for spirits when, only two years ago, the Chancellor's Budget day press release commented:

"It was clear from this consultation process that the introduction of tax stamps would have a severe impact on the productivity and compliance costs of the spirits industry . . . The Government does not consider those costs as proportionate to the benefits of tax stamps."

We shall look forward to hearing what has changed to make the Government do a volte face, because as far as we can see, nothing has changed.

The Bill contains a further 51 pages on stamp duty land tax, but fails to address the major distortions now being caused in the residential property market as a result of the Government's stamp duty slab regime. There is a total of six other stealth taxes in the Bill, but after the Chancellor's massive engineered increases in council tax, stamp duty is his second largest stealth tax *[Interruption]* Labour Members might be surprised to learn that stamp duty revenues have risen from £2.5 billion in 1997 to a forecast £9.4 billion this year, and they are forecast to be up another £2 billion on last year. I must point out to the Chief Secretary that those middle class voters whom the Prime Minister is so keen to retain are not happy about what is happening to them on this front, especially first-time buyers who are going to have to find about another £2 billion over the next year in stamp duty.

The Chancellor's boastful budgetary oratory sits ill with the dreary realities of the Bill and the issues facing the British economy. The once prudent Chancellor has been imprudently profligate in running a structural deficit which might prove to be as high as £50 billion, when there is no slack in the economy. The relative success of the British economy in recent years has been at the price of unsustainable increases in personal and mortgage borrowing, which threatens stability, now that interest rates are rising. The deterioration in Britain's public finances in the last three years has also been the worst in the EU, and taxes in Britain have increased as a proportion of gross domestic product by more than in any other EU country over the past six years.

In the forthcoming spending review, the Chancellor will not tell us that he will be seeking desperately to put the brakes on out-of-control public spending; nor will he tell us by how much he will be putting up taxation if Labour wins another election. He will not be telling us, either, of his wish for a general election as early as possible, before the risk increases of the economic wheels coming off. Like last year, the reality of this Labour Government is more taxes, more spending, even more borrowing and continuing failure to deliver. The Chancellor's policies are taking Britain back to old Labour tax and spend failure. He has already lost the confidence of much of the business community, and he is well on the way to alienating a majority of British citizens.

3.25 pm

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I refer the House to my entry in the Register of Members' Interests.

The Opposition parties may not want to face up to it—although the hon. Member for Arundel and South Downs (Mr. Flight) acknowledged it in his third or fourth-last sentence—but the background to this Finance Bill is the fact that Britain has one of the most stable economies in the world. Since 1997, 1.8 million jobs have been created, of which 1.3 million were in the private sector. As we all know from reading our local newspapers, in many parts of the country there are adverts for many more jobs than can be filled. Since 1997, 100,000 extra businesses have been created, and unemployment is now at 2.9 per cent., which is the lowest since 1973.

That has been possible because we have been able to attain growth rates that were not attainable in recent economic times. Since 2000, our growth rate has been 2.5 per cent., compared with 1.6 per cent. in the eurozone and, significantly, our growth rate has been higher than that of the United States. Why have we been able to maintain that growth rate? In a moment, I shall refer to the past, but it should be clear that if, every time there is an expansion in the economy, it is followed by a quick deflationary effect, there will be instability in the economy which will lead to a lack of confidence and, inevitably, rising prices, higher interest rates and all the other things that help to destabilise an economy. Those have all been avoided in the past five or six years, during which we have had historically stable prices and, consequentially, historically low interest rates.

I am the first to concede that there is a problem in the manufacturing sector, which has not been able to respond to changes in the global economy as quickly as other sectors, although I think it is now beginning to learn how to respond. We cannot expect always to do things as they were done in the past and to be successful. I am not one of those politicians who say that the Government can come along with a magic wand and resolve the manufacturing sector's problems. What the Government must do is establish the right macro-economic climate, and the right intervention climate on the micro side—which should be no greater than is

absolutely necessary. We are already seeing an improvement in manufacturing, partly because the world economy has experienced more of an upturn than in recent years but also because some of the initiatives taken by the Government over the past five or six years have begun to take effect in businesses throughout the country.

I do not blame the Conservatives, for we have all been in opposition in our time, but their treatises on the state of the economy suggest that their memories are short when it comes to economic comparisons. That is not a party political point. There are many similarities in the economic performances of Labour and Conservative Governments over the past 30 years or so. I would argue, from a standpoint of partiality, that Labour has a better record – that some of the things we have done have been better – but I concede that many general economic trends have not differed significantly.

When the Conservatives attack what Labour has done over the last seven years, they fail to take account of a new Government attitude to the economy. They fail to recognise that there really has been change and that the stability that we have struggled to hold on to for any length of time in the past has now been attained. A Conservative party, or any other Opposition party, that does not acknowledge that will not just fail to carry business and the people with it, but discredit its ability to assess economic performance and come up with policies of its own. In a sense, it will let people down.

When I was a student, Government's role in the economy was to boost it one year and depress it the next, in the hope that over three or four years – given various such cycles – it would be stabilised. That did not happen often and when it did happen, it usually happened by accident. Expectations were not in line with actual movements in the economy. Even when the economy was moving in the right direction, people – be they workers or entrepreneurs – expected things to get worse, and their decisions on wage bargaining or investment policy were based on those expectations rather than on reality.

I do not think that has changed. I think that is how human beings react. Long-term stability, however, makes it more likely that expectations will be in line with economic realities, which means that people will make better judgments on whether to invest, whether to settle for a certain amount in their wages or whether to save a certain amount. That did not happen in the 1960s or 1970s. Things were more difficult in the 1970s because of the oil crisis in 1973, when we were all trying to cope with a 25 per cent. inflation rate. Under both Conservative and Labour Governments, how could an investor decide where he wanted to be in two years' time when inflation was likely to be 40 per cent. over two years? If the forecast was wrong by 10 per cent., that would mean 4 per cent.—and a company that can register a 4 per cent. profit in its annual returns is doing pretty well. It was very difficult to make investment decisions, which caused further instability in the economy.

That was repeated in the 1980s, when after a short boom in 1980, the Conservative Government were forced to recognise that it could not be sustained. The huge instability that followed lasted for years, causing massive unemployment and social disruption. It was repeated again in the early 1990s, when the Conservative Government again tried to boost the economy before the 1992 election. I do not blame them for that, but it created enormous instability, with inevitable deflation and massive unemployment. I am happy to discuss that economic thesis with anyone who disputes it, but I think that we have all learnt a lesson from it. There must be a different approach, geared to stability. I shall list some of the things that the Government have done to bring that about.

Mr. Flight: Does the hon. Gentleman agree that the major change in the past 10 years has been from the forces of globalisation? In the prior periods to which he referred, in more closed economies, inflation could build up more easily, leading to the stop-go cycles that he mentioned. The crucial change, as the Bank of England would admit, is that with open, global economies it is much more difficult for inflation to ignite. Indeed, the Bank of England would argue that the fact that the inflation target has been met has not been the result of a magical ability to manage inflation to that level, but largely the result of international forces. Surely that is the great change.

Mr. Henderson: I understand what the hon. Gentleman says and recognise that we live in a more global economy, with more interaction between different parts of the world economy. That is the background to what has happened. Without policies geared to stabilisation, however, it would have been perfectly possible, even in an expanding global economy, to have massive stop-go, which would have undermined our ability as an economy to perform. If he looks at some of the examples around the world, he will see that that is the case where economies have not performed in this period of globalisation. One might have thought that the Japanese economy would perform much more effectively in this era, but it has not, because Japan's domestic policies, and the sense of economic integrity in the country, have not been continued over the years. Some EU economies also failed to perform in the way that they perhaps could have, had they been able to achieve greater stability. I recognise that we live in a more globally minded economy, but that does not in itself explain the difference.

What has changed the economic performance? The basic point is that markets are more confident in their predictions, and wage earners, house purchasers, investors and savers are also more confident. In a sense, stability breeds stability. Some colleagues might argue that all this happened just because there was a Labour Government. I do not argue that, as I implied in my previous remarks. The Labour Government have adopted a change in economic thinking, responded to the changing economy and begun to adopt new approaches. The independence of the Bank of England is an example of that. It would have been heresy for any Labour Member to argue for that in the early 1990s or before. It was recognised, however, that if we are to give markets more confidence – let us remember that markets are not just about capitalism, but about the workers, their expectations and their predictions—people must believe that macro-economic policy has been based on what the economy needs, not on what a political party needs. When we give that degree of

[Mr. Henderson]

independence, while maintaining some influence over the long-term shape of the responsibilities of the Bank of England, we nurture that improvement.

On borrowing policy, one problem in the past was that, in the 1960s, 1970s and 1980s, many people still lived under the economics of the 1930s. In a less global economy, with massive deflation domestically, public expenditure programmes were necessary to create work. If it was useful work, that was fine—sometimes it may not have been, although most of it was. If we tried to conduct an economy on that basis, with a more globalised economy and a nearness to full employment that did not exist in the 1930s, inevitably, again, expectations would be affected. A crucial reform of the Labour Government was to say that borrowing is for investment over the economic cycle, not for plugging the gaps in revenue except in the very short term. That gave markets great confidence in our economy.

The social programmes that have been introduced, and the emphasis on expenditure on health, education and so on, have been important in carrying people along with the changes that have taken place. The investment programmes in education, training and science have been important in bringing about the changes, not in the sense of health expenditure, which gives people a belief that things are going well, but because by investing in education we are creating a skill base for tomorrow.

Those are the main changes that have taken place over the past five or six years that have helped to reinforce the stability of the economy. The Budget this year again does that and I believe that the Finance Bill also provides a fiscal framework for stability.

Adam Price (East Carmarthen and Dinefwr) (PC): I am listening with great interest to the hon. Gentleman, who represents the north-east of England, the economic history of which is not dissimilar to the part of south Wales that I am from. Does he think that the benefits of the economic stability that he describes have been distributed equally throughout the United Kingdom?

Mr. Henderson: Unemployment has more than halved in my constituency over the past seven years and there are many other improvements that are obvious to the electorate in Newcastle, North that I was going to mention to the House. The hon. Gentleman has just prompted me to do so slightly earlier.

People can see the social programmes in their communities and that things have changed. In Westerhope—the ward where I live—there is a new primary school that has all the latest technology to encourage a better education for our young people. There are three secondary schools in my constituency. All Saints school is the re-creation of two schools that were failing. It is still a difficult school but it is making enormous strides, and there has been a big investment—for everyone to see—in what is in the classroom, what protects the classroom and the number of teachers.

In Gosforth high school—I see the hon. Member for Hexham (Mr. Atkinson) opposite, he will know all these places—there has been an obvious investment in new classrooms and essential maintenance of existing buildings, as well as the establishment of a new building. Walbottle school, on the boundary between our constituencies, is to be completely reconstructed, based on the social expenditure that is now possible because of the changes that have taken place in our economy and its strength.

In West Denton in my constituency, there is a new one-stop community centre in the middle of a redeveloped shopping centre with a wide range of facilities including housing and benefit advice, leisure facilities, work and pensions advice and a new library. All of this is obvious and such changes are replicated in constituencies up and down the country. My answer to the hon. Member for East Carmarthen and Dinefwr (Adam Price) is yes, things have got better and the changes are visible, but there is still some way to go. I do not want to detain the House too long but I would like to mention some of the things that could be done.

The Budget has addressed the regional imbalance issue, especially in accompanying statements on the dispersal of civil service jobs. Too often, we have located jobs in already congested areas, which does not make economic sense. We have dispersed civil service jobs in the past and we need to disperse more, and that will help to encourage employment and growth in constituencies such as mine in the north-east and that of the hon. Member for East Carmarthen and Dinefwr.

That will also address, at least partially, the point raised by the hon. Member for Arundel and South Downs about how one reacts in an economy that is getting nearer and nearer to full capacity in many areas. Regional redistribution is an important way of raising the overall level of economic activity and addressing the problems of full capacity.

People are generally wary of making this point, but I will make it. On immigration, there needs to be far more consideration of the economic factors involved rather than the other factors. Immigration is crucial for economies that are to grow. An economy can be grown to an extent by raising the productivity of the people who are there, but productivity has shot ahead in some economies around the world because more people have been involved. That has happened sometimes because the labour market has grown internally, but it has often happened because of external immigration. If anyone knows an example of where that is not the case, please tell me.

We in this country must stand up and say that, if we want to continue to be prosperous and meet our economic objectives, there must be an economic context in which we consider such matters as immigration. We all know what happens in London. If there were no immigration into London at the moment, and if there had not been for the past 10 years, there would be no service industries provided in central London. We all know that, so why do we deny it? Some areas of the country now need immigration to ensure that their future capacity is as good as it has been in the past, because areas such as the north-east and Scotland have been losing population. If such areas are to be successful, we need to have a much more progressive approach to immigration. I do not believe that people should just be able to come to this country and pick up what is going, but they should be able to come and make a contribution.

That economic argument should be made far more often. If all the political parties accepted that that was the case and did not try to make party political points out of it, it would not only be economically desirable but have beneficial social consequences. I, for one, will not hide from that issue because it is important in economic terms, although I could also justify it in social terms. That does not mean having a completely open-door policy, but we have to allow immigration where it is important.

I have gone on for long enough, although I could also have identified benefits for small business. It is important to have micro policy to help small businesses, and I am sure that my colleagues will address that in their contributions, as Front-Bench Members have. There is a need to do more on labour mobility, which will also help to address the full capacity issue. Housing policy is crucial in that regard, and the Government's response to the Barker recommendations on housing investment trusts is a good one. I look forward to legislative backing for that.

On education, the Government's commitment to a 4.4 per cent. real-terms increase during the next four years is crucial, for reasons that I hope everyone in this House recognises.

Mr. Bacon: The hon. Gentleman has mentioned various points, but I have listened with particular interest to his comments on immigration and his powerful point about services in London. I was struck the other day when, having been served with coffee in Starbucks in Horseferry road by a Brazilian tax lawyer, I then went to the dentist who turned out to be from South Africa, and also saw a dental hygienist from Finland. When I returned to Starbucks later in the evening, a Japanese drama student was behind the counter. The hon. Gentleman is right to say that London services would be decimated without immigration. However, does he agree with Trevor Phillips, the chairman of the Commission for Racial Equality, that multiculturalism—the cultural and social issues are different from the economic ones—has been a failure and should end?

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I had been on the edge of suggesting to the hon. Member for Newcastle upon Tyne, North (Mr. Henderson) that he had perhaps dwelt a little too much on immigration in relation to the main substance of the legislation before us. I certainly hope that he will not respond to the hon. Member for South Norfolk (Mr. Bacon).

Mr. Henderson: I am pleased, Mr. Deputy Speaker, that you have kept the hon. Gentleman and me in order. I was simply trying to address the full capacity issue, which has been raised and is important.

The Finance Bill is designed to steer our economy towards higher productivity, in line with the issues that have been mentioned from the Front Bench, including the use of our increased resources to fund investment in education and important social expenditure. Some would say that there is very little in the Budget that changes things, but that is not a crime for a Budget. I do not believe in changing regulations if they do not need to be changed. The important thing is that the macro-economic strategy is right, and the Budget reinforces that.

This Finance Bill will help to maintain stability. It will contribute towards raising productivity in our economy, and it is fair. For those reasons, I commend it to the House.

3.49 pm

Mr. David Laws (Yeovil) (LD): The shadow Chief Secretary said earlier that the Budget was dull and the Bill too long, and I think that I detected the Paymaster General sighing and saying that we say that every year, but unfortunately of late it happens to have been true. Budgets have been dull for a couple of years and Finance Bills too long for quite a few. We may not be able to do much to influence the dullness or otherwise of Budgets, but it is slightly disappointing that our urgings to limit the length of Finance Bills and the complexity of tax legislation have not been heeded.

The Paymaster General (Dawn Primarolo): I thought the hon. Gentleman and his party were in favour of the tax law rewrite project, so I would expect him to welcome the resulting increase in the volume of Finance Bills: they are longer, but much clearer, which is important.

Mr. Laws: I am complaining not about the tax law rewrite but about the Government's policies. We have had further examples this year of their having to fill the Finance Bill with measures to unwind the effects of tax loopholes and reliefs introduced in previous Budgets. The shadow Chief Secretary has already mentioned the corporate tax measures that unwind the effects of the zero tax rate introduced only two Budgets ago.

We shall have an opportunity in the couple of months that we take to deal with the Bill in Committee to discuss many of the clauses in great detail. Today, I want to focus on the broad sweep of the Bill and the Budget, and to follow to some extent the structure of the excellent report published by the Treasury Committee just a couple of weeks ago—a report that usually informs our debates on the Finance Bill at this stage. I want to discuss the macro-economic background and some of the key public expenditure issues before coming to some of the salient tax issues.

At the urging of the hon. Member for Newcastle upon Tyne, North (Mr. Henderson), I pay tribute to the Government and those in the wider economy for the unprecedented period of economic growth that we can celebrate this year. Of course, that is essential background to the Budget. The success of the economy and its ability to create jobs is one of the factors that allows us politically to concentrate on issues such as the improvement of public services, which was far less salient in the late '70s, the '80s and the early '90s, because so much of our political and economic debate had to focus on the crisis in the macro-economy, and in particular on the huge level of unemployment. When I was first getting interested in politics, the claimant count was well over 3 million, and it is a great pleasure to note that it has now fallen below 900,000, which would have seemed an almost impossible target back in the 1980s and early 1990s.

It is a great pleasure for me in my first Parliament to represent a constituency where the major complaint from business is about the shortage of employees.

[Mr. Laws]

Unemployment is less than 1.5 per cent. in Yeovil—and throughout south Somerset and into Dorset. In fact, the major employment issue that I have to deal with is the controversy that can arise when people from Portugal and other countries are brought into communities such as the town of Chard because there are not enough employees to fill the posts in local businesses. That is a nice problem to have.

Mr. Steve Webb (Northavon) (LD): I do not want to interrupt my hon. Friend's characteristic slavish adoration of the Government's economic policies, but does he accept that there are many people who do not feature in the official figures? Perhaps he was going on to say that. Among young people, for example, the number who are not in paid work or on a training course, or who have dropped out of education and so on, is basically the same as it has always been. Far too many do not show up in the headline figures, and there is a lot of wasted talent out there that the Government have failed to do anything about.

Mr. Laws: I assure my hon. Friend that I have dealt with the good news part of my speech so far as the Government are concerned, and I am extremely conscious of the point that he makes. Many fall outside the labour market statistics altogether, and such people—particularly those on long-term incapacity benefit, for example—should be of great concern to the Government. I hope that they are.

There are two clouds on the economic horizon—the shadow Chief Secretary has referred to them—and they both relate to debt. The first problem concerns consumer debt and the valuation of housing assets, and the second public sector borrowing. Both should be of great concern to the Government, not least because although, as the Chancellor has observed, we have enjoyed an unprecedented number of years of positive economic growth, it is in the nature of history that such periods always come to an end. We should therefore try to anticipate what could bring these benign circumstances to an end.

One of our greatest concerns, which has been expressed by my hon. Friend the Member for Twickenham (Dr. Cable), is the accumulation of consumer debt and the appreciation of house prices in particular. House prices have risen by at least 100 per cent. across most of the country in the past four years or so. That speculative bubble in the housing market could burst at some stage, leading to a decline in consumer expenditure, which might be over-extended as a consequence of the high level of consumer debt. I do not get the impression that the Government believe that there could be a problem with consumer debt and the housing market, or that there is a pin out there that will burst the speculative bubble.

The Treasury Committee touched on the issue in a relatively fair way in its Budget report. It is true that a number of the reasons for the increase in house prices and in consumer borrowing are related to fundamental economic factors, which might give less cause for concern than some of the speculative pressures. We have enjoyed relatively strong growth of real incomes, and low unemployment. The increase in house prices perhaps constitutes an adjustment for the fact that interest rates are at a very low level historically. It is probably reasonable to assume that they will stay low for the foreseeable future; at least, that is what the financial markets are saying.

Some speculative house buying is taking place as people switch their investments from other classes of assets that have not performed well recently, including the share market. That should give us pause for thought, as should the extraordinarily high level of house prices compared with earnings across the country. Since I became Member of Parliament for Yeovil, the price of houses at the bottom end of the market in my constituency has at least doubled. Properties in Chard—a town marked by very low-paid employment—that were going for £45,000 to £50,000 in 1999 are now on the market for £115,000 to £120,000. It is incredible that the lowest priced houses in a town with such low pay should be that highly priced, and constitute so many multiples of average earnings.

The Government might be aware of recent statistics produced by financial commentators such as Barclays bank. According to a Barclays bulletin, the major factor that pushed up the value of lower priced properties in the past couple of years was not first-time buyers, but a huge explosion in the speculative market for buy-to-let properties. In the past couple of years, the growth in the number of such properties far outweighed the decline that was otherwise taking place in the number of mortgages taken out by first-time buyers.

The Government may feel that they can afford some complacency at present, and that even if there might be an overstretched housing market there is no obvious factor on the horizon to end the current position—no pin to burst the bubble. However, we cannot easily anticipate an increase in inflation, not only in this country but overseas, perhaps as a consequence of loose monetary policy in several countries. If, as a consequence, there is a significant rise in UK interest rates, the house price bubble might burst significantly, and that might accumulate in its effect as a result of the amount of speculative buying in the housing market. That seems to be a real risk to the economic outlook, which the Government should take more seriously. They should encourage regulators to police very carefully the way in which lenders are dealing with the property market in particular, and continue to support the Monetary Policy Committee in taking early action on interest rates.

The second controversy and other cloud on the economic horizon is the borrowing problem and fiscal deficit that the Government face. There has been a significant increase in public sector borrowing and the projections for it over the past few years. As the Select Committee report pointed out, that has happened despite the Government's success over the past year in achieving their growth forecast—something that a year ago many of us felt was somewhat unlikely.

The Select Committee also pointed out that the Chancellor's problem with public borrowing over the past few years has been a consequence of a shortfall not in growth, but largely in tax revenues per pound of economic growth. Commentators are still expressing considerable scepticism about whether the Chancellor's forecast for increasing tax revenues over the next few years will be borne out. If they are not, we will face the

serious risk of public borrowing rising significantly above 3 per cent., which has for a long time been the benchmark with which both the present Government and their predecessors have been comfortable.

I am not sure yet that my forecast would be as gloomy as those of the shadow Chief Secretary and the shadow Chancellor. After all, the figures on potential deficit and excess in the borrowing forecast mentioned by the Institute for Fiscal Studies and others are of the order of only £10 billion to £12 billion—the average error from looking one year ahead on the public finances. No Government should necessarily be proud of that, but it remains the case. If the Government are lucky and the position turns out to be more benign than the forecast, the deficit could disappear very quickly indeed. However, if they are wrong in the opposite direction, the deficit will be even greater than that expected by the IFS, which should give the Government serious cause for concern.

What should the Government do? One action that they should consider is giving the same type of credibility to their fiscal regime—particularly transparency—that exists for the monetary policy regime. I wish that the Treasury Committee had gone a little further in its recommendations on that point. It has at least pointed out that it is unsatisfactory when the National Audit Office is called in by the Chancellor only to audit particular assumptions and not other assumptions. Problems have occurred recently in the private sector, but if we proposed a system whereby auditors were instructed to examine only certain assumptions and not others—about oil, stocks and so forth—people would be very worried.

Angela Eagle: As a member of the Treasury Committee I can tell the hon. Gentleman that we debated whether the National Audit Office would be in a better position than the Treasury somehow to oversee and audit official statistics, and we explicitly decided that that would be nonsense. We deliberately said that we should go no further than the recommendation and comments in the report.

Mr. Laws: I am grateful to the hon. Lady for making that point. I recall that debates in the Select Committee have been going on for some time and that several Members—including the hon. Member for Chichester (Mr. Tyrie) and, I suspect, my hon. Friend the Member for North Norfolk (Norman Lamb), who is in his place behind me—have argued forcefully for greater transparency.

I am not necessarily saying that giving the NAO more power to audit the assumptions is the only option. We could set up an independent body to make an assessment of the fiscal outlook, alongside the independence on monetary policy. As the Government have done so much to clarify the transparency of macro-economic policy in general, including fiscal policy, it is a pity that they seem to be nervous about going the whole hog towards proper credibility and transparency in fiscal policy. Of course, we all understand why that is: Governments, especially when a general election is coming up, do not want too much scrutiny of their figures by outside bodies. However, the price of not providing that scrutiny is a greater prospect of the Government making errors in their economic policy.

That point naturally leads us to public expenditure. One decision that the Government have taken recently on public expenditure and the control of public borrowing has been to limit public expenditure growth in the next spending round, which will be later this year. We agree with the Government that it is appropriate to slow down the rate of growth of public expenditure, even though for many years we argued that they were too slow to increase it, which is but one of the reasons why public service improvement has taken so long to deliver.

We do not, however, support the Conservative proposal to reduce public expenditure significantly below the rate of growth of the economy, as we do not believe that that would be consistent with continuing to improve the delivery of public services. The reticence of the shadow Chancellor and the shadow Chief Secretary to spell out precisely where the proposed cuts would fall indicates some of the difficult decisions that they would face. We should not be able to rely only on public sector efficiency savings.

In another extremely fair part of its report, the Select Committee pointed out the difficulty in assessing whether such efficiency savings could materialise. It noted that the Treasury was one of the Departments that recently dumped its target for 2.5 per cent. efficiency savings on the basis that such savings could not be effectively monitored—a point that has also been made by the IFS.

The Government need to do two things to deliver their agenda for the improvement of public services. First, within that much tougher public expenditure framework, they must make hard choices about where the priorities lie. Rather than relying solely on efficiency savings—although they should always be sought, they are not always as easy to pin down as they are to claim—we believe that they need to make some hard choices within public expenditure totals. My hon. Friend the Member for Twickenham has explained how we would fund much of the health, education and other programmes that we want to be introduced by cutting specific aspects of Government expenditure, including parts of the Department of Trade and Industry budget and the child trust funds; by opening up defence procurement to greater competition; and by reducing some of the excessively wasteful programmes of the Office of the Deputy Prime Minister.

Secondly, the Government should consider whether increases in public expenditure are really delivering their intended purpose of improving health, education and policing. Earlier, the shadow Chief Secretary mentioned the poor public sector productivity figures released recently and referred to the fact that most of the money allocated to public expenditure appears, from the figures, to have gone into public sector pay and on an explosion of other public sector costs. We are aware that the Government are holding an inquiry into that matter and that additional public expenditure on such things as reducing class sizes or capital investment will not necessarily show up in the productivity figures, even though such spending is much needed.

My local experience also indicates the challenge that the Government face in delivering public service improvements from increased public expenditure. Perhaps I could draw the Paymaster General's attention to the budget figures for my local hospital—Yeovil

[Mr. Laws]

district hospital—which have just been released. The hospital also covers part of the shadow Chancellor's West Dorset constituency.

It is interesting that the East Somerset NHS trust's budget for that hospital will increase from £57 million in the last financial year to £65 million in this financial year. That £8 million is a significant increase—well over 10 per cent. in cash terms. However, let us consider the cost pressures that the trust faces and where that £8 million will go. I can report to the Paymaster General that £3 million will be spent directly on pay inflation, including the funding of the consultants' contract; that about £1.2 million will fund the European working time directive; that £2.8 million will be spent on superannuation; that £1.2 million will go into a capital project to improve the hospital; and that £300,000 will go into non-pay inflation. In another words, almost all that money is accounted for by pensions, pay and a much needed capital project.

Later in the assessment of the trust's position, it is reported that the funding available for 2004–05 will be insufficient to maintain the waiting time targets set by the Government. That situation, which must be mirrored throughout the country, shows to both the Government and the Conservative party the difficulty of delivering such improvements in public services, not least after a long period in which far too little has been invested in the capital stock of our public services and in which an attempt to hold down public sector pay has created a great number of improvement projects. Those facts ought to draw the Government's attention to the need to reform public services and, in particular, to decentralise those services—to stop trying to run them all from Whitehall and Westminster.

The last issue that I want to raise is tax. The most important tax measure that we would like to have seen is not in the Bill, and we await an announcement later this year. The Paymaster General may be interested to know that my colleague the Liberal Democrat shadow Chancellor, my hon. Friend the Member for Twickenham—he is not here at the moment, but he was earlier—recently attended the Liberal Democrat conference in Southport.

Mr. Mark Prisk (Hertford and Stortford) (Con): What was he doing there?

Mr. Laws: It is usual for us to attend our conferences.

My hon. Friend bumped into the Chancellor of the Exchequer's former spin doctor, Mr. Charles Whelan, who was there, in and around the bars and other places. Mr. Whelan gave two pieces of advice to anyone who would listen about how we ought to take on the Government at the next general election. He said that we should focus on only two issues: trust—interestingly enough—and the council tax. Obviously, one questions the commitment of Mr. Whelan and others to supporting the Prime Minister, given that he urged us to focus on those two issues.

We would like to have heard more than we heard in the Budget—we still await this—about how the Government will reform council tax or, better still, abolish it altogether. We are certainly not impressed—I do not think that the country is either—by the sticking-plaster solution in the Budget: the payment to pensioners of only £100, which does not address the pressures that many people, including those who are not pensioners, face from the increases in council tax throughout the country.

In the recent Budget debate, my hon. Friend the Member for Northavon (Mr. Webb) quoted figures issued by the Office for National Statistics that show how the tax burden by decile has changed since 1996–97. We should get the latest tax burden figures from the Government in the next couple of weeks, if they are not delayed or mislaid, as they often are. I expect that those figures will continue to show that under Labour the people who have been particularly hit are those in the lowest income deciles. They pay proportionally more of their income in tax than those in the top deciles, largely because of the increase in backdoor taxes—indirect taxes and council tax—over the past few years. The most notable backdoor tax increase has been in council tax, which alone accounts for 12.1 per cent. of the income of the lowest decile, compared with 1.5 per cent. of the income of the top decile. Even after council tax benefit, council tax accounts for almost £1 in every £10 of income of those on lowest incomes. If the Paymaster has not yet picked up on the fact that that is one of the public's biggest concerns and that council tax is the most unpopular tax in Britain, she will do so in a few weeks' time, when she gets out on the election trail for the European elections and any local government elections taking place in her area.

Simon Hughes (Southwark, North and Bermondsey) (LD): Before my hon. Friend leaves the subject of backdoor taxes, will he assist me and others in persuading the Government to get rid of another such tax, which came to light last week in an answer given to me by the Chancellor of the Exchequer—a tax on charities whose runners commit themselves to raise a certain sum of money in the marathon? That was not clear before last week, and it needs to be corrected and redressed.

Mr. Laws: My hon. Friend is right. As he has raised the point, I shall deal with it now. I have been assiduously pursuing the points that he asked me to pursue, because he was unable to be present at the beginning of our debate. I asked the Chief Secretary whether in future it would be necessary to pay VAT on the golden bonds that were used by a number of people running for charities in the London marathon. The answer that I think the Chief Secretary gave and that I hope the Paymaster General, who is mouthing at me—favourable things, I hope—will make clear, is that the Treasury would provide clarification and that there was a possibility that people using golden bonds would not have to pay VAT. My hon. Friend has received representations from London Marathon Ltd., which is, I believe, supportive—

Dawn Primarolo: Will the hon. Gentleman give way?

Mr. Laws: Let me finish my point and raise a related one to which I hope the right hon. Lady will respond. The chief executive of London Marathon Ltd. has written to my hon. Friend the Member for Southwark,

North and Bermondsey (Simon Hughes) pointing out that the company is very supportive of VAT not being charged on golden bonds, but that it is concerned that if the solution pursued by the Treasury is to end the VAT-exempt status of the event, it could end up paying more VAT. Therefore, the company wants confirmation that any solution will not worsen its position.

Dawn Primarolo: The hon. Member for Southwark, North and Bermondsey (Simon Hughes) was not present at the beginning of the debate and might not be here at the end, so I shall answer the point now. Let me make it absolutely clear, because misleading information has been given, that charitable donations have always been and remain VAT-free. As for the golden bond, the London marathon organisers and director have made it clear in writing that they prefer to charge the VAT because that enables them to reclaim VAT on the significant costs of mounting the event—I understand that almost £800,000 has been reclaimed. We can have a sensible discussion about the matter, but let us not mislead: no change has been made to the tax rules. The hon. Gentleman, who is standing in another election, is trying to mislead and he should not do so.

Mr. Deputy Speaker: Order. The Paymaster General could have described her dispute with the hon. Member for Southwark, North and Bermondsey (Simon Hughes) in a more felicitous way.

Dawn Primarolo: I am more than happy to accept your guidance, Mr. Deputy Speaker, and to suggest that it might be sensible to base our discussion on the facts. Perhaps the hon. Gentleman would like to raise the matter with my hon. Friend the Economic Secretary, so that it can speedily be cleared up to everyone's advantage.

Mr. Laws: The Paymaster General's clarification was useful. No doubt my hon. Friend the Member for Southwark, North and Bermondsey will have heard her generous offer to take up the issue, and people outside will have heard that they no longer need to worry about paying VAT on golden bonds in future—at least, I think that that is what the right hon. Lady was saying.

Dawn Primarolo *indicated dissent.*

Mr. Laws: It appears that the meeting will be needed. I think that the Paymaster General is trying to have her cake and eat it.

I am conscious that time is limited, but I have one more issue to raise. We have already discussed the unfairness of the tax system and highlighted the absence of any measures in the Budget and the Finance Bill to address the unfairness of the local government tax system. Our other perpetual complaint about the tax system, especially under this Chancellor, is its complication and the rapid introduction of a series of ill-thought-out subsidies, often without any calculation of whether they will have any economic advantage. There are examples in every Budget under this Chancellor, and in this year's Budget we witnessed the fiasco of the zero per cent. corporation tax rate. The Chancellor had to introduce a new 19 per cent. tax rate this year to try to deal with the problem of lost revenue that resulted from many people incorporating.

That fiasco was entirely foreseeable and, indeed, was foreseen by many people who gave evidence to the Treasury Committee a couple of years ago and by the Institute for Fiscal Studies. It was also widely discussed and debated in the House. A year or so ago, I attended an event in my constituency organised by local accountancy groups that were trying to encourage people to incorporate and pointed out the great advantages that the Government had opened up as a consequence of the zero per cent. tax rate. The tax accountants led, as one would expect, with an explanation of how the measure worked in practice and what their charges were. As a political representative, I was asked only one question—that surely the loophole was too good to last and that once the Government realised they were losing revenue they would close it and people who had paid their money to accountancy firms would be no better off. I am afraid that I naively said that even this Government would not be so short-termist and short-sighted as to end the tax relief within 18 months, particularly before a general election.

That is the last time that I shall defend the Treasury's long-termism, as business men now ask me how the Government could change their mind so rapidly. Under the Bill, the Government will raise almost £1 billion over the next couple of years by withdrawing all the reliefs that had previously been introduced. It would have been far too embarrassing, however, for the Chancellor to have to announce in the Budget that he was withdrawing the zero per cent. tax rate. That would sound like an anti-business measure, so he presented it as a further reform to stop tax avoidance. The introduction of a new 19 per cent. rate will further complicate the system and, as a result, the tax accountants who were at that meeting will earn even more money from people going back to them for advice.

It is not for me to suggest how the Government can get out of the mess that they have got themselves into, but I shall make a constructive suggestion before concluding my speech. The Government will issue a discussion paper on the tax rates paid by incorporated and unincorporated smaller businesses later this year, and it will lead to changes in 2006. We do not want people to adjust to the latest change in the tax regime, only to be messed around again in 2006 when the Government change the whole system. The Government should aim to put off that penal increase in taxation. They should accept that the loss of tax revenue is their fault and was entirely predictable. They should not introduce changes in the tax system for small businesses in 2006 until they have thought them through.

It was fair to characterise the Budget as somewhat dull and the Finance Bill as long. What is not in the Bill concerns us, and should concern the Government too. There is nothing about the fairness and simplicity of the tax system, nothing to address the public expenditure issues facing the Government, and there is complacency about the major macro-economic challenges facing them.

4.24 pm

Angela Eagle (Wallasey) (Lab): It is a pleasure to follow the hon. Member for Yeovil (Mr. Laws), and I welcome his welcome for the success of the Government's policies, particularly their effect on the

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labour market, an area that I shall address in detail. His thoughtful speech, observations and interventions were more constructive than those of the hon. Member for Arundel and South Downs (Mr. Flight), which consisted of more scaremongering about imminent economic collapse. Every year when we debate the Budget and the subsequent Finance Bill, the Conservatives predict economic crashes, mayhem about to come and recessions made in Downing street—phrases with which we are so familiar. They have done it in debates on every one of the Chancellor's eight Budgets to date, and they have been proved wrong every time. I suppose that, like a clock that has stopped, they hope they will be correct at least twice in the next period. A stopped clock is correct at least twice every 24 hours, so they hope that sooner or later they will be accurate, but there is no sign of it yet. The Chancellor's institutional reforms may mean that stability is here to stay, as the hon. Member for Yeovil and my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) said.

Behind all the complexities of a Finance Bill as long and technical as this one—it has 309 clauses and 40 schedules—lie a few simple core values and aims, which are central to the task that the Government and the Chancellor have set themselves: to establish a strong and stable economy, and to use that as a platform to create the conditions for a fair society that provides opportunity for all and security for all. Opportunity may be jobs or the social programmes such as those that my hon. Friend the Member for Newcastle upon Tyne, North noted in his constituency. I could give a similar litany of positive developments in my constituency. Security for all may be the anti-poverty programmes that the Government have successfully launched and which they continue to strengthen and improve, or fairer access to improving public services such as health and education.

Those core values and aims can be seen running through the Bill like a seam of precious metal running through rock. The Bill resembles a wall of granite, but there are important gems in it that we need to take some care to identify, understand and retrieve from the morass of technical detail with which we are always faced when we look at a Finance Bill.

The Government's economic record is a major achievement. We have had an unprecedented period of stability, sustained by a bold institutional change that the Conservatives opposed, although they have now changed their minds. We have had astute stewardship of economic affairs, which has enabled the UK to navigate a treacherous international climate that has included economic shocks such as the Asian crisis, the Russian collapse and the high-tech bubble, all of which we have come through unscathed, whereas in previous eras we may not have been able to ride such rough waters unscathed.

Steady growth and stability have enabled Britain's torn social fabric to be patched up. It is good to see again, represented by some of the topics covered by the Bill, that work has begun to recreate that torn social fabric and put it back together in a way that will allow it to stand the test of time and once again guarantee security and fairness for the vast majority of the people of Britain.

There are many features that I could highlight in this Second Reading debate that have contributed to the generally successful economic picture that the Bill further promotes. Macro-economic stability has been mentioned in many of the contributions so far, and I am sure it will continue to be a theme, characterised by low inflation, low interest rates and a much more predictable environment in which individuals and companies can plan ahead. The promotion of enterprise, innovation and science is creating the best prospects for future developments in the economy so that we can maintain our general economic excellence and survive in a competitive world market. The increase in fairness that we have seen in our society in recent years is characterised by the Government's determination to tackle child and pensioner poverty, and the poverty of ambition and opportunities that have blighted so many of our fellow citizens in times past.

The ongoing major investment in our public services is often commented on—it is derided in some quarters—and Labour Members welcome it. After many years of neglect, our public services and infrastructure need renewal, and it is to the great credit of the Chancellor and the Government that they have managed to put aside substantial sums to invest in those important areas. It is clearly vital to ensure that every penny is spent as effectively and efficiently as possible, which is why I welcome the Chancellor's review of public sector productivity. I also welcome the efficiency reorganisations in the machinery of government announced in the Budget.

I shall focus on employment and the labour market, and show how dry economic indicators translate into transformed lives and new opportunities for my constituents in Wallasey and the millions of others in the UK who have benefited from the success of the Government's labour market policies, which will be strengthened by some of the clauses in the Bill.

If the Government's economic strategy has succeeded, their employment strategy has succeeded even more—indeed, unemployment has disappeared from the political equation in a way not witnessed for the past 40 years. The statistics are extraordinary: the latest figures from the Office for National Statistics show that 74.9 per cent. of the working age population participate in the labour market—the highest ever rate—and that an extra 183,000 people were employed in the last quarter. Overall, an extra 1.8 million jobs have been created.

Under the International Labour Organisation definition of unemployment, unemployment declined by 33 per cent. in the last quarter and now stands at 4.8 per cent.—the lowest rate since records began. As the hon. Member for Yeovil fairly pointed out, the claimant count is less than 900,000, the lowest level since September 1975. On top of those excellent figures, more jobs and job vacancies are being generated. The number of jobs has risen by 114,000 to 30.31 million—the highest figure since records began—and job vacancies have increased by 31,000 over the past year.

In my constituency, the figures are just as heartwarming. In 1997, Wallasey was burdened with 4,450 people on the unemployment register. In 2004, the

latest available figures show that the total is down to 1,983, a fall of 55.4 per cent. since the Government took office. Overall, 5 per cent. of the working age population in my area are unemployed, which is close to the national average. In the Conservative years, the figure hovered between 10 and 11 per cent., and it was consistently twice the national average. Furthermore, youth unemployment has been virtually eradicated in my area.

Those figures illustrate an important point about economic growth, which partially answers the question asked by the hon. Member for Yeovil about whether growth has been distributed equally. The answer is that the distribution of growth has assisted those regions that have fallen behind in the past, but there is more to do. Between 1997 and 2004, the narrowing of the employment gap between north and south was faster than average in some northern areas—that is certainly true of the north-west, Yorkshire and Humberside, Wales and Scotland.

Underlying those figures are issues that some of the provisions in the Bill begin to tackle. In my area, for example, the 5 per cent. unemployment rate hides the difference between genders—there is 6.8 per cent. male unemployment and 2.7 per cent. female unemployment. That reflects the economic legacy of the area; its ship-building and maritime background created a pool of men in their 50s who spent a lot of time working in heavy industry and have not yet found a place in the employment market in this new phase of job creation. Thankfully, the Budget and the Bill concentrate on that problem.

Another regional issue is so-called gross value added, which will be considered by the Select Committee. Regional variations in productivity demonstrate that although employment in some of the northern regions has caught up faster than the average and the north-south gap has narrowed, the opposite has happened in terms of gross value added. We must ensure that we are able to create high-quality, high-value-added jobs in the regions. Again, I am happy to say that the Bill and some of the Budget documents contain good signs that the Chancellor is aware of that issue.

Adam Price: The hon. Lady usefully highlights the key problem of the productivity gap between the economic regions. Does she agree that it would be useful if the Government developed a regional perspective on science, technology and research and development policy?

Angela Eagle: The Select Committee will consider those issues, and I hope that we will be able to give the House a detailed report. In principle, the establishment of the devolved Governments and, in the English regions, of regional development agencies and, possibly, devolved assemblies shows the way in terms of creating institutions with a regional focus to deal with local issues. Sometimes, disparities in productivity, wages and employment levels within a region are even wider than disparities between different regions. Fairness and equal opportunities must apply more effectively throughout our whole economy.

The first phase of labour market policy is encompassed by the Chancellor's extremely good record on employment creation, which has increased the number of jobs in the economy and banished the scourge of persistent mass unemployment that did so much damage in the Conservative years. The next challenge is to refine, deepen and improve our labour market policies to take account of some of the issues of quality, access to opportunity, high productivity and high-wage jobs throughout the country.

If we look at how those achievements have been gained, we see the way forward in terms of deepening our labour market policy to create more fairness. We should applaud the role played on the demand side by the generally stable macro-economic conditions that have allowed jobs to be created in record numbers—and, incidentally, saved some £3 billion annually in unemployment benefit payments, which is now being put to far better use. We should also applaud supply side reforms such as the introduction and increasing of the national minimum wage and its extension to 16 to 18-year-olds.

The tax credits system has helped millions of people, as has the national minimum wage. Facilitating self-employment is important in the context of the new diversity of employment issues. The new deal has also been an effective instrument on the supply side. Together, those measures have made work pay and removed the practical and psychological barriers to the labour market that many people who had been excluded from it experience.

We now need to introduce the second phase of our labour market policies. We must deepen and strengthen them and move entirely from the understandable initial concern with the quantity of the jobs created to focus on their quality. We must concentrate on facilitating moves from low skilled work to higher skilled and higher paid work, which adds more value to the UK's economic performance overall and creates a fairer and more equal distribution of opportunity and income.

The Bill's enabling clauses facilitate the gear shift from the quantity to the quality of jobs. For example, on the supply side, clauses 25 and 26 maintain a low tax regime for businesses, enabling them to continue to focus on creating more employment, which is also, hopefully, quality employment. Clause 78 makes child care vouchers tax relievable, which enables the enhancement of lone parent job prospects. Clause 79 allows employers to invest in their employees' skill acquisition by loaning them computer equipment without tax liabilities. That helps to upskill employees.

The measure provides for increases in capital allowances for small businesses that wish to invest in plant and machinery, which would enhance skills or value added by re-equipping the existing plant. There are many other tax incentives on the supply side and my right hon. Friend the Chief Secretary outlined some of them in his opening remarks. They will create a more benevolent environment for investment in highly skilled, quality employment.

On a broader scale, the Budget documents contain more detail about the new deal for skills, which strengthens learning opportunities for many people who are currently without NVQ level 2 or equivalent qualifications. The new deal has done a remarkable job in removing barriers to work from those who were disadvantaged in the labour market. Clearly, it should not be abolished, as the Conservative party wants, but

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broadened and refined to assist those who continue to face barriers to employment to take the plunge and get into work.

The recent skills strategy paper, with its welcome focus on upskilling for the low skilled and the expansion of the employer training pilot, which was announced in the Budget, will help to bolster the drive for quality jobs. I should like the pilots to be extended countrywide as quickly as is practicable.

I welcome the Budget's focus on policies to get economically inactive people who want jobs back into work. Achieving an increase in employment and opportunities for disadvantaged groups in the labour market is key to our approach to fairness and equal opportunities. The new disability rights Bill, which will be introduced soon, will assist disabled people. Equal pay provisions will assist lone parents who have child care and continuing tax credits. Ethnic minorities need equal access to training and skills opportunities and protection against discrimination when they enter the labour market. Much remains to be done on that. People who are over 50 face discrimination in the labour market and the protections against age discrimination, which were agreed in the European Union, have yet to be implemented. The low skilled clearly need to be assisted through an enhanced skills agenda to set them on the road to higher paid, more productive employment.

I welcome the welfare reforms that were announced and covered in some detail in the Red Book. They facilitate the move to sustainable work and opportunities for those who have been inactive through disability or illness.

The experience of work, work-life balance and rights at work have been equally important in improving the quality of jobs and opportunities, which in turn will make our economy more productive. It is also important that, in areas where there are still problems of discrimination, self-organisation and strong trade union organisation allow people to fight low pay, arbitrary treatment or bullying in the workplace. I therefore welcome some of the moves that have been announced recently on freedom from bullying campaigns.

The next phase for Labour's employment policy should involve a deepening of quality in the labour market, and a deepening of rights, opportunities and chances. I am glad to say that, judging by the announcements in the Budget documents—particularly on the skills agenda and on some of the supply side issues that I have mentioned—the Chancellor and his Treasury colleagues are well aware of the need to proceed in that direction. We have solved the problems relating to the quantity of jobs in the economy; we now need to focus much more on quality.

Labour market flexibility should mean a highly skilled work force who are adaptable, ready to retrain or move, and eager to work. It should not mean a casualised, low-paid, alienated work force with no rights and no commitment to an employer. The Bill and the Budget have recognised that basic truth and begun to put in place the policies that we need in order to ensure that flexibility means good, high-value opportunities and well-paid jobs that will benefit our economy and our levels of social justice and prosperity.

4.46 pm

Mr. Quentin Davies (Grantham and Stamford) (Con): I should like to start by reminding the House of my interests recorded in the Register of Members' Interests, although I cannot for the life of me think how they would be in any way relevant to what I am about to say.

I thoroughly agree with the hon. Member for Wallasey (Angela Eagle) about the problem of age discrimination in the job market and in the health service. I have twice introduced ten-minute Bills designed to address that problem—once under the Major Government. I think that I was the first Member to do so on either side of the House, although several people have picked up the cause since then. I once received an answer from the present Prime Minister at Prime Minister's Question Time saying that he intended to legislate on the subject. I am afraid that that was just one more broken Labour promise, but I am glad that at least I have one ally on the other side of the House.

I want to make three points today. Two of them go to the heart of the Government's fiscal and economic policies, although the one that I shall start with is important, even though it might strike some hon. Members as a strange matter for me to talk about. However, it is a matter of public interest and something should be said about it. I want to talk about the Red Book—or the white book, as it has now become; perhaps we should refer to it as such. It has always—not just in my time, but for generations—been the foundational document for discussions in the House on the Government's fiscal and economic policy and the relationship between fiscal policy and the rest of the economy. It is foundational not only for our discussions in the House; it is the only document that is readily available to the public—to those who send us here, who pay their taxes, who take an intelligent interest in what is going on and who want to have the relevant facts and figures to hand.

I am worried about the increasing politicisation of that document, and about the declining standard of the presentation of the facts in it. When I first came into the House, the Red Book, as it then was—it was genuinely red in those days, although that does not matter—was a document that simply set out facts in a dispassionate, even austere, fashion. That has been true for many generations under Governments of both parties. There were no gimmicks or politically loaded phrases. There was no political rhetoric of any kind. The book is now full of PR-speak, value judgments and loaded words. There is a great deal about fairness for all and high-quality public services. That is about the most politically controversial statement that can be made at present—whether our public services really are good value—and it is quite inappropriate in a document of this kind.

More serious still, while there is a clear tendency to make historical comparisons with 1997–98 when they seem favourable to the Government, where the facts or the historical indices would clearly be unfavourable to the Government or would raise embarrassing questions about Government policy, no figures are provided—at least not in the context of comparisons with 1997–98.

This is, or ought to be, of importance to the whole House. It will certainly be important to the public, and it should be important to Treasury officials who serve the public and whose interest must be in the good economic

governance of the country, and hence in maximum credibility for our fiscal policies. They should be sure to resist any political pressures when putting this document together, and in my personal opinion the spin doctors should be locked out of the building.

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): It is easy to make general accusations about spin, corruption and so on. If the document is as full of inaccuracies as the hon. Gentleman pretends, can he give us two examples?

Mr. Davies: I was about to do so. The hon. Gentleman should exercise a little patience. I intend to be very specific. I do not need to go into all the political rhetoric, some of which I have already referred to; what is important is the presence of omissions—lacunae—and one instance of quite egregious distortion of the facts, or confusion about reality, which certainly should not appear in a document of this kind. I should have thought that the hon. Gentleman would agree with me about that striking omission.

There is nothing about aggregate savings in the economy. It is impossible to know what portion of our gross domestic product we are collectively saving. What we can learn about is the extent of the Government's "dis-saving"—their negative contribution—because the figures for their borrowing, or fiscal deficit, are in the document. There is also something about the rate of saving as a proportion of disposable income, the so-called savings ratio, but we are not told what the level of disposable income is. There is a numerator with no denominator. Nothing in the document tells us what household savings amount to. Nor is there anything about the corporate sector: it is possible to read the whole document without knowing whether it is a net saver or a net borrower.

How is it possible to have an intelligent discussion about fiscal policy and Government borrowing without knowing what are the counterparts of that borrowing? Who are the lenders, and who are the savers? The Government are borrowing—we know that—but who are the potential lenders? Is the private sector a lender? The savings ratio is clearly very low: the household sector is saving on a net basis. I shall say how low it is in a moment. The corporate sector we simply do not know about. If we want to find out about the fourth relevant variable, the balance of payments on the current account—the extent to which we are importing capital—we discover that the figures are presented in an extraordinarily confused, confusing and potentially misleading fashion.

There should be a figure for aggregate savings, and clear flow of funds charts showing the position of the household sector, the corporate sector and the Government. I hope that someone is listening, and will ensure that that is done next year.

There are no historical indices for savings. As the current savings figure is not mentioned, I suppose it is not surprising that there is nothing about past savings. Nor are there any historical comparisons relating to the savings ratio, although a figure of around 5 per cent. is given for the current household savings ratio on page 232. I am glad to see that the hon. Member for Bexleyheath and Crayford (Mr. Beard) is following the book conscientiously. Again, therefore, anyone reading this document will be completely unaware that less than 10 years ago—seven or eight years ago—the household savings ratio was double that rate at 10 per cent., which was probably the average for the previous 40 or so years. To present the current savings ratio with no sense of whether it is increasing or falling, or of how it relates to the historical trend, is an extraordinary state of affairs, and does not give a clear picture of the position to the public, for whom the document is, I imagine, designed; certainly, the public will have paid for this document.

There is also no figure for household debt. If the Paymaster General would like to intervene on me and tell me that I have missed something—admittedly, it is a long document—of course I will give way to her. I could not find any figure for household debt at all. On page 232, it says that the level of household debt in January this year has increased by 13 per cent., in relation to January 2003. Just giving the percentage increase without the underlying level does not help us much, however. One must wonder why the household debt figure is concealed in this fashion. Why is such a selective percentage increase figure given without the underlying aggregate being revealed? The only possible reason is that it is extremely embarrassing to the Government. That goes to the heart of the integrity of the document and the extent to which it is either a vulgar piece of political propaganda or a piece of professionally presented disinterested information, delivered by Her Majesty's Treasury to the great British public.

Another matter of great concern is business investment, which we discuss a great deal in this place, and which is always an important part of the national accounts. In any presentation of the national accounts in any other country, I am certain that we would see a figure for business investment. The only way that we can work out business investment from this document is to look at the graph on page 235. If the hon. Member for Bexleyheath and Crayford follows that graph, he can then try to read off business investment. By the way, he will see that it has fallen by about 20 per cent. over the last seven or eight years as a proportion of GDP. There is no absolute figure, but we can, if we want to take a long time, work out roughly the absolute figure, because there are GDP figures elsewhere in the document. When we work out that figure, we find something that is unfavourable to the Government, and a negative part of their record, but it has been concealed by the spin doctoring of the document, which, I repeat, is highly regrettable.

Mr. Calum MacDonald (Western Isles) (Lab): Will the hon. Gentleman give way?

Mr. Davies: Perhaps the hon. Gentleman will tell me that I have missed the figure for business investment, and he will tell me where it is in the document.

Mr. MacDonald: I am sure that the hon. Gentleman is sincere in his concern for the statistics in the Red Book. He was a Back-Bench supporter of the previous Conservative Government, who, as he will be fully aware, distorted, manipulated and changed unemployment statistics over a long period, which was reflected in each successive Red Book. Is he trying to

[Mr. MacDonald]

draw a parallel between the spin doctoring of that time and whatever errors and omissions he might perceive in the Red Book today?

Mr. Davies: I was a frequent but not an invariable supporter of the previous Conservative Government. I voted against that Government on one or two occasions. One occasion was in relation to the Scott report, when the issue was the integrity with which information was made available to the public. I hope that the hon. Gentleman will give me credit for that. It would be depressing, in any democracy, if he were to feel that an effective and full explanation for any bad conduct by a Government is that the previous Government were equally or almost equally bad. Is that really the basis on which he feels that he can go proudly to his constituents and say, "This is the wonderful democracy in which we live. This is the standard of conduct to which I subscribe, and the measure that we should set as to how effective the Government whom I support are." Is that really his message this afternoon? If so, I will give way to him again, and he can expand on it.

I said that there was one matter that was even more serious than the issues that I have already raised, which are themselves pretty serious. We move beyond simple omission of awkward facts into technical incompetence, which is a serious charge to deliver against Her Majesty's Treasury. I hesitate to say it, but the alternative—a deliberate attempt to mislead—is even worse. I am referring to the way in which the balance of trade and balance of payments figures are presented in the document.

I invite the hon. Member for Western Isles (Mr. MacDonald) and other colleagues to look at page 237 and the pages that immediately follow. The balance of payments and balance of trade are important aspects of economic policy. The balance of trade is a major aspect of the balance of payments, which represents the import of capital, which is relevant to fiscal policy as it is one way in which the Government can fund their deficit in the absence of substantial domestic savings.

Trade in goods and services is set out on page 237 in table B7, which, for 2004, refers to a deficit of £35¾ billion. If the hon. Member for Bexleyheath and Crayford turns to page 241, he will see the breakdown of gross domestic product and its components. For the sake of time, I shall refer again to 2004, but the same distortion runs through other years. The hon. Gentleman will see that export of goods and services amounted to roughly £286 billion and imports were roughly £332 billion. Even I can do simple arithmetic and work out that the gap, the trade balance, is £46 billion. The figure four pages earlier showed the trade balance to be a deficit of £35¾ billion; there is a significant discrepancy.

A third table adds to the confusion; the one to which I have referred that is the only source in the document of the current account balance. The Government are obviously embarrassed by this as well. The current account balance is buried; one never sees it in a table. The figure is never mentioned in the prose and one must read it off a graph in chart B8. For 2004, the figure is roughly minus 3 per cent. of GDP. That is roughly £30 billion, which is probably the accurate figure. Slightly below that, one can see the goods and services deficit, which is about £30 billion. That is inconsistent with the other figures.

There are only two ways to view this. It could be a matter of incompetence, which certainly could be the case if the figures were put together on a different technical basis. There is no such explanation in the document, so there is no way for anyone to see whether the figures are not comparable because the methodology of calculation was different. If one did that in an undergraduate essay, a red line would be put through it; it would be torn up.

The other possibility I leave to the imagination of the House because I do not want to use epithets that would be unparliamentary. I hope that that is taken account of. I repeat; this goes to the heart of the integrity of the document and therefore the integrity and credibility of fiscal policy, which is extremely important for stability and investor confidence, things that we all hold dear.

My two other points go to the heart of the policy issues behind the Budget. The first has been made clearly by my right hon. and hon. Friends on the Front Bench over the past few weeks; the Government are spending too much, taxing too much and, above all, borrowing too much. We can see the borrowing figures in the white book, as I call it. In view of the differences in the standard of production of the white book from the old Red Book, perhaps it is a good thing that it should have a different cover. It is probably inappropriate, however, that it is white. The white book makes it clear that borrowing this year is £37.5 billion.

As my right hon. and hon. Friends have said, that is a significant increase in total public debt, which will have to be paid for through future taxes. The Government are very coy about that. I should have thought that Ricardian equivalence was one of the most venerable, tried and tested, and uncontroversial concepts in economic science. I do not think that there is any scope at all for arguing that borrowing is anything other than deferred taxation, but I notice that the Government are always coy about that and will not come clean. They should come clean, in the interests of open government, and explain to the British people that that money has to be repaid and is deferred future taxation. It is the liability of the taxpayer, and £37.5 billion is a serious increase in that liability.

Let us just take the interest charge on that figure, quite apart from the capital sum. If the gilt rate is slightly less than 5 per cent.—I do not know exactly what it is, but it is probably about 4.7 or 4.8 per cent.—we can easily work out that, in broad-brush terms; the interest charge on £37.5 billion is slightly less than £2 billion. Every year from now on, we will pay nearly £2 billion, just to service one year's increase that this Government have made in the debt.

What is £2 billion? I can give an immediate comparison: it is exactly the yield from capital gains tax. In my view, that is the most economically damaging tax of all. It is a direct tax on risk taking and on capital mobility, and we should not have it at all. It is a disaster, and we certainly should not have long-term capital gains tax. I have argued that for many years, but we could dispense with the whole thing if only we did not have this additional incremental interest charge. I am not talking

about the deficit, just about the interest charge that the Government have piled on the taxpayer's back as a result of this Budget.

That is a serious matter, but I am coming to more serious ones. The figures in the white book make it clear that the Government have lost control of fiscal policy, on their own measure. What is that measure? The Government came to power saying that they were going to be fiscally prudent, and they had two rules. The golden rule is that the deficits and surpluses should balance out over the cycle, and the sustainable debt rule is that debt should not exceed 40 per cent. of gross domestic product. There is a quirk, however, because the golden rule excludes investment spending. When the Government borrow to spend for investment purposes, that is excluded from the golden rule, so the fiscal policy stance was always going to have an expansionary bias. The Government were always going to be borrowing more than was required simply to have a neutral fiscal effect on demand through the cycle.

Let us look at the Government's expression of their fiscal policy aims, which are set out on page 35. I agree totally with this objective, which is entirely laudable:

"The golden rule is set over the economic cycle to allow fiscal policy to support monetary policy in maintaining stability through the operation of the automatic stabilisers."

In plain language, those automatic stabilisers mean that the Government should run a surplus when the economy is expanding above trend—above the level that is sustainable without incurring risks of inflation—and that there should be a corresponding deficit when the economy is running below trend. In other words, when there is an excess of demand from other sources in the economy, such as consumption, investment and exports, the Government will compensate by taking demand out of the economy through running a surplus; and vice versa.

That is a simple principle which makes complete sense. A fiscal policy conducted on that basis does indeed support monetary policy, which now has an inflationary target, in preventing the economy from expanding or declining excessively. That is very sensible and means that the Government act as a kind of cushion.

That principle, however, is not being followed. According to the Government, the economy has been expanding roughly on trend over the past year, at 2.5 per cent., which is the Treasury assumption for a sustainable non-inflationary rate of growth. Furthermore, the projection for this year and next is that it will run substantially above trend, at 3.5 per cent., so if the Government were sticking to their policy, one would expect a Government surplus; but in fact, as the figures in the white book show, borrowing for the past financial year was £37.5 billion, and it is projected to be £32.9 billion in 2004–05 and £30.6 billion in 2005–06. The Government are financing a deficit of £30 billion even with the economy expanding substantially above trend.

I repeat that the Government's prudence is only half prudent, because they apply the golden rule in relation to current but not investment spending, so it would be fair to consider the borrowing required to finance the current deficit, which should indeed follow the golden rule. In 2003–04, with the economy growing on trend, the current deficit was £21.3 billion; in the current financial year it is projected to be £10.5 billion; and in the next, £5.5 billion. That is assuming, incidentally, that the Government have got their projections right and do not yet again, as they have consistently done over the past few years, substantially overrun their spending and borrowing estimates.

On the current deficit, by their own measure, the Government have completely lost control of fiscal policy. With the economy growing a whole percentage point above trend, far from there being the surplus that they say there should be, there is a significant deficit, which continues to 2005–06, which is where their projections come to an end. That is not allowing

"fiscal policy to support monetary policy in maintaining stability through the operation of the automatic stabilisers."

That is going in the opposite direction and destabilising the economy. Far from supporting monetary policy, Government spending and borrowing are creating a burden on the Bank of England's Monetary Policy Committee to compensate for the excess demand contributed to the economy by the Government themselves when demand from other sources is also above trend. It is the exact reverse of their stated policy. That is why I say advisedly that fiscal policy is out of control, on the Government's own measure. We should all reflect carefully on that.

The Government expect to hold an election next year, and they hope that the chickens will not come home to roost before then and that they will get away with it. We understand that calculation, but for anyone who pays taxes or is concerned about the economy and about stability—that wonderful word that the Government love using—it is a matter of considerable anxiety.

As I have said, it is clear from the white book that the Government are very embarrassed about the subject of savings. It contains no figures on the subject, except for the current savings ratio—the proportion of household disposable income saved—which is 5 per cent. The blatant and very important fact that the savings ratio has halved in the past seven or eight years is completely disguised in the white book, which remains entirely silent on the subject.

Does it matter at all if savings fall? It is clear that the Government do not want to address that question. I suppose that the textbooks will say that savings are important to the economy because they provide the resources for investment. However, I am not concerned about that. In any case, the British economy is not investing enough. As I have pointed out, business investment has been falling. Firms are currently very liquid and we live in a world of open capital markets. If they need to, businesses can borrow from abroad; indeed, we already have a significant current account deficit. We are already importing capital to the tune of £30 billion, or whatever the real figure is. We do not know because the Government have fudged their presentation of it in the white book.

If British business wants to start investing again and to increase the proportion of gross domestic product represented by business investment—I hope that the Government share that objective, at least in their more responsible moments—and if households are saving very little and the Government are borrowing a great deal, such borrowing will have to be done at the expense of the current account. We shall have to import that

[Mr. Davies]

money from abroad, thereby building up foreign liabilities. That is an arithmetical certainty, given the situation we are in, but that is not my main concern about savings.

The one concern about savings that I certainly do share is that if the British people are saving only 5 per cent. of their disposable income, they are simply not providing sufficiently for the hazards of life and for their retirement in particular: for the time when they will no longer have an income from work. We should all be concerned about that, particularly in the narrow sense of our role as taxpayers, because here there is an implied liability. If people are not providing through their own savings for the hazards of existence—unemployment, businesses going broke in a recession, retirement and so forth—ultimately, they fall back on the state. They say, "Well, the state has to keep me at an acceptable standard of living because this is a civilised society and I cannot be allowed to starve on the street." However, we should all recognise that, if we want a happy, successful and stable society, we need a decent level of savings.

What is a decent level of savings? I concede that that must be a matter of judgment, but in the 1980s and 1990s, when this country had a 10 per cent. savings ratio, no one said that we were saving an excessive proportion of our disposable income. Indeed, even back then, ours was the lowest savings ratio in the European Union and one of the lowest in the world. Typically, abroad, savings ratios were well into double figures, and in countries such as Japan, the figure was over 20 per cent. So there was no suggestion that 10 per cent. was a particularly high figure, yet we have halved it in seven or eight years. Is that not a worry? We should reflect on that point. It is the height of irresponsibility, frivolity and cynicism for the Government to try to close down debate on this issue altogether by disguising the figures and keeping quiet about them in the white book. That is a very bad day's work by them, and they should be thoroughly ashamed of it.

I turn to the real problem in relation to savings and the issue that concerns me most of all. What happens if one halves savings by reducing them from 10 per cent. to 5 per cent. over seven years? Enormous resources for consumption are released, and we have indeed had a consumer-led boom. As we know, in the past seven years the source of demand has been largely consumption; followed, of course, by Government spending. The Government have concealed the figure for household debt—it is not in the white book—but it is at an all-time high.

So we have had this great consumer boom and the Government are reaping the political rewards, probably congratulating themselves on how wonderful it is and aiming to maintain it until the next election, when all will be fine and dandy. There will be a feeling of general well-being in the country because of the boom, but only at the expense of enormous debts—household debt, Government debt, the implicit liability of households to pay off the Government debt in future, rises in taxation and so forth.

Robert Lucas won a Nobel prize for discovering the law of rational expectations, but perhaps rational expectations will not work out 100 per cent. and somehow people will not work it all out effectively before the next general election. The Government certainly hope that they will not, which is why they are cooking the figures in the manner that I have described.

If we have had an enormous consumption-led boom through the halving of the savings ratio from 10 to 5 per cent., what do we do for an encore? When the Government are re-elected, are we to go down to a zero savings ratio and subsequently to a negative ratio? It is not possible theoretically to have a permanently negative savings ratio, so what are the Government going to do for an encore?

Another question to focus on is what happens if the British public come to the conclusion that their savings ratio is too low and that savings in the economy should be increased. What happens if they want to get back to 10 per cent. on the grounds that that is a prudential policy for themselves and their families? What happens if they do that in response to a crisis? The hon. Member for Yeovil (Mr. Laws) has already raised the more than theoretical possibility of a collapse in the housing market and a negative wealth effect whereby people suddenly increase their desired savings level. What happens in those circumstances?

The answer is simple and absolutely clear. Just as a reduction in the savings ratio provides an enormous increase in consumer demand, so an increase in the savings ratio results in an abstraction of demand from the economy to an equally dramatic degree. How will we cope with that? Will there be a major economic crisis or a recession as a result? Will we have the opposite of the stability to which the Government claim to aspire?

There are not a dozen possible solutions. What are the possible responses? Not monetary policy, of course. If consumers reduce their spending and increase their savings, it is no use the Bank of England cutting interest rates to compensate, which would be the monetary approach of maintaining demand in the economy. If that happens, the savings ratio will not rise and the British public will be prevented from getting back to the level of savings to which they aspire.

That is not the answer, so will the Government replace the demand lost when British households decide to increase their savings ratio to a more prudent level? In that case, the golden rules and sustainable debt provisions can be thrown away entirely. My goodness, in order to provide the equivalent of the present savings in the economy—we are talking about moving from 5 to 10 per cent.—the whole amount currently saved by households would be abstracted in demand. We do not know what the exact figure is, because it is not revealed in the Red Book, but we could make a rough calculation and say that if the Government were to respond to that gap by some sort of deficit spending, it would amount to a substantial burden on fiscal policy. If they did that, no credible fiscal rules whatever would be left.

What is the solution? The fact of the matter is that there is no clear solution. Indeed, as a matter of fact, there is no solution at all. We have mortgaged and hypothecated the future, and critically reduced our freedom of manoeuvre in the future. All fiscal policy, whether under Labour or Conservative Administrations, will bear that burden and that loss of flexibility. The British people will bear it and we will all pay the price—and for decades to come—for the

fundamental mismanagement of the British economy over the last seven years. I have to say that that mismanagement is made no more attractive by the attempts to conceal some of the central facts by irresponsible spin doctoring, which seems to have crept its way even into what used to be a greatly respected and independent Treasury document.

5.24 pm

Mr. Calum MacDonald (Western Isles) (Lab): As always, the hon. Member for Grantham and Stamford (Mr. Davies) made an entertaining speech. He made a number of charges against the Government and, from the way he was talking, it was difficult to recall that, when the Conservatives were in government, they were responsible for the two deepest recessions in post-war history, while the Labour Government are responsible for the longest run of economic growth in a 100 years.

When we hear the hon. Gentleman banging on about public borrowing, fiscal policy being out of control and the costs of interest payments in the future, we need only recall the level of public debt that the Government inherited in 1997, and the crippling burden on Government finances of paying the interest on it, and compare that with the situation nowadays to realise that the debt and borrowing picture is much healthier than when his party was last in government.

Mr. Davies: If it was such a bad thing for the Conservative Government in the 1990s to accumulate that debt and that interest charge—I agree that it was—why is it such a good thing for the present Government to go back to increasing them?

Mr. MacDonald: It is obviously not a good thing to accumulate unsustainably high levels of debt and that is why the Government laid down their golden rule, which the hon. Gentleman cited and which the Government are following, contrary to what he was saying.

When I intervened, the hon. Gentleman chided me for trying to excuse what he claims are current lapses by referring to the activities of the previous Government, but while listening to the debate I could not help reflecting on the very first Finance Bill debate I ever sat through. That was in 1988, when the Government were coasting on the massive economic consumer boom of the mid-1980s, as the hon. Gentleman will recall because he, too, was a Member then. I well remember the then Chancellor, Nigel Lawson, boasting at the Dispatch Box that he was increasing public spending, reducing public borrowing and, of course, slashing taxation—that was the infamous Finance Bill that cut the top rate to 40 per cent. He was able to do all those things at the same time because he could take advantage of the buoyancy of the economy, but all he achieved was a still further stoking of the consumer boom, leaving himself with no resources to deal with the eventual downturn and crash. With that crash came the crash of his reputation as Chancellor. If the hon. Gentleman is looking for examples of fiscal policy out of control, that one is much more real and telling.

It is worth reflecting on that example, because the lesson that I draw from it is that the true test of a Government and a Chancellor is not how generous they are in the economic good times—how well they spend money when the economy is growing and tax revenues are buoyant—but how well they manage the inevitable periods of slowdown and slow growth. I have no doubt that the Chancellor has passed that test over the last two or three years, better than any Chancellor I can recall and probably better than any Chancellor of the past 100 years.

The Chancellor passed the test because his approach is the very opposite of that adopted by the last Government, and notably by the ill-starred Nigel Lawson.

The Chancellor's approach has been to hoard and hang on to public resources when, as the hon. Member for Grantham and Stamford was saying, the private sector is booming—as it was when we came to office in 1997, when the Chancellor earned his reputation as the Iron Chancellor—thus enabling those resources to be released when the economy is slowing down and there could a danger of dipping into recession. The hon. Gentleman referred to the theory underpinning that approach, which, in the old days of the 1960s and 1970s, used to be called Keynesianism. It used to be a very fashionable economic theory, but it has rather fallen out of date now. The irony is that this is the first Government ever to apply successfully a Keynesian approach to the smoothing of economic cycles.

By contrast, so far as I can judge, all the other Governments since the war—to be even-handed, I include Labour as well as Tory Governments—have ended up doing precisely the reverse. They tended to increase Government spending, as Nigel Lawson did, when tax revenues were buoyant, but were then forced to cut or slash spending when economic times got harder. By doing that, they ended up exaggerating the booms and busts in the economic cycle, rather than smoothing them out and ensuring stability.

Conservative Front-Bench Members, as well as the hon. Member for Grantham and Stamford, have made a great case about the Government's borrowing in the past couple of years. In previous debates, Members have asked why the Government ended up borrowing more if the economy has been engaged in a record run of growth. The answer, of course, is that we have enjoyed a record run of economic growth precisely because the Government have been able to borrow more at the appropriate stage in the economic cycle.

The Government have borrowed to increase investment, to increase employment in the public sector and, yes, to increase public sector wages, about which the hon. Member for Yeovil (Mr. Laws) appeared to complain. I do not complain about that because such increases in the rewards for people who work in the public sector were long overdue.

Mr. Flight: The Keynesian theory does indeed advise borrowing when an economy is below capacity, but it also advises being in surplus or at least in balance when an economy has moved to capacity. What we have criticised is not the possible use of Keynesian measures when an economy is operating below capacity, but the fact that we are now at full capacity and, rather than borrowing trailing off, it stands at £30 billion or

[Mr. Flight]

£35 billion and possibly £13 billion more than that. That is our essential point. We have not been saying that it is wrong to borrow when an economy is underperforming.

Mr. MacDonald: The hon. Gentleman and his colleagues take too mechanistic an approach. They should look at the pattern of borrowing and spending over the entire economic cycle rather than trying to match figures to particular years. On that basis, I hope that they will find that the Keynesian model has been met when the cycle is complete.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am listening with interest to my hon. Friend's careful analysis. How does he factor in the fact that, in the seven years of Labour Government, we have racked up private finance initiative off-balance-sheet debt of approximately £120 billion—about 10 per cent. of gross domestic product? Does that have an impact on our borrowing position in the short to medium term?

Mr. MacDonald: Not necessarily, because the PFI debt remains small compared with overall Government spending and Government capital investment. However, the general point that we cannot ignore PFI debt as an obligation on Government finances is correct. In the past, there has been a temptation to move things off balance sheet to make the figures look better; all Governments should resist that temptation.

The hon. Member for Yeovil pointed out that the Liberal Democrats advocated a much greater spending increase in 1997. I suspect that, had we followed their advice and boosted public spending when we first came into office, we would have fallen into the same trap that every previous Government fell into. We would have exaggerated both the boom in the economic cycle and the consequent slowdown and bust, which would have caused great harm to the economy, disrupted the stability that we managed to achieve and harmed the living standards of our constituents.

Rather than the disaster decried by the hon. Member for Grantham and Stamford, the Government's fiscal policy has been one of the building blocks of the economic success and stability that they have achieved. The Government are rightly given credit for their early decision to give the Bank of England operational independence. That, too, has been an important building block, as hon. Members on both sides of the House acknowledge, but our fiscal policy has been just as important to our success in managing the economy. The Red Book indicates that we shall continue to follow that policy, which is precisely why the Government are planning for a slowdown in the rate of growth in Government spending, other than in key areas such as health and education.

To answer the hon. Member for East Carmarthen and Dinefwr (Adam Price), who asked whether the benefit of the successful economic regime pursued by the Government has been spread evenly throughout the country, I dare say that it has not been. However, I am certain that all parts of the country have benefited. I know that my constituency has. When I was first elected to Parliament in 1987, the unemployment rate in Western Isles was more than 20 per cent. As recently as 1997, when the national economy was doing well, it was still in double figures. We all remember how in the 1980s and early 1990s it was regarded as a given that mass unemployment was a feature of our modern economy. In the late 1980s, I would go to local meetings and discuss such things. Everyone accepted that mass unemployment was here to stay, and the debate was about how to reshape and adjust society to cope with the reality of permanent unemployment. Teachers would say how depressing it was to educate children who would leave school and go straight on to the dole queue. People would come to our surgeries having been made redundant. If they were in their mid-40s to early 50s, they knew and we knew that they were never going to work again. All that has changed profoundly.

Mr. Bacon: Is it not true that many people who were in the Western Isles in that period are no longer there? By how much has the population of the Western Isles declined since then?

Mr. MacDonald: It has declined at the same rate in every decade except one since the 1920s. It did not decline in the 1970s, when a Labour Government were in power. That, however, was not a big factor in the change—it was the fact that local government reorganisation led to the setting up of a single-tier local authority and a consequent increase in employment in the islands. The hon. Gentleman is right that there has been a constant decline in the population in the Western Isles and other remote and rural parts of Scotland. In the past, the search for jobs drove people out, but nowadays things are a lot more complicated. In 1987, unemployment was over 20 per cent. in my constituency, but it is now 4.3 per cent., and has never been lower. We are now doing something that was inconceivable 20 years ago—importing immigrant labour. I go to factories in my constituency where Russians, Romanians and Bulgarians are working. I talk to the skippers of fishing boats, who tell me—the west coast industry is in a very different position from that of the Scottish east coast, and is much more prosperous and stable—that they are paying the best wages ever but are still short of people to man their boats, so they have to tap into the east European labour market. The population decline is continuing to some extent, but it is underpinned by different factors are equally serious and in need of remedy.

Angus Robertson (Moray) (SNP): The hon. Gentleman will know that, throughout the highlands and islands, the whisky industry is an important employer, although I appreciate that there are no distilleries in the Western Isles. Does he believe that the introduction of strip stamps will harm the industry, or does he think it is a good thing?

Mr. MacDonald: The hon. Gentleman is right that that industry is not to be found in my constituency, so I do not have any specialist expertise. I shall therefore listen with interest to subsequent debates when he discusses the matter with the relevant Minister.

I turn to another couple of items of particular relevance to my constituency. Clauses 5 and 14 deal with fuel duty, which is of particular concern to my constituents. About four years ago, I had an

Adjournment debate about the regressive impact of fuel duty on remote and rural locations such as the Western Isles. Since that time, the Government have dropped the automatic escalator and the duty has basically gone up in line with inflation. As a result, we can see from the Red Book that the revenue raised from fuel duty has hardly risen from the time of my Adjournment debate about four years ago and is still around £23 billion.

I am glad, of course, that the Government dropped the escalator, and I accept that there are strong environmental arguments and reasons for the level of fuel duty, but I still maintain that it is a regressive form of taxation. Only three other taxes raise sums similar to or greater than fuel duty—income tax, VAT and corporation tax. Yet whereas each of those three big taxes has exemptions, bandings or some other device built in to make it more progressive, fuel duty is still a flat-rate, one-size-fits-all tax across the whole United Kingdom. There are exemptions to and variations in it, but they are designed to make it more efficiently green and environmental, not more progressive.

Fuel duty is regressive because remote rural areas tend to have lower incomes than the national average, but much higher car ownership and a much greater need to use cars than the rest of the country. For example, car ownership is 70 per cent. in the highlands and islands, compared with about 50 per cent. in urban areas, but incomes in the highlands and islands are only 70 per cent. of the national average. Those figures make it clear that car transport in remote areas is essential, not an optional extra, and essential, moreover, for people on low incomes. That should be recognised in the way that fuel duty is levied in the United Kingdom to allow for the difference between remote rural areas and the rest of the country.

The arguments with regard to air passenger duty are similar. My constituency and Orkney and Shetland are the only ones in Britain where the health service routinely uses air transport to carry patients and staff. Air transport therefore represents a lifeline service. It is not a luxury travel option. The Government are to be congratulated on having recognised that to a significant extent by exempting flights originating within the highlands and islands from the air passenger duty, but flights coming into the islands from the mainland still have to pay tax.

Although air passenger duty is not mentioned in this year's Finance Bill, I am well aware that the green lobby is constantly agitating and arguing for higher taxes on air transport, so I take the opportunity to make the point to Ministers that, if they are minded to take on those representations from the green lobby, they must first tackle the issue of air transport in the highlands and islands.

The final matter that I want to raise has already been mentioned—the excellent Lyons report on dispersing civil service jobs, which was published with the Budget last month. I recall writing a few years ago to the then Minister for the Civil Service suggesting that the performance and innovation unit should be asked to look into the case for relocation. To my disappointment, little interest was shown in that suggestion, but I am delighted that the Chancellor is now pursuing jobs dispersal with such vigour. My constituency has managed to attract more than 100 new civil service jobs in the past year, principally from the Department of Trade and Industry and the Department for Work and Pensions. Recruitment for those jobs is happening now, and the reports from those Departments suggest that individuals with higher educational attainments than those who would have been recruited in London or the south-east are applying.

The Lyons report says that the public sector could gain £2 billion over 15 years from the job dispersal policy, but it is important to recognise that the biggest benefits are more immediate than that time scale suggests. The public sector will gain immediately by recruiting higher-quality staff and by increasing staff retention, and the communities that receive those jobs will experience a much needed, direct boost to their local economies.

The civil service will, of course, resist the Lyons proposals. Some hon. Members know that that point was highlighted in Scotland, where it took a great deal of effort by the Scottish Executive to get a reluctant Scottish National Heritage to move from Edinburgh to Inverness. However, the wider public interest is undoubtedly paramount, and it is best served by a determined, extensive and sustained policy of civil service job relocation. I urge the Government to make that policy one of their most important priorities.

5.51 pm

Mr. Michael Jack (Fylde) (Con): I begin by reminding the House of my declaration in the Register of Members' Interests, and in particular of my position as a non-executive director of a retail tile company.

Some time before 2 o'clock on Sunday afternoon, I ran past the Paymaster General's office. Despite the pain and suffering and the need for mind to triumph over matter, I sent up a silent incantation that the 26 miles did not include too many for the Chancellor of the Exchequer and Customs and Excise. I am grateful to the Paymaster General for her clarification of what the Chief Secretary said in response to those who raised the issue of VAT and the London marathon.

I have read some of the comments in the newspapers, and although the Treasury statement makes it clear that charitable donations are not liable to VAT, the relationship between VAT and the golden bond is still cloudy, particularly on the narrow point of charities asking those who secure places in the marathon by the golden bond route to raise a fixed sum of money. Those charities are trying to cover an overhead for securing a place in the race, and it is important that they are not burdened by an unanticipated bill.

I ran for the National Osteoporosis Society, which hopes to raise about £60,000. All hon. Members hope that all the money raised not only for the National Osteoporosis Society but the other excellent charities for which people gave an enormous amount of time and energy on Sunday goes to the intended good causes. It would be helpful if a clear and definitive guide were published, because the same problem is likely to arise on the great north run, where secured places are also a feature of fund raising. The matter must be clarified because it is confusing.

I pay tribute to the Paymaster General. Over the past year, she has listened to representations on a number of tax issues, for which I am personally grateful. I am also pleased that Treasury Front Benchers continue to

[Mr. Michael Jack]

support the tax law rewrite exercise with vigour and enthusiasm, and I concur with the Paymaster General that it is nice to see that some parts of the Finance Bill are more legible than previously—at least somebody is listening. I am however disappointed that this year's Bill, like last year's, does not suggest that the Government want to go further than rewriting tax law in plainer language and a better form, and study how they can genuinely simplify and improve our tax system's operation. I will have more to say about that when I consider clause 290.

I very much welcome hon. Members' remarks about transparency in the operation of the economy. The time has come when Ministers should publish annually in the Red Book—I must say to my hon. Friend the Member for Grantham and Stamford (Mr. Davies) that I still call it that, notwithstanding the fact that the colour of its cover has changed—a cash flow for the British economy. If the Treasury is willing to put on record the model by which it works out the economic modelling of the United Kingdom, it should be able to put on record the assumptions by which tax revenues are worked out, to enable us to see with greater clarity how the cash flow of the economy is working. As even Ministers recognise, by the time we reach the end of the figures in the Red Book, the proportion of gross domestic product that is raised by tax will have increased.

My right hon. and hon. Friends on the Front Bench have tabled a reasoned amendment with which I have much sympathy, because it points to the lack of improvement in UK productivity and relates that to the problems that it causes to competitiveness. As I think Liberal Front Benchers would agree, the Chancellor has over the years introduced many micro-management measures, but we have had no feedback on what they have achieved individually. Given the degree to which the economy is managed through the tax system, we should demand a proper impact analysis of any measure that is introduced. It is no use introducing measures with great claims that they will improve the running of the economy if the overall facts on productivity, and therefore competitiveness, do not line up in that direction.

For those of us who have stamina for legislation, 309 clauses, 42 schedules and 574 pages beckon, and I look forward to our forthcoming debates. One part of the Bill deals with hydrocarbon duties and reduces the preferential rates of duty that red diesel has enjoyed. For those of us with an interest in agricultural and rural matters—I think that the hon. Member for Western Isles (Mr. MacDonald) will sympathise with me—that is not welcome, given that agriculture is only now pulling out of one of the worst phases of its cyclical downturn. Incomes are rising, but not to a very high level. It is not a particularly clever time to make such a move, as farmers must face it against a background of ferocious price competition from their principal customers, the supermarkets. The Government have again been somewhat mean-minded in the help that they give to biodiesel.

I am sorry that the Economic Secretary is not in his place to reflect on the fact that over the past 12 months no move has been made towards trying to start an indigenous biodiesel industry, based on UK-grown oilseed rape, with processing in this country. Investment has been made in the plant in Motherwell, which will produce an additional 4.5 million litres of that fuel, but it will use cooking oils and fats as its initial feedstock. If the Government are genuinely interested in the agenda of sustainability, improved environment and reduced carbon dioxide emissions, they must make their mind up on the matter. If they give a 40p duty derogation for liquefied petroleum gas because they rate heartily the air improvements that result from that road fuel, they should at least increase beyond the amount in the Bill the duty derogation for biodiesel. Let us forget for a moment the Treasury's worries that that would in some way sponsor a massive rush of imports. If we do not follow the biodiesel route of our own volition, the product will be imported.

There is a cost-free way of including biodiesel in our fuel source and giving the local industry a chance to generate. In the context of the Energy Bill, we should support efforts to require a target for blending biodiesel and normal hydrocarbon fuels so that the resulting price was whatever it happened to be. More Treasury money would not therefore be required to enable us to have a proper biodiesel industry. If nothing else, the Treasury could, with a 2 per cent. target, adopt the same techniques as for the renewables obligation in electricity and blend the tax position. Although that would result in a small increase in price, especially of diesel fuel, it would get our home-grown biodiesel off the ground.

Clause 118, which is entitled "'Film-related losses' and 'non-taxable consideration'", leads me to the subject of tax avoidance, which I wish to examine in some detail. The Government had a love-in with the film industry, rushed to the barricades to help it in every way, but were caught out. Clause 118 is a classic illustration of that. A measure was devised to try to help the film industry but was exploited, and a loophole was created that now has to be filled.

Dawn Primarolo: I look forward to the right hon. Gentleman's comments on avoidance and the way in which to deal with it. It is incorrect that clause 118 specifically tackles the exploitation of the reliefs that we introduced. It deals with the use of the tax system in ways that were never intended. Such provisions had existed in the tax system previously and were unconnected with the film industry. The clause is therefore not connected with the reliefs that we have given.

Mr. Jack: I am glad that the Paymaster General used the words "in ways that were never intended." That almost goes to the heart of the challenge of dealing with tax avoidance. The Revenue is the expert on tax in this country—or is it? It is clear that the purveyors of avoidance products or ideas have great resources and much expertise. As clause 118 shows, they noticed something in the relevant part of the tax code that the drafters did not. Avoidance happens partly because people can interpret the words that are written. We do not express our tax law as an academic or scientific formula, but as a set of words. It is expressed in the English language and is therefore interpretable.

We must consider whether sufficient good advice is available to examine drafting tax law more carefully. That is why I made a point about complexity. In July

1999, Mr. Edward Troup, who works for the City law firm of Simmons and Simmons as head of tax strategy, wrote a piece in the *Financial Times* about general tax avoidance. He argued that

"the aim of government should"

be to

"do its best to ensure that the 'return' from tax planning is as low as possible . . . a simpler tax system, with fewer reliefs and exemptions and discontinuities would, in the long term, frustrate most of the tax avoiders' ploys."

The article goes on:

"But behind the easy macho rhetoric of being tough on tax avoidance, successive chancellors have consistently failed to understand the inevitable nature of avoidance as a reaction to complexity and have ended up addressing its symptoms and not its causes."

One of the problems in assessing clause 290 of the Bill is that we have to do so almost in a vacuum. The House has not been presented with any kind of analysis of the weaknesses in our present tax code. For example, we do not know where the weaknesses are in the avoidance schemes that have either been marketed or have been detected by the Inland Revenue's mechanisms. We do not know how much money has been put at risk. There are an awful lot of "don't knows", yet we are being asked to adopt a new law under which, instead of the Inland Revenue relying on its expertise and surveillance, it will effectively have to ask people to put their hands up before the act is committed, and to declare what they are going to do in marketing or in finding ways to avoid tax. I return to what the Paymaster General has just said. The reason that we have avoidance is that, in a complex tax system, people see loopholes—in other words, things that were never intended.

Mr. Troup's article goes on to make a perceant comment:

"Tax avoidance is paying less tax than Parliament would have wanted."

That brings us to the question of whether we know what legislation we are passing. Do we know what we really want when we pass tax legislation? I hope that the Bill will receive adequate scrutiny this year, so that Mr. Troup's point can be addressed. He goes on to say:

"Avoidance is where Parliament got it wrong, or didn't foresee all possible combinations of circumstance."

If these avoidance laws are to be implemented, will the Minister tell us what is being done to strengthen the work of the Inland Revenue through both the drafting of tax law and the development of its perceptiveness into how tax law operates? What has the Inland Revenue learned from all the tax avoidance schemes that are currently marketed? Is there a theme running through them which shows a weakness in the way in which our tax law is drafted—or must we accept that, because we draft it in such language and form, it will, by definition, always be testable, and that there will therefore always be potential weaknesses?

Those of us who have served in the Treasury understand the need to protect the Inland Revenue from the sharp minds in the financial community. One could argue that if we had much lower marginal rates and a much clearer tax system, there would not be the inducement to want to avoid paying tax. However, we have not had a debate on the motivations behind the natural desire of any taxpayer to save or to avoid—as opposed to evading, which is clearly illegal—the payment of tax. Mr. Troup gives us some further perspectives:

"The problem of tax avoidance is reduced to the problem of finding an answer to the question of what parliament intended and making sure that this is complied with. I would not pretend this is a simple task. But recognising this as the issue and dealing with it equitably and constitutionally would be a significant step on the way to tackling avoidance effectively."

Obviously, we do not yet know whether the provisions in the Bill will have that effect.

The first cockshy at understanding clause 290 appeared in the 15 April edition of *Taxation*, whose Finance Bill Update column states:

"As drafted at present, any thought which reduces tax (although not National Insurance contributions) which passes through anyone's head who is involved in any way with tax services becomes a 'notifiable proposal' once that thought is expressed to another person, whatever the circumstances in which it is expressed. Anyone who has any input, however small, into the idea also makes himself a promoter liable to disclose the idea, if nobody else does. However, much of the detail is left to the scope of regulations yet to be made."

That is one of the most interesting features of clause 290. Subsection (1) states

"In this Part 'notifiable arrangements' means any arrangements which . . . fall within any description prescribed by the Treasury by regulation".

When I looked at the Government's website to try to obtain more information on what the clause was all about, I was directed to Treasury press notice 29/04, which was issued on 18 March. It told me that all kinds of new information would be made available to me. I discovered that the Treasury's permanent secretary had had a meeting on that day to discuss all this with business leaders. By the time I had read what was already in the public domain, I had established that full details of all this lot would be made available on the publication of the Bill. "Full details" and a regulation yet to be published do not strike me as a full and final disclosure.

Under "Meaning of 'promoter'" in the Bill, we read that

"he is to an extent responsible for the design of the proposed arrangements".

Could one not almost say that the draftsman—the designer of the original legislation, which then became subject to avoidance—produced part of the design of the tax avoidance scheme? I hope that the Paymaster General will able to explain exactly how the proposals will work.

An interesting case has arisen in the context of the sale by Aberdeen Asset Management of a loss-making activity called the Aberdeen Preferred Income Trust. In the newspapers it was reported that when those who had invested in the organisation sought to get their money back, they were disappointed by the financial returns they received. An article in *The Times* on 3 April stated:

"But it has emerged that it is not only the 7,200 Abpref shareholders—who lost 99 per cent. of their money—who should feel cheated. Their misery will help a private company to lower its tax bill, costing the Treasury tens of millions of pounds.

[Mr. Jack]

Loopholes in the law mean that the property company that bought the Abpref shares for £3.7 million can use the trust's huge tax losses to . . . avoid paying £45 million in tax."

The use of tax losses in business to offset taxable profits is nothing new, but in the context of that transaction, would it be caught by clause 290? Clearly someone has looked carefully at a tax-loss situation, taken professional advice and designed a scheme enabling him to buy up the losses of the Aberdeen Preferred Income Trust. The poor investor—a Mr. Davies—who put £7,000 into this duff investment activity got £1.96 in return for his endeavours. As a result of the sale of the tax losses, there is a potential avoidance of £45 million. That is a currently accepted use of tax losses, but is it a product or a case of someone seeing an opportunity? It will be interesting, in considering clause 290, to try to differentiate between the opportunistic exploitation of existing legitimate functions of the tax system and the deliberate creation of functions by reinterpretation of the current tax law. We all want a proper amount of tax sold, but I think that there will be some testing times.

To give a flavour of the views of the accountancy profession, when probed on the matter, a spokesman for Ernst and Young commented that there are more sellers of tax losses than buyers, so the shares are not easy to sell. He would not be drawn on the ethics of selling tax loss, but insisted that it was in the best interests of all parties. He said:

"The only reason that investors are getting anything back at all is because we made a deal to sell the company."

There will be some very interesting and testing grey areas in what is arguably one of the sexier parts of this Finance Bill.

On the question of savings, I want simply to reinforce the comments that have been made. At a time when individuals' endowment policies are under great pressure, and their pension funds are not yielding the expected amounts, the time was not right for the Government to cut back on individual savings account allowances. They should have looked at more coherent methods of promoting savings, to enable people at least to try to make up for some of the losses that they are suffering on their endowments.

I conclude with some observations on those two parts of the Finance Bill that deal with the Government's assault on small businesses. We heard the points made by my hon. Friend the Member for Arundel and South Downs (Mr. Flight) on the question of incorporation, and on the operation of section 660A. I shall not go into detail on those matters, but there is a stark contrast in relation to the example that I have just given. While the Government are seeking to deal with general tax avoidance, they ought on the other hand to encourage the retention of moneys in small business. However, with IR35, section 660A, and now other elements of the Finance Bill, they seem to be hammering hard on these small engine room businesses for the British economy. Why does that group seem to have been singled out for particular treatment, when a more considered review might have been the best way forward? Such people are the entrepreneurs of the future and the engine rooms of the service economy, yet they seem to be getting a bad deal in the Finance Bill.

6.17 pm

Mr. Nigel Beard (Bexleyheath and Crayford) (Lab): The first thing to emphasise about this Budget, and the Finance Bill that gives effect to it, is that it satisfies the discipline that the Chancellor has imposed on public finances for the past seven years through the fiscal rules: the golden rule and the sustainability rule.

Adherence to fiscal self-discipline has brought about an unparalleled period of stability in the economy. At the same time, a fair distribution of financial liabilities has been achieved between the generations. Disciplined fiscal policy has been complemented by the Bank of England's independent conduct of monetary policy, which has given the financial system confidence that interest rates are fixed for economic reasons and not for political expediency. The consequence has been an unprecedented period of national prosperity, resulting in record low levels of inflation, interest and mortgage rates and unemployment, a stable economic climate that encourages businesses to invest and plan ahead and a resilience internationally that enabled the British economy to keep growing when the rest of the world moved into recession. On top of that, we are maintaining record investment in health, education and training to remedy 18 years of wanton neglect and to secure the foundations of the future.

None of that has been achieved at the expense of a fundamental commitment to social justice, which has been maintained through the working and child tax credits, the minimum wage and state pension increases that far surpass what would have been gained by linking pension increases to incomes.

Those are historic achievements that this Budget and Finance Bill continue. Yes, there are questions for debate, which are raised in the Treasury Committee's report, about regulation, whether consumer debt is too high, the significance of rising house prices, the impact of the falling dollar and future tax revenues. I recognise all that, but those issues are the pimples and scratches on the great edifice of the country's economic achievement. They are real issues, but they must be kept in proportion. Above all, we must not accept what the Opposition would no doubt like the country to believe—that the present prosperity and fair prospects for the future depend not on the policy of the Government but on astrology or the position of the planets in certain constellations. This country's prosperity does depend on Government policy, it will depend on it and it could be wrecked by the ideological folly of the Conservative party. After determined opposition, and some kicking and screaming, they have now accepted the Bank of England's independent role in framing monetary policy.

The dog that did not bark in the night is the Conservatives' unwillingness to accept the Chancellor's fiscal rules. They are within two years of a general election, but they will not say that they accept these rules or, indeed, any other rules. All they will say is that, whatever the economic circumstances, they will reduce taxes. We know what impact that would have on public spending, and Labour Members will ensure that the public at large understand the local and national impact on the national health service, schools, universities, public transport and roads.

The other question is what the impact will be on the overall management of the economy when the Conservatives do not accept the discipline of any

guiding rules. What will be the impact on jobs, on industry, on interest and mortgage rates and on training? What is there in the golden rule and the sustainability rule that a modern political party cannot accept? The golden rule secures fairness between generations. It says that the Government—on balance, over the five or six years of the economic cycle—should borrow only for capital spending: spending that will benefit the next generation and perhaps beyond. In other words, people who enjoy benefits now and in the future will pay for them. The opposite approach is to borrow for immediate current spending, which benefits only those who are around today but leaves much of the payback to future generations who do not benefit at all.

The sustainability rule ensures that even if borrowing is for capital investment, the burden of debt now and in future does not build up disproportionately. In other words, it prevents people today from investing in capital projects to such an extent that the next generation is so burdened by inherited debt that they are prevented from investing for their future.

It is important to stress that the golden rule, whereby borrowing equates to capital spending, does not apply to any one year, but to the whole economic cycle. Thus, when economic activity is at a low ebb and, consequently, Government tax income is low, borrowing may provide for some current expenditure, which then stimulates economic activity, but when the high tide of economic activity comes along again and tax revenue to the Government is high, that revenue must be used to repay the excess borrowing when the economic tide was low.

Although the Conservative party is reluctant to sign up to the Chancellor's fiscal rules, its economic performance in the past came nowhere near this Government's achievements. It cut public spending when tax revenues declined as the tide of general activity receded; thus, it deepened the recession. As an alternative, when the high tide of economic activity came along and tax revenues increased, the Conservatives cut taxes for the better off and so overheated the economy as to create runaway inflation. They penalised low-income families on the downturn of the economy through unemployment and rewarded the top 10 per cent. or so with tax reductions when the economy improved.

Mr. Jack: Does the hon. Gentleman not recall that when the higher rate of tax was reduced to 40 per cent., the cash take to the tax system increased?

Mr. Beard: It might well have done, but it did not satisfy the Conservatives' macro-economic conditions. Such action led to the crisis that Mr. Lawson created, which resulted in interest rates of 15 per cent.

Boom and bust was not just an historical economic accident that came along while the Tory party happened to be in power: it was the result of the Conservatives' own feckless, ideologically driven policies, which they appear inclined to repeat in 2050, or whatever future date thereafter when they next take power.

To lift a major part of the country's economic policy out of political controversy, I appeal to the Conservative Front Bench spokesman to say at the end of the debate that the Conservatives accept the Chancellor's fiscal rules as a basis for future economic policy. If that commitment cannot be given, can the House please be told why not?

I turn to some of the more specific issues that were brought out during the Treasury Committee's consideration of the Budget. The current economic cycle is considered to have started in the financial year 1999–2000 and to end in the financial year 2005–06. On the basis of cautious assumptions, the average annual surplus over that period will be 0.1 per cent. of gross domestic product, so the golden rule will be properly satisfied. However, tax receipts for the past three years have been overestimated and the outturn has been lower than forecast. In the next two years, tax receipts from income and corporation tax are forecast to bounce back.

Some of the Treasury Committee's external advisers have questioned whether the extent of the forecast increase in tax revenue will be achieved. That question was put to Treasury officials when they gave evidence on the Budget to the Committee. Their answer was that the forecasts are grounded in confidential information from the Inland Revenue and Customs and Excise about how taxes are paid, which feeds into the methods of forecasting tax revenues. Given that that information is so central in assessing whether the golden rule is likely to be satisfied, I emphasise the Committee's recommendation that the Treasury should consider ways of sharing with outside forecasters as much aggregate data on the way in which taxes are paid as possible. That would lead to a more fully informed debate on the extent to which the fiscal rules are likely to be satisfied.

The Treasury forecasts that the economy will grow at 3 to 3.5 per cent. during the next two years but will then return to a trend growth rate of 2.5 to 3 per cent. The fiscal projections are in line with that economic projection. However, if growth should continue above trend, it is important that the increased fiscal surpluses are retained and not spent, so that fiscal and monetary policy work in the same direction at that point in the economic cycle and so that fiscal flexibility for the next cycle is ensured.

Now that we can contemplate continuing conditions that are favourable to economic growth and prosperity, to full employment and to major improvements in our public services, the productivity of the United Kingdom economy increases in significance as a factor that could restrain the wealth of this country during the 21st century. In terms of output per hour, the UK is far behind France, Germany and the United States. Between a third and a half of that deficiency is due to a lack of investment in plant, machinery and other physical assets. As a more predictable economic climate takes hold and takes away uncertainties, attitudes to new investment might change. Indeed, the Chancellor's various means of encouraging business investment are to be welcomed.

What is astonishing, however, is that two thirds of the productivity gap between Britain and the United States exists because Britain lags behind in innovation. This country is one of the most ingenious and inventive in the world, but we do not follow through to gain the economic benefits. Too often, something is invented in Britain but commercialised in America or Japan. In that context, I am pleased to see improved tax incentives for

[Mr. Beard]

research and development on top of the Government's increased budget for scientific research, and their commitment to excellence in our universities.

Governments can only enable, however, and there is also a need for a culture change in boardrooms and business schools to give far greater emphasis to business renewal. That is vital not only to catch up with the United States but if we are to hold our own in competition with the rising economic power of China, India and south-east Asia.

There is another dimension to productivity, which is not a concept that should apply only to market-driven sectors of the economy but to the public sector, too. There must be developed an agreed measure, equivalent to productivity, for health, education, public transport and local authorities. Sir Peter Gershon's recent report addresses the issue, but it is only a snapshot. With increasing resources committed to public services, there must be systematic accountability for what is being achieved.

Productivity in one form or another will be a major economic issue in the first half of the 21st century and beyond. The Treasury Committee is embarking on an inquiry into United Kingdom productivity and its regional variations. The resulting report may provide the occasion for a much fuller debate on these issues in the Chamber.

The peacetime history of the past 100 years has been about developed countries learning how to manage their economies in order to mobilise the energy and abilities of the people to increase their own wealth and opportunities. It is a continuing process to which this country has made a major contribution. That contribution has never been greater than what this Government have achieved over the past seven years. It is not at an end. Indeed, the prosperity and temperament of Britain in the 21st century depend on progress continuing. This Budget and this Finance Bill are a further step towards achieving that.

6.31 pm

Adam Price (East Carmarthen and Dinefwr) (PC): Stability has been the leitmotif of this debate. I am tempted into the heretical thought that, although it may be part of the new Labour creed, the attractions of stability depend on how one experiences it. It looks different from the top of the heap than from the bottom. It is possible to stabilise at a lower level of growth. Death confers a certain stability; it is certainly a permanent state of equilibrium—a term from micro-economics.

The hon. Member for Western Isles (Mr. MacDonald) is no longer here, but we can see a consistency in the experience of certain parts of the United Kingdom, including his part of Scotland and others, and my part of Wales. We have seen out-migration—in the case of his region, since the 1920s. We may not have stop-go any longer, but they have not stopped going from the Western Isles. We have the same problem of the haemorrhaging of the young from our communities, and there is no sustainable economic future for the long term for any community that continues to lose the best and most talented of its youth.

Amid the paeans to stability that we have heard, I offer a word of caution. The picture is diverse across the United Kingdom, as hon. Members who represent constituencies to the west and the north of these islands will know. The Bill could have contained different bands of business taxation not only for different sizes of companies but for different regions, as is done in Spain, depending on their economic performance. If we have a lower band of taxation for smaller companies because we believe that that will incentivise growth, surely the same tool could be used with even greater effectiveness in less advantaged parts of the United Kingdom.

I see the steely gaze of a hired assassin in the Chamber, so I shall give way to him.

Mr. Wayne David (Caerphilly) (Lab): I thank the hon. Gentleman for that compliment. I am provoked to rise because of his comments about different regional tax rates. Does he not agree that in some parts of our own country of Wales, particularly around Cardiff and Swansea, the economy is doing extremely well? Surely he is not suggesting that there should be different tax rates for areas that are doing extremely well.

Adam Price: If we are talking about regional taxation, it is obviously true that there is a different pattern of economic activity within every region. To some extent, the relative success of parts of the south-east Wales corner is a reflection of the pattern of economic activity throughout the whole of the UK. Indeed, south-east Wales is mirroring the greater prosperity of the south-east of England. As I understand it, it is not possible under European competition law to have different tax regimes at a very localised level, other than for local taxation. Of course, it is possible to have regional corporation tax, as is the case in the Basque country and in Navarre. I simply offer this as a possible tool for the Government's regional economic policy armoury. We have all signed up to the Treasury's policy aim of narrowing the gap in regional economic growth between northern countries and southern ones. Perhaps different bands of taxation would be a more effective tool in incentivising business growth.

I want to concentrate on two sources of instability. We have been told that the Government are confidently navigating us through calm waters, but as we have heard, there are certain whirlpools of instability.

Angus Robertson: Does the hon. Gentleman share my concern about the future of jobs in the whisky industry as a result of the Government's introduction of strip stamps, which will impact not just on the Scotch whisky industry but on the Irish whiskey industry and the renaissance of the Welsh whisky industry at Penderyn? The general manager of one of Speyside's premium distilleries wrote to me a few weeks ago. The letter said:

"We are considering turning our back on the UK market entirely and by 2006 securing other markets for our products, rather than suffer the new tax regime."

Reference was also made to the number of jobs that will be lost. Does the hon. Gentleman think that the introduction of tax stamps on spirits is a good idea, given that a workable alternative exists to enable the crackdown on fraud that every Member of this House wants to see?

Adam Price: I agree entirely with the hon. Gentleman, and when the Committee of the whole House sits next week, I hope that the opportunity will arise to strike

down these proposals, which are very damaging to the Scotch whisky industry. The last Welsh distillery closed 120 years ago, and we have waited all that time to get our whisky industry back. Yet within 16 days of the launch of the first single malt Welsh whisky in 120 years, the Chancellor's iniquitous strip stamp proposal is introduced. *[Interruption.]* We should have kept it under wraps for a little longer. I am not sure whether there is an English whisky, but if so they can join our battalions in defeating these proposals.

I want to concentrate on two problems of what used to be called political economy—economic problems with a major policy component—that the Government face, the first of which concerns pensions. Some 120 clauses, more than a third of the Bill, are devoted to pensions. Unfortunately, the poor old members of the Pensions Bill Standing Committee are upstairs and have been unable to contribute to this debate. The other issue, which was mentioned by the hon. Member for Yeovil (Mr. Laws) in particular, is the looming fears about the state of the property market. We should consider the two problems together, because they are linked in the Bill. In pensions, we have the crash in the equity market that has already happened; in property, we have the crash that may yet happen. For one set of assets, value has collapsed; for the other set, value has risen exponentially.

It is interesting to make the contrast. Property is one of the few asset classes that has been successful. The right hon. Member for Fylde (Mr. Jack) spoke about problems in the financial services industry. We know about problems in Equitable Life, problems with the occupational pension funds of ASW and other companies and problems with split capital investment trusts and so forth. Wherever one looks in the financial services industry, there are problems, which contrasts markedly with the exponential rise in property values.

In the light of that contrast and the contra-cyclical effect of the two markets, it is not surprising that the Government are trying to achieve a more reasonable spread of investments. They are trying to create a more efficient and effective mechanism for making investment in property part of the pension funds through changing the regulations for self-invested personal pensions schemes or SIPPS and small self-administered schemes. The problem is with the timing and the means by which the Government propose to introduce those changes. There is a real fear that by trying to deal with the pensions crisis and particularly the collapse in the equity market, thereby creating a mechanism for property investment for pensions, the Government could be exacerbating the problem of speculative investment in the housing market, or even precipitating and bringing about the very crash in the property market that they tell us we have no need to worry about.

Mr. Simon Thomas (Ceredigion) (PC): This afternoon I attended the launch of a Shelter campaign that highlights the fact that a million children are living in poor housing and highlights the general lack of affordable housing within the UK. The Government are attempting to deal with the problem through some of the Budget proposals, and I am happy to acknowledge that. However, one of the facts revealed at the launch of the campaign was that since 1960, the price of bread has gone up six times and the price of housing 60 times. Within that context, does my hon. Friend believe that the Budget does enough for affordable housing in our communities?

Adam Price: My hon. Friend makes his point extremely well. To be fair, I agree that the Budget statement made some recognition of the problem, just as we have seen belated recognition of the regional economic divide. The Government have recognised the problem of affordability, but the difficulty is that the cupboard is bare of policies. Indeed, the policies in the Finance Bill will make matters worse for housing.

It is clear from reading the explanatory notes to clauses 171 to 174 and from drawing on the good offices of the Library *[Interruption.]* However much the Chief Secretary shakes his head—it is, to quote a famous parliamentarian, his head to shake—it is clear that those clauses introduce changes to SIPPS. There used to be a bar on using SIPPS to invest in residential property—they applied only to commercial property—but that bar is being lifted. They can now be used for all sorts of esoteric investments, but we will not go down that road. The bar is certainly being lifted and in a way that appears very attractive to many people. Currently, about 200,000 people are in SIPPS or small self-administered schemes. Following a certain day in 2006, it is predicted that there will be an exponential rise in their number *[Interruption.]* That is the view of independent pension advisers. The head of pensions at Scottish Life, for example, expects there to be very strong interest in them. He certainly knows more about pensions than me, and probably more than many Members. That view is reflected widely in the pension industry; there will be strong interest in the effect of the proposals. If the Government thought that there would be no interest, why did they introduce the changes? Can they answer that?

In the regulatory impact assessment, the Government consider the extent to which the changes in SIPPS that allow those pension funds to invest in residential property will lead to an increase. They claim that because the number of people in SIPPS is small at present—only 1.3 per cent. of people are covered by such pension schemes—the effect will be only at the margins, but they are changing the regulations. To date, the property use of SIPPS has been limited because they were not widely available, but the Government are, in effect, deregulating through creating the single pension scheme, so there will be no holds barred within the borrowing limit of 50 per cent. of the pension fund. There will be substantial interest in such schemes.

The problem is that the changes will add oil to the flames of an already overheated housing market. A survey published today by the Royal Institution of Chartered Surveyors showed that March saw the highest increase in housing prices for any month since March 2002, so the housing market has not petered out and reached a soft landing.

Hywel Williams (Caernarfon) (PC): Does my hon. Friend agree that there are regional variations? Last year, my constituents in Caernarfon in Gwynedd experienced the highest increase in house prices, which rose by 57 per cent. in one year. What effect will the Government's changes have on that market?

Adam Price: There has certainly been a problem of affordability in relatively low-wage local economies such as north-west Wales for many, many years, which has now been greatly exacerbated by the massive increase in house prices that has occurred in many other rural areas and now afflicts many urban areas, too. In that context, it seems a crazy move to add further billions of speculative investment to the housing market.

Colin Brown of Grant Thornton said that the rule change will inevitably lead to a further rise in house prices as individuals flood into the market and change the make-up of their pension funds. Tom McPhail, of independent financial advisers Hargreaves Lansdown, said:

"It is hard to reconcile the Chancellor's stated ambition of controlling the housing market's disproportionate influence on the economy with a proposal which will allow several hundred billion pounds of pension fund money to wash into the housing market."

That is what independent observers are saying about clauses 171 to 174.

The changes come on top of an already overheated housing market. Why is the market overheated? Because, as we heard from the hon. Member for Yeovil, there is a large buy-to-let component. Yesterday, the *Financial Times* published figures showing that total buy-to-let lending rose from £24 billion in 2002 to £39 billion in 2003. Although there are signs that the rental market has started to overheat, it is not yet damping down. Returns on buy-to-let investment stagnated in the fourth quarter of 2003 due to the over-supply of rental property; too many people have gone into the market. For instance, yields in London are often below 5 per cent., compared with 7 per cent. in the rest of the country. That trend is likely to spread, as more investment goes into that sector.

Rental yields have been dropping, yet more money is flowing into that market. That is a classic, textbook case of speculative investment. People are basing their investment decisions on expectations of capital gains, regardless of the income base. That is precisely what has happened in Australia, where the buy-to-let sector now represents 45 per cent. of the entire property market and yields have fallen to 2 per cent. Yet the property market is still surging ahead because of the capital gains expectations. That is a classic bubble. Is that the context in which the Government want to create a mechanism that involves a few extra billion pounds? I ask the Paymaster General to give a figure for that when she responds to the debate. To be fair, the Government go into some detail in the regulatory impact assessment to discount some of the arguments that I have adduced, but no figures are given for the extent of the increased investment flowing into the housing market as a result of the changes to SIPPS.

Obviously, a housing property crash would be catastrophic. That goes without saying and we have heard the reasons for that already. Given the already high level of household indebtedness, factoring in a property crash could put us in an extremely worrying position. However, even if there is no property crash, serious problems are still associated with a property market that continues to rise. As we have heard, affordability is a problem for local young families in many parts of the United Kingdom. For that reason alone, I urge the Government to be cautious about creating such a method for investing in property using pension funds.

The average age of first-time buyers is rising in the UK. It is now 36 in Wales and 33 across the UK. That may shock hon. Members. In a sense, one's own property has always been a major part of saving for the future. Certainly in this country, a mortgage has been a way to avoid rental expenditure later in life. First-time buyers are increasingly crowded out of the housing market because older, more affluent people are using it as an investment vehicle by buying second or third homes. There are 10,000 people in London with more than 30 homes each and there are thousands more with more than 10 homes. We are crowding out young people from making the most important investment for the future—buying their own home.

I am trying to be constructive; I can understand the rationale for making a wider portfolio of assets available for pension investment because of the pensions crisis, but the SIPPS mechanism that the Government are choosing is not the best means of proceeding. With interest rates rising and probably set to rise further, the timing is certainly very dangerous, given what we all know about the state of the housing market.

6.54 pm

Mr. Richard Bacon (South Norfolk) (Con): It is a pleasure to have the chance to take part in this debate and to follow the hon. Member for East Carmarthen and Dinefwr (Adam Price), to whom I listened with interest.

The Chief Secretary, who is now back in his place, began the debate by saying that he looked around the Chamber and saw lots of graduates of previous Finance Bills. I have to say that I felt distinctly like an undergraduate at that point because this is my first Finance Bill, so I thought that it would be sensible to restrict my comments to two narrow issues that concern me, and to one rather broader issue. The first of the two narrow points is one on which I am concerned that the Government are not doing enough: their policy on the duty on biofuels. The second—the Government's proposals on duty stamps for whisky—is of huge concern to the hon. Member for Moray (Angus Robertson) and other Scottish Members, and to any single malt whisky drinker. I regret to say that we in South Norfolk have no distilleries, but we have a gratifyingly large number of microbreweries.

It is increasingly widely, albeit not universally, known that one can make fuel for cars or lorries from wheat, barley, sugar beet and oilseed rape—and from single malt whisky, I suppose, if one were sufficiently desperate. Such fuel has huge benefits in terms of the environment and fuel security, and it benefits the rural economy and farming constituencies such as mine. There is a good case on a wide variety of grounds for encouraging the development of a biofuels industry in this country. Fuel security has not been a great concern in the past, but in the increasingly uncertain world in which we live, its importance is growing.

I pay tribute to my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard), who has campaigned assiduously on this issue, which has extensive cross-party support within the House, and

widespread support from outside bodies including the National Farmers Union, the Road Haulage Association, the British Chambers of Commerce, the Confederation of British Industry and Friends of the Earth—not bodies often seen on the same side of an issue. There is a general view that although the 20p per litre duty reduction on biofuels announced by the Government is a welcome step in the right direction, it is not enough to stimulate the development of a serious biofuels industry in this country.

The Government frequently repeat their commitment to reducing emissions of greenhouse gases, but research undertaken by Sheffield Hallam university suggests that conventionally produced bioethanol could produce a reduction of 60 per cent in carbon dioxide emissions, and British Sugar research indicates that efficient production methods could increase that figure to 70 per cent. However, to achieve those benefits, we need a biofuels industry. The Government have stated their intention to meet the renewable fuels targets by 2020 and the requirements of the EU biofuels directive by 2005, but those targets will not be met with the UK biofuels industry in its present state.

The main effect of the Government's duty proposals on biofuels will simply be to suck in imports. Now, oilseed rape is grown in this country, put on a lorry and exported to Germany—the transport generating carbon emissions. There, it is turned into biofuel and re-imported to this country to take advantage of the tax break that the Government have introduced. That is ludicrous. It has happened because the German Government introduced a larger tax break to get a serious manufacturing industry up and running. Everyone accepts that the tax break would not have to last for ever. It could tail off. However, at present it is widely understood that the Government's proposed 20p per litre duty cut is not enough even to get the industry in this country started.

We have to create our own industry. The Curry report on the future of farming, which was commissioned by the Government themselves, refers to biofuels, saying that England—I apologise to Welsh and Scottish Members, but agricultural matters are devolved—

"needs a long-term strategy for creating and exploiting opportunities in non-food crops, including starch and oils. This area should be a high priority for the research and technology transfers we have outlined. We recommend that the Government should reduce duty on biofuels to that charged on other clean fuels. We believe this will help processors to drive the market forward".

Lord Whitty, a Minister in another place, has said that the 20p reduction on offer is not enough to deliver the investment needed to create a viable industry and achieve the outcomes that everyone would like. It is disappointing, given the chance to develop an exciting industry that would help the rural economy and the environment and improve our fuel security, that more is not being done to foster that opportunity. I therefore hope that the Government will reconsider their position.

Clause 4 deals with duty stamps on spirits, an issue that I raised with the chairman of Customs and Excise when he gave evidence to the Public Accounts Committee.

Angus Robertson: It was unconvincing.

Mr. Bacon: Curiously enough, that is the same word as I have written down—the chairman was less than fully convincing. The Government have accepted in their regulatory impact assessment that upfront costs to the industry will be £25 million. On top of that, there are annual costs of £60 million—or £54 million, if one believes the Government's figures. On any count, however, there are significant ongoing costs. The value of the stamp is about £5.48 a bottle, so it should be treated not as a piece of paper but as currency. The Government's proposals have security implications, and there are concomitant security costs.

The Government have made much of the fact that the duty will be frozen for the remainder of this Parliament, but that has no impact on the set-up costs of £25 million that the industry has to find. The proposal raises a number of questions. In his opening remarks, the Chief Secretary referred to the arrangements for deferring duty, which have serious implications for companies' cash flow. It would be helpful if he could tell us when we will have more information, because the Government's proposals for deferring duty are vague, to say the least. The Government have also said that they will "look at" proposals for paying for printing, distribution and security costs, but they have not given a firm commitment, so more detail would be welcome.

Angus Robertson: The hon. Gentleman has clearly read a lot of background documentation as well as the regulatory impact assessment. Has he been able to identify in that documentation an assessment by the Treasury or Customs and Excise of the projected levels of fraud on strip stamps, a practice that is unfortunately common in the few countries that still use them on spirits?

Mr. Bacon: The hon. Gentleman makes a good point. Funnily enough, I have not done so, but he anticipates the point that I am about to make. Many countries do not have strip stamps because they are worried about fraud, as I shall explain in a minute. First, however, I have a couple of questions for the Government. They have said that there will be a capital fund of £3 million for small distilleries. It would be helpful to have confirmation that that is the right figure and, if it is not, to know how much will be available. What are the thresholds, and what constitutes a small distillery? The fundamental question, to return to the point made by the hon. Member for Moray, is whether this is going to work. There is no point in doing anything if the proposal will not work, will be open to fraud and, indeed, act as an incentive to commit fraud. The Government must consider the international context, because experience suggests that high-quality forgeries quickly become commonplace. With duty at £5.48 a bottle there is a strong incentive to commit forgery.

The Government should consider the fact that Ukraine reformulated its tax stamps on 1 January 2004 in an effort to defeat fraud on the existing stamps. Within three weeks, the Ukrainian police reported seizures of 60,000 bottles of illicit spirits, each marked with forgeries of the newly introduced state-of-the-art

[Mr. Bacon]

holograms. In Hungary, it is believed that 15 to 20 per cent. of the market is illicit. Several countries have either abolished the tax stamps regime

Angus Robertson: Such as the United States.

Mr. Bacon: Indeed, and Ecuador and Greece. Others such as Belgium, Norway and Germany, have pulled back from introducing them.

There is evidence from central and eastern Europe that genuine tax stamps can be used to disguise breaks in the seals after refilling, and that unscrupulous traders use stamps to add authenticity to counterfeit products and thereby steal sales from legitimate producers. The obvious beneficiaries of the Government's proposal will be overseas fraudsters and counterfeiters. Tax stamps will form a barrier to trade and will damage the ability of the whisky industry to compete globally. The market will be fragmented and producers will have to maintain UK-specific stocks, which will reduce the efficiency of the production line and increase costs, all for the sake of a measure that most expert observers believe is not likely to work in practice.

I turn to my one slightly broader point—the context for the debate about tax and spending. Most people have no idea how much money the Government waste—how much of the tax that they take from us as citizens and businesses goes to waste. In a recent study the National Audit Office suggested that just a 1 per cent. improvement in the way in which the Government spend the money available over the next three years would result in £14.5 billion of extra spending for frontline services.

I notice the hon. Member for Dagenham (Jon Cruddas) smiling at that. He is thinking of a very good article that he read in *The Daily Telegraph* a few months ago—at least, I thought it was rather good, but I suppose I can be forgiven for that because I wrote it—and he thinks that I am about to quote from it, as he did in a debate not long ago. He is absolutely right. Unless they bother to examine the issue closely, no one really understands just how much money the Government waste.

We know about the central Government administration costs going up from £14.8 billion to just under £21 billion—at least, we thought it was just under £21 billion, until we picked up the *Financial Times* this morning and found out that the figure has exceeded even the Government's estimates by £1 billion. They expected it to go up by about £5 billion or £6 billion, but it has gone up by £1 billion more than the Government expected it to go up at this point. A year ago the bill was planned to be £20.2 billion, and it is now £21.3 billion.

That is just the icing on the cake. The marzipan and the fruit, which mostly do not get noticed, are things like the fact that the Department for Work and Pensions has had its accounts qualified every year since 1988, and loses between £3 billion and £7 billion a year in fraud, depending on which Government figure one believes. In the 1998 White Paper on safeguarding social security, the Government said the figure was up to £7 billion. They now think it is only about £3 billion. They are the same Government who, five years ago and two years before that, were asked whether housing benefit fraud was going up or down and could not say. Still now, if one asks the Department for Work and Pensions whether housing benefit fraud is going up or down, the Department cannot say. It only knows that it loses a huge amount of money from it.

There are 40 Apache helicopters worth £1.2 billion sitting in warehouses in Wiltshire. It is costing £6 million to store them because the Ministry of Defence forgot to train the pilots in time. When I wrote the article, Customs and Excise—the responsibility of the Economic Secretary—was losing between £7 billion and £10 billion a year through VAT fraud. The figure is now £12 billion, and as the Economic Secretary knows, it loses a whole lot more through excise fraud. He will say that that is why the Government are introducing the strip stamps, but if those will not work—the international evidence suggests that they will not work—they should find a better way of achieving their aim.

Each year we spend £240 million a year training teachers, yet £100 million of that goes on teachers who never set foot in a classroom once they have qualified and are never employed by a local education authority or a school. People know to some extent about the computer messes that occur in Government, but they might not be aware of the scale of the spending that goes on and the scale of the waste. The Government Communications Headquarters moved its computer from the old building to the new building. GCHQ thought it would cost £40 million to move the computer, so it told the GCHQ board that it would cost £20 million. It ended up costing £400 million.

The Emslie report inside the health service said that the Government lose between 16 and 20 per cent. of their budget in the health service each year through waste, fraud, inefficiency and mismanagement. That is the context in which we must discuss the Government's claims that the Conservative party could not find savings. The assistant Chief Whip, my hon. Friend the Member for Mid-Worcestershire (Mr. Luff), suggests that I have spoken for long enough—he is probably right—although we can continue the debate until any hour. Labour Members claim that we cannot find the resources to improve public services, but huge waste is occurring, and it is about time that a Conservative Government put that right.

7.10 pm

Mr. Alan Reid (Argyll and Bute) (LD): Like the hon. Member for South Norfolk (Mr. Bacon), I am against the introduction of tax stamps on bottles of spirits. I note that the proposal is contained in clause 4, which the Labour Government should definitely abolish.

My constituency relies on the whisky industry to provide jobs, many of which are in remote, rural communities where alternative employment would be impossible to find—many of those jobs are on the islands of Islay and Jura. I did not recognise the rosy economic picture painted by the hon. Member for Western Isles (Mr. MacDonald), and if people lost their jobs in the distilleries, there are not large numbers of job vacancies for them to walk into. In my constituency, single distilleries are located in Oban, Campbeltown and Tobermory, a further eight are situated on Islay, and

there is one on Jura. The distillery on Jura is the main employer on the island, so any proposal that damages the whisky industry would devastate that economy.

It is patently obvious that the tax stamp proposals will damage the competitiveness of the Scotch whisky industry, although it is important to remember that it will not be the only industry involved, because the gin and vodka industries will also be affected.

Mr. David Heath (Somerton and Frome) (LD): And cider brandy.

Mr. Reid: The issue concerns more than jobs in distilleries, because the whisky industry provides many jobs in bottling plants, which are often located in urban areas where it is difficult to find other jobs. The tax stamp will also affect the constituency of the hon. Member for South Norfolk, because much of the barley used in the distilling process is sourced from East Anglia.

It is clear that there is a problem with duty fraud, but it is dubious whether it occurs on the scale claimed by the Government. We must tackle fraud where it occurs, but we must also ensure that the benefits of any anti-fraud measure outweigh the costs of its introduction. The Scotch whisky industry is also interested in stamping out fraud: it rose to the challenge that the Chancellor set for it in the pre-Budget statement last November, and it has come up with a raft of anti-fraud measures that are far less costly than the tax stamp measures in clause 4.

The Government proposals relate to three uncertain points—the level of duty fraud, the impact of tax stamps on fraud and the cost of tax stamps to the whisky industry. There is simply not enough evidence to demonstrate that the benefits of such a scheme would outweigh those costs, so it should not be introduced in this Bill. The risks to the economies of small, remote communities far outweigh the positive benefits to the Treasury.

I shall examine the Government estimates of duty fraud, which are arrived at by gap analysis—using consumer surveys to estimate consumption and subtracting the recorded legitimate trade. Gap analysis relies on consumers accurately remembering their consumption. Remember, we are discussing alcohol—I see that the Financial Secretary is laughing—and gap analysis relies on people accurately remembering their consumption in order to work out the level of fraud, so the margin of error is clearly wide. The Government rely on the Customs and Excise estimate of £600 million of spirits duty fraud in 2001–02.

However, when the National Audit Office conducted an investigation, it found a massive degree of uncertainty and concluded that a proper reporting of the Customs and Excise study would show that duty fraud was somewhere between £330 million and £1,080 million, not the single figure of £600 million quoted by the Government. The NAO also investigated the gap analysis estimates calculated by the Scotch whisky industry and concluded that its survey estimated the level of duty fraud at somewhere between £10 million and £260 million—considerably less than under the Customs and Excise methodology. The NAO found both methodologies to be theoretically "appropriate". It is obvious, however, that both could not be correct, so faced with two widely conflicting estimates, it sensibly concluded that

"great care is needed in determining what reliance is to be placed on the results that are presently available."

Even further doubt was cast on Customs and Excise's methodology for estimating duty fraud by the fact that its annual report for 2002–03 noted that the gap analysis method found that duty fraud on beer was negative. The only conclusion that one can draw from that is that beer drinkers remember drinking a lot less, whereas whisky drinkers remember drinking a lot more. Perhaps whisky is better value for money. The NAO's conclusion that we need to use great care with regard to the Customs and Excise estimates is a warning that the Government should heed. It is important to bear in mind that estimating the level of fraud is not just a theoretical exercise, because if the Government have overestimated it, the reduction in fraud that tax stamps will bring is similarly overestimated.

As regards the tax stamp's potential impact on fraud, the evidence from abroad is certainly not encouraging. A wide range of countries have introduced tax stamps or thought about doing so and found that they simply do not work. That is why the United States decided to abandon its tax stamp scheme 20 years ago. When Norway considered introducing a scheme, the British Government of the time wrote to their Norwegian counterparts to recommend that they did not do so because it would not work. The hon. Member for South Norfolk mentioned Ukraine, where a new stamp with a hologram seal similar to the one the Government are considering was introduced, yet within a few weeks 60,000 bottles of vodka with very good forged stamps were found. The Government themselves do not seem to think that the tax stamp will have a dramatic impact on fraud. In their analysis report, they estimate that it will reduce fraud by only about a quarter—hardly a dramatic reduction.

We all know that forgeries will be so good that it will take an experienced Customs and Excise officer to spot them. Ordinary shopkeepers and customers will be taken in, so raids on shops by Customs officers will still be necessary. As we know from evidence given by Customs and Excise to Select Committees, such raids are already able to detect fraud. For example, when officers recently carried out an exercise in the London area, they visited 300 retail premises and found illicit spirits in nearly half of them. What extra benefits will tax stamps bring when current methods can already detect illicit spirits in the shops? Those raids, which involve targeting sectors of the trade that are suspected of being involved in fraud, are surely a better way to detect it than introducing an expensive tax stamp scheme. That is only one of a whole raft of alternatives suggested by the Scotch whisky industry.

Another proposal involves warehouse keepers providing information to Customs about expected arrivals and advising it of which consignments do not arrive. The reason behind that is that lorry drivers who smuggle into the country spirits on which UK duty has not been paid often book their load into a warehouse as a precaution in case they are stopped and questioned by Customs at the port. If they are stopped, they take their load legitimately to the warehouse, but if they get through without being stopped, they deliver their goods

[Mr. Reid]

straight to the retailers. If criminals knew that repeated failure to turn up at a warehouse would attract suspicion, that smuggling method would be eliminated.

The Government estimate that the package of measures that the Scotch whisky industry proposes would reduce fraud by approximately £70 million a year and that tax stamps would lead to a reduction of around £160 million. Even if the Government's estimates are correct, tax stamps would save only £90 million more than the Scotch whisky industry's suggestions. Their estimate of the annual cost to the industry is £54 million on top of the one-off capital cost of £23 million. Even if all the estimates are correct, the amount of savings that can be expected is low. Of course, there is grave concern that they are far from correct.

So far, the Government have not attempted to estimate security, which worries the industry a great deal. Each tax stamp is a small piece of paper worth £5.48. The industry will therefore have to hold a large number of what are effectively £5 notes on its premises. Many bottling plants are on out-of-town industrial estates and they would have millions of pounds in £5 notes on their premises. The tax stamps are as good as cash to any thief who steals them. What sane company would store millions of pounds in £5 notes in a factory on an out-of-town industrial estate? The police are always telling us to put cash in the bank and not to leave it stored on premises, because of the costs of security. The insurance industry is reluctant to store cash, and insurance premiums to the whisky industry will rocket.

Stamps will create problems on the production line. The machinery that puts the stamp on the bottle is complex. Bottles will have to be monitored as they come off the production line to ensure that two stamps have not stuck together and been affixed to one bottle. Torn stamps will cause problems. Some bottles will inevitably get broken after the stamp has been affixed. Claiming back the costs of stamps on broken bottles and torn stamps will involve costly administrative procedures.

We do not know the scale of the problem that the Government are trying to solve, how effective their proposed solution will prove, or the full costs of the scheme. However, we know that great risks are involved. Should the Scotch whisky industry have to cut back its production because of costs, the outcome will be devastating for the economies of small rural communities such as those on Islay and Jura. I appeal to the Government to ditch clause 4 and not to proceed with tax stamps but to adopt the whisky industry's alternative package.

7.23 pm

Mr. Mark Prisk (Hertford and Stortford) (Con): The debate has been informed, surprisingly wide-ranging and extended. I welcome the Chief Secretary to his place. He began the debate in theatrical and entertaining style and it is nice to see him back on his old form. His speech was followed by a thorough and economically robust speech by my hon. Friend the Member for Arundel and South Downs (Mr. Flight). The Chief Secretary's speech was economically lacking but the entertainment is always worth it.

My hon. Friend's speech was followed by three excellent Back-Bench contributions from my hon. Friend the Member for Grantham and Stamford (Mr. Davies), my right hon. Friend the Member for Fylde (Mr. Jack) and last, but by no means least, the undergraduate on the Bill, my hon. Friend the Member for South Norfolk (Mr. Bacon). I look forward to their contributions in Committee.

This year's Bill is longer than ever, if that can be believed. It includes 40 schedules and 310 clauses and extends to 574 pages. The explanatory notes alone stretch to more than 650 pages. As the Chief Secretary suggested, it will keep us busy, and I suspect that the undergraduate is beginning to wonder what he has let himself in for. Not only has the Bill got bigger, but the taxes that it covers will increase, too. Despite all the gimmicks and giveaways, and the spin and the gloss of the Budget day speech, the unvarnished truth is that, over the next 12 months, the nation's tax bill will rise by almost 8 per cent. The overall effect of the Budget and of the Bill will be an 8 per cent. rise in tax yield next year, and almost 8 per cent. more the year after. Indeed, the Red Book shows that the Government are planning for the burden of tax to reach its highest level for more than a quarter of a century by 2008. No wonder everyone is warning about Labour's third-term tax rises.

Our taxes had been rising steadily under Labour even before the Bill. The net effect of the previous seven Budgets and Finance Bills equates to an extra £5,000 per household per year. That is 60 stealth tax rises in seven Budgets, and this year, the Chancellor has slipped in six more stealth taxes. In this Bill, there is a new tax on small companies, a tax on UK businesses for transfer pricing, a tax rise on red diesel, a tax hike on other road fuels, a new tax on trusts and a sixfold tax rise on company vans.

The greatest act of stealth by the Chancellor came not in those specific changes but in his announcement of frozen tax thresholds and allowances. At the time, he made the tax freeze sound like an act of pure generosity, yet by freezing tax allowances and thresholds in the Bill, he is using the oldest stealth tax of all: fiscal drag. Let us take stamp duty land tax, a favourite of the Chief Secretary. When the Chancellor told the House that he was freezing stamp duty, Labour Members cheered; some even waved their Order Paper in support. But what they failed to understand—and what he forgot to mention—was that, as house prices rise, home buyers' tax bills will rise. To be more precise, the Chancellor expects people to pay £1,900 more in stamp duty next year. What Labour Members cheered on Budget day was a tax hike for first-time buyers. What they endorsed would mean thousands more key workers being priced out of a home. The Chancellor might be able to fool Labour Members, but he will soon learn that he cannot fool those whom they represent.

There will be tax increases, but there is another cost at the heart of the tax system under this Government. As the very length of this legislation shows, our tax system is now hideously complex. It has become an expensive burden in its own right. For example, the plan to impose strip stamps on spirit bottles represents a huge increase in costs for the industry, and we have heard Members on both sides of the House seriously urge the Treasury to think again about that proposal.

The complexity of our tax system stems largely—although not wholly—from a Chancellor who constantly meddles and tinkers with each and every tax, duty and charge. Every year we get a raft of new

schemes, every Budget produces different rates and credits and every Finance Bill brings more and more rules. Let us take the new tax on small companies, as set out in clause 28. In 2002, the Chancellor cut the corporation tax starting rate from 10 per cent. to zero. Indeed, the Paymaster General actively promoted the change. She said in the Standing Committee that small businesses would not look a gift horse in the mouth. Thousands of businesses took her at her word and incorporated. Indeed, her encouragement was so magnificently successful that 300,000 firms incorporated.

Unfortunately, that was far more than the Treasury had budgeted for. Suddenly, the Paymaster General's gift horse was beginning to look a little lame. So, in the Budget last month, the whole policy was reversed, with a 19 per cent. tax rate being imposed on many of the smallest companies. Indeed, we are now told that this was not a gift horse at all, but a loophole. What remarkable genius. Only this Government—perhaps only this Paymaster General—could miraculously transform a gift horse into a loophole in 18 months. That is a remarkable achievement.

Yet the Government were warned of their error at the time. The recent Budget report by the Treasury Committee states:

"We are puzzled as to why, unlike other commentators, neither the tax authorities nor the Treasury anticipated that this would be the likely effect".

The Committee's report that goes on to say that the cost to the taxpayer was an estimated £670 million in lost revenues.

In a sense, the cost to business is probably far greater. There are the professional costs of accountancy advice and changing accounts, and the costs of the time lost in that process. But perhaps the greatest price to the UK economy is the uncertainty that this incompetent meddling has created. How are businesses meant to plan ahead when the tax system keeps changing? How can companies invest when they do not know how their investments will be taxed? Perhaps most important of all, what assurances can the Paymaster General give that some of the reliefs and many allowances in this Bill that she and her colleagues have applauded will not also soon be suddenly denounced as loopholes?

Conservative Members fully accept that seeking to evade legitimate tax liability is illegal and should be dealt with accordingly, but there is a world of difference between illegal tax evasion and tax avoidance or planning. Indeed, I understand that that was once the Labour party's view. Preparing for the debate, I came across a fascinating document, Labour's policy paper "Tackling Tax Abuses, Tackling Unemployment"—a snappy title. It was written when the Chancellor was still the shadow Chancellor. Under the heading, "How avoidance can be countered", it states:

"The taxpayer is entitled to take advantage of the law to minimise his or her tax bill."

It goes on

"as a matter of principle"

—not a phrase that we hear often from Labour Ministers nowadays—

"we believe that the citizen is entitled to know where he or she stands before the tax law."

It concludes:

"It is the complexity of the present system that has encouraged the growth of a flourishing avoidance industry."

For once, I agree with the stated policy—as it must have been then—of the Labour party and its supporters, but what is the Paymaster General's view? Does she agree with the Chancellor's view then, or with his actions now? Does she accept that people are entitled to ensure that they pay only the tax that they owe? Does she understand that ceaseless change leaves taxpayers unclear about where they stand? Will she agree in her reply that the more complex the tax law, the greater encouragement there is for tax avoidance?

The Bill represents a wasted opportunity, which is why I urge all Members to support the amendment. It could have presented a radical plan to help savers and reduced the complexity and burden of the tax system. Yet, instead of helping enterprise, it stings small companies and the self-employed. Instead of helping home owners, it increases the tax burden of first-time buyers. Instead of simplifying our tax system, it adds 574 pages of complex rules and regulations.

Never has a Finance Bill been so long, and said so little of substance. Long on words, short on vision: that is the reality of this Bill, and that is the record of this Chancellor.

7.33 pm

The Paymaster General (Dawn Primarolo): I thank all Members who have spoken. It has been a good debate. At the beginning, Opposition Members asserted that this was a dull Finance Bill, but during the afternoon and evening they got quite worked up. I agree with the hon. Member for Hertford and Stortford (Mr. Prisk) that the debate was wide-ranging.

My hon. Friends the Members for Newcastle upon Tyne, North (Mr. Henderson) and for Bexleyheath and Crayford (Mr. Beard) rightly pointed out that sustained growth has been combined with low inflation, low interest rates and the lowest levels of unemployment for a generation. New employment figures show that, since 1997, more than 1.8 million jobs have been created and that, every working day, 600 businesses start up. Instead of the record under the previous Government, when we were first in and last out in downturns in the economy, it is right to conclude, as my right hon. Friend the Chancellor did in his Budget statement, that the UK has weathered the global downturn and will continue to grow in 2004.

Our economic stability, matched by sustained growth and a sound and fair tax system, allows us to commit more investment not less to public services and to choose long-term investment, which matters most to the people of this country. As the hon. Member for Yeovil (Mr. Laws) rightly said, economic stability provides a secure background against which we can consider in greater depth public services, unlike in the 1980s, under the previous Government, which were dominated by bankruptcy, unemployment, house repossession, Government debt and disaster for millions of families. The Finance Bill will build on those economic strengths for the future and prepare the UK for the challenges of the future.

I want to deal with pension simplification and the points made by the hon. Members for Arundel and South Downs (Mr. Flight) and for East Carmarthen and

[Dawn Primarolo]

Dinefwr (Adam Price). Basically, the hon. Member for Arundel and South Downs misunderstood completely the pension simplification arrangements. He said that we are replacing eight pensions with six. Clearly, he is confused about the fact that there will be only one regime for taxation, which replaces the existing eight. It is only right that there should be a variety of schemes to meet the range of needs. He went on to say—I do not know whether he was suggesting that we should have different valuation factors—that the single valuation factor was somehow unfair. I know that he must appreciate, as he is knowledgeable on these subjects, that a single valuation factor ensures that administration of the schemes is kept simple. Surely he does not propose that we make it more complex.

Both the hon. Gentleman and the hon. Member for Hertford and Stortford (Mr. Prisk), in winding up this debate, complained about the length of the Finance Bill. As they well know, the pension simplification alone replaces approximately 350 pages of existing legislation, along with thousands of pages of guidance and has been widely welcomed, particularly as it puts back the implementation date to 2006. The point made about women on maternity leave or in career breaks is absolutely wrong. What we have is simplification. The rule that was referred to is no longer needed, as women are not restricted and can contribute more before and after their career breaks, providing much more flexibility and the ability to save more.

On the point made by the hon. Member for East Carmarthen and Dinefwr about second homes and the housing market – clearly, we will debate the issue in more depth in Committee— it is simply not true that our proposals will encourage speculative investment. There was much misunderstanding in the early stages and I know that he has quoted in good faith the points that others are making. Now that the proposals are clear to them, I think that he will find that his concerns are misplaced. I look forward to that debate.

I congratulate the right hon. Member for Fylde (Mr. Jack) on running in the London marathon and I am sorry that I was not there to cheer him on his way past the Treasury. I want to touch on his points with regard to avoidance and whether Parliament has got it wrong. That is a crucial debate, on which the hon. Member for Hertford and Stortford touched in his closing remarks. In 1997, Lord Nolan described avoidance as

"when a taxpayer reduces his liability to tax without incurring the economic consequences that Parliament intended to be suffered by any taxpayer qualifying for such a reduction in his tax liability. Tax avoidance is a course of action designed to conflict with or defeat the evident intention of Parliament"

Of course, we would expect all individuals and companies to want to make the most efficient use of the tax system and its reliefs, but we have seen systematic, abusive schemes that give relief for economic activity that was never undertaken or multiple reliefs for the same action that was never intended. The right hon. Gentleman talks about losses or capital allowances and how they are being used now. He cannot seriously be suggesting that we take out of our tax system all the capital allowances or lease proposals that so help business to deal with the point.

Mr. Jack: My purpose in illustrating my concern about clause 290 was not in any way to challenge the efficacy of capital allowances, but merely to probe how clause 290 would operate in the example that I gave.

Dawn Primarolo: The debate in Committee—on which I hope the right hon. Gentleman will serve—will enable all hon. Members to draw a clear distinction between legitimate tax planning, avoidance and evasion and allow us to discuss how we should respond to these challenges in fairness, treating all taxpayers on an equal basis.

Both the right hon. Member for Fylde and the hon. Member for Arundel and South Downs asked about legal privilege and whether it was our intention to override it—it is not—and about the regulations that will provide for the disclosure. The regulations will be made available before we get to that part of the Standing Committee. There will be consultation on them, because it is our intention to try to make sure that this works, for exactly the reasons that everybody in this House would expect.

On transfer pricing, I understand the CBI's concern, but we have consulted it and have made changes to the transfer pricing rules, which was a sensible response.

Many hon. Members referred to strip stamps. The simple point is that, after nearly three years of discussion and consultation with the industry, given the increased fraud and the illicit market in this area, no alternative solution could be found. We can debate that on the Floor of the House in detail next week, but hon. Members need to apply themselves to this fact: why should honest taxpayers see a loss in revenue because of illegal activity? If that is wrong, how do we deal with it? I must say that the industry has not come forward with any alternative proposals.

Mr. Alan Reid: The Government's own regulatory impact assessment estimates that the industry's proposals would save £70 million a year.

Dawn Primarolo: That is less than half the tax yield. We have to address that matter in this House. The hon. Gentleman cannot have it both ways and he needs to face the challenge square on.

A modern and fair tax system that encourages work, keeps pace with developments in business practice and in the global economy and raises sufficient revenues to fund the Government's objective of building world-class public services is what this Finance Bill provides for. As my hon. Friend the Member for Wallasey (Angela Eagle) said, a strong economy is a platform for a fair and secure society for all, with jobs and investment in public services, innovation and science. The Bill is both responsive to and realistic about the challenges that this country faces in competing in the world economy.

Let us compare that with the policies of the Conservative party. The expenditure cuts, undermining vital public services, proposed by the shadow Chief

Secretary would bring a return to the underinvestment, insecurity and disaster of his party's economic policy in the 1980s and early 1990s.

Our vision is for a Britain that supports fairness, security and opportunity for all. The Finance Bill builds on a platform of economic stability and I commend it to the House.

Question put, That the amendment be made:—

The House divided: Ayes 190, Noes 301.

Division No. 133] **[7:45 pm**

AYES

Amess, David
Ancram, rh Michael
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Hague, rh William
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paisley, Rev. Ian
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Geoffrey Clifton-Brown and
Mr. David Ruffley

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Battle, John
Beard, Nigel
Begg, Miss Anne
Bennett, Andrew
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*

Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davis, rh Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Hewitt, rh Ms Patricia
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Hara, Edward
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*

Tellers for the Noes:
Vernon Coaker and
Mr. John Heppell

Question accordingly negatived.

Main Question put forthwith, pursuant to Standing Order No. 62 (Amendment on second or third reading), and agreed to.

Bill accordingly read a Second time.

Motion made, and Question put forthwith, pursuant to Standing Order No. 63(3) (Committal of Bills),

That Clauses Nos. 4, 5, 20, 28, 57 to 77, 86, 111 and 282 to 289 and Schedules 1, 3, 11, 12, 21 and 37 to 39 shall be committed to a Committee of the whole House;

That the remainder of the Bill shall be committed to a Standing Committee;

That when the provisions of the Bill considered, respectively, by the Committee of the whole House and by the Standing Committee have been reported to the House, the Bill shall be proceeded with as if it had been reported as a whole to the House from the Standing Committee.—*[Dawn Primarolo.]*

Question agreed to.

Committee tomorrow.

FINANCE BILL

Ordered,

That, during proceedings on the Finance Bill, the Standing Committee on the Bill shall have leave to sit twice on the first day on which it shall meet.—*[Mr. Jim Murphy.]*

PETITION

John Charles

7.59 pm

Lembit Öpik (Montgomeryshire) (LD): I wish to present a petition that has been organised in association with the *Wales on Sunday* newspaper. It is about the late great John Charles, the Welsh footballer. The petition has 703 signatures, and has been supplemented by 440 names on the *Wales on Sunday* website.

The petition states:

To the House of Commons.

The petition of readers of *Wales on Sunday*,

Declares that the late John Charles made a huge contribution to football, sportsmanship and to Wales and that 703 people have recognised this and supported the petition through a newspaper campaign.

The petitioners therefore request that the House of Commons urge the Prime Minister to recommend the late John Charles for a posthumous knighthood.

And the Petitioners remain, etc.

To lie upon the Table.

Cider Apple Orchards

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Jim Murphy.]*

8 pm

Mr. David Heath (Somerton and Frome) (LD): Debate in the House is often about great matters of national or international policy. Occasionally, it is right that we debate perhaps smaller matters that affect fewer people, but about which certain people feel passionately. That is why I am so pleased to have this opportunity to represent my constituents in the Adjournment debate.

Many people in Somerset feel deeply about the traditional cider apple orchards, which are such an important part of our landscape, environment, history and culture. The people who know them best are the growers and producers. I am indebted to constituents whom I saw at my surgery in Langport on Saturday. They include Mr. Fry of Long Sutton, and Messrs. Meaker, both senior and junior, of Pitney, as well as those to whom I spoke in Kingsbury Episcopi on Monday morning, including Mr. Male, Mr. Hebditch and Mr. Temperley. Many others have written either to me or to my hon. Friend the Member for Yeovil (Mr. Laws). Those people told me how worried they were that this year would see the loss of so many acres of precious orchards. Whether that fear is justified—I think that it is—it is genuinely held and needs a serious response.

I suspect that the problem is well known to the Minister. This year sees the introduction of the new single farm payment scheme, and land must be registered by the end of 2004. Land given over to permanent crops—and apple orchards are specifically included in that definition—is not eligible for registration. Landowners are therefore in the unenviable position of having to decide within the calendar year whether to clear orchards and grub out their trees in order to register, or to forgo those payments in perpetuity.

In the case of modern, commercial planting, grubbing up is unlikely to be the best option, but for those orchards that are marginal or past their peak of production, no responsible landowner could possibly ignore either the loss of income that in the current state of agriculture—particularly, I have to say, in parts of my constituency—might be critical to any profitability, or the loss of capital value that they would incur.

Mr. Paul Keetch (Hereford) (LD): I congratulate my hon. Friend on securing the debate. Does he agree that, given that the Government are committed to a mixed landscape and biodiversity in agriculture, any measures that have the effect of reducing biodiversity are, on the surface at least, contrary to Government policy? Does he hope that in his response the Minister will explain that apparent ambiguity in the system?

Mr. Heath: My hon. Friend, who is the chairman and founder member of the parliamentary cider group, is absolutely right on that matter, to which I shall return.

Mr. Bill Wiggin (Leominster) (Con): I may have to register an interest, as in the next few weeks I hope to

[Mr. Bill Wiggin]

buy a field containing apple trees. I hope that in his reply, the Minister will also say whether other European countries such as France are taking the same line as our Government—or will the French be subsidising their apple production while we do not do the same for our apple producers?

Mr. Heath: I hope that the Minister will respond to the hon. Gentleman's question.

Matters are made considerably worse by the uncertain state of the commercial-scale cider industry. Both Matthew Clark Cider and Bulmer are reducing the acreage under contract and many marginal orchards are unlikely to find ready markets. Nor will a reduction in total apple production restore apple prices and encourage replanting; history suggests that production shortfalls will be met by the importation of concentrate rather than enhanced domestic production.

Why does that matter? I could wax lyrical about the beauties of Somerset orchards and I would be justified in doing so. They are a special part of our landscape and it is hard to imagine Somerset, or other parts of the west country, without orchards. That point has been made forcefully by the Countryside Agency, among many others.

I could mention the environmental importance. The ecology of orchards is unique—a point made by my hon. Friend the Member for Hereford (Mr. Keetch)—and enormously valuable. English Nature has intervened in the debate and initiated studies to underline what it considers a hugely important managed natural resource. It has even mentioned the invertebrate, Gnorimus nobilis—the noble chafer. I have to confess that I do not know much about the noble chafer, but the environmental benefits of orchards are apparent even to those of us who are not entomologists. It is hard to think of another form of agricultural production that is so benign in environmental terms.

Then there is the diversity of apple varieties. If we lose the older, more traditional orchards, we shall inevitably lose yet more of the myriad apple varieties unique to Britain. More than 156 apple varieties are recorded as having connections with Somerset alone, and their names are every bit as redolent and evocative of the county as any cultural artefact. They include varieties such as Yarlington Mill, Black Dabinett, Glory of the West, Slack-me-Girdle, Hoary Morning and Bastard Foxwhelp—I had better stop there, but I hope that I have made my point.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): The hon. Gentleman has mentioned many of his distinguished constituents and many species of apple, and it strikes me that he is making his case primarily in relation to traditional orchards. I should like us to be clear about that, as some of the public discussion seems to have confused traditional orchards with the more modern commercial growers. I should like my response to be accurate, so am I right in my interpretation of his remarks? Is he primarily concerned with traditional orchards?

Mr. Heath: I am grateful to the right hon. Gentleman. Yes, I am concerned about the traditional orchards that are so much part of our landscape, but there are also questions about the commercial orchards and I do not want to lose sight of them in this debate.

Brian Cotter (Weston-super-Mare) (LD): My hon. Friend will know that there is a well known cider maker in my constituency, Thatchers Cider. Businesses have been encouraged to invest in this country because the Government have told them that there is stability, so it is very discouraging for Thatchers Cider to have invested in planting up a lot of orchards recently only to find that—as it were—the ground has been swept away.

Mr. Heath: I am grateful to my hon. Friend for that comment. Over recent years, we have seen a welcome revival in the planting of orchards, which has been encouraged by the Government through agri-environmental schemes and also locally. Somerset county council has been active in promoting the replanting of traditional apple varieties. It is thus perverse that we are switching to reverse gear.

Once those ancient varieties are lost, they are gone for ever; they will not be recovered. Genetic diversity is as important in arboriculture as in animal breeding, in which I declare some interest as, at one stage, I was a member of the Rare Breeds Association and bred a rare breed of pig.

Is the loss inevitable? I think not. I know that the Department for Environment, Food and Rural Affairs has held discussions with representatives of the industry and others, and I hope that the Minister may be able to expand on the results.

Let us deal with some of the possible avenues for escape. First, there is the definition of "permanent crop". There is some flexibility in the definitions. I understand—perhaps the Minister will confirm this—that the Department has already exempted some permanent crops, such as withies, hops and asparagus beds. If the definition is amendable in that form, why not do so with apple trees?

One of the growers—a gentleman who was a commercial-scale grower—told me how absurd he thought it was that the raspberry canes that he had on part of his land were eligible for single farm payment grants, but the top fruit that he had on other parts of his land was not. Where is the logic in that? Another gentleman pointed out to me that, under the new scheme, someone who grows a field of potatoes—a very valuable crop, but not one with a great landscape value—will receive a benefit, but those who have beautiful orchards, whether of apple or cherry or whatever, will not. That seems perverse.

Secondly, there is dual use. Orchards were never included, per se, in the integrated administration and control scheme, but traditional orchards are grown over a sward that is very often used for grazing. Under the old scheme, traditional cider orchards used for grazing for more than six months of the year qualified as forage acreage. Although those orchards did not qualify, per se, for subsidy, they were nevertheless included in the bundle. I understand that the Department is reconsidering the position on that—I hope that it is—because the arguments about dual use are just as pertinent now. I also hope that the Minister can give us some further thoughts on his conclusions.

Thirdly, although I have seen nothing in writing, there is talk of an upper limit on density as a working definition for what is a traditional, as opposed to a modern, commercial orchard. I have heard the figure of 50 trees a hectare mentioned. That is a step in the right direction, but most traditional orchards that I have seen come closer to about 50 trees an acre, rather than 50 trees a hectare. Clearly, if we can refine that definition, there is scope for finding a workable yardstick for exemption.

Fourthly—this applies in the fully commercial world—will the Minister say whether it would be possible to register land for eligibility for payments as and when it reverts to other crops within the normal 30-year rotation? There is a perverse situation at the moment in that land would normally be used for other crops after 30 years, but unless people do that before the end of this year, that land will not qualify for single farm payments. That seems not to be the intention. If the Minister could help us with that, he would at a stroke dispel many concerns that might cause the premature destruction of orchards.

One of the Department's counter-arguments is that orchards will continue to qualify for the countryside stewardship scheme. That would be fine but for the fact that, as the Minister knows, the countryside stewardship scheme is closed to new entrants at the moment. No application can even be considered until 2005. By then, the growers whom I represent will have had to take commercial decisions about what to do with their land. I fear that it will be too late by then, even if the countryside stewardship scheme provides all the support that we hope it would. We need absolutely clarity now, not a wish list for the future.

Alun Michael: The hon. Gentleman is making an important point. The countryside stewardship scheme is open each year for a window. Although the scheme may change next year, because we are moving into the new arrangements post-CAP reform, there will be a similar window next year. Contrary to the impression that he seems to be giving, if this year's window in the countryside stewardship scheme is missed, it is not over for ever and a day. I can certainly assure him on that point.

Mr. Heath: I am grateful to the right hon. Gentleman, but that is not what I meant. The point that I am trying to communicate is that there is no capacity to apply for inclusion in the countryside stewardship scheme now, before 1 January 2005. Before that date, a person must have either removed the trees from their land in order to qualify for the single farm payment scheme, or not done so. People are having to take that decision without knowing with certainty whether they will be included in a countryside stewardship scheme. They need clarity.

The other point raised in correspondence by the Department is that the sums do not add up. The Department says that the cost of grubbing up is £1,000 per hectare, and when that is taken into account, no one will grub up. No one in my part of the world recognises that as a reasonable figure for the cost of grubbing up. The cost would be far less—the Department's figure is hugely inflated. I do not know where the Department found it, but I hope that it is not basing its policy on that figure, because it is unhelpful and reduces the Department's credibility in the eyes of those with whom it is dealing.

I do not think that the destruction of orchards is the Government's intention. It is an unanticipated consequence of the policy and it can be avoided. The acreage involved is not huge—it is estimated that there are 16,000 acres of orchard, of which perhaps 5,000 acres are in danger of being lost by the end of the year. Saving our orchards is entirely in line with stated Government policy: supposedly the whole point of the reform is to benefit benign forms of cropping and agriculture, which orchards exemplify in the clearest possible way.

Can anyone imagine this debate happening in any other country? Can anyone imagine traditional and ancient Burgundy vineyards being destroyed and even whole grape varieties lost because no one foresaw the consequences of a policy? Such a thing is unthinkable—yet we in Britain seem to be prepared to lose those things that are most precious and best define our landscape and our culture. I hope that the Minister will find a way to stop that happening.

8.17 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I congratulate the hon. Member for Somerton and Frome (Mr. Heath) on obtaining this debate and on the way in which he introduced it. His speech contained a subtle mixture of bad and good information, although I entirely accept the lists of names of his constituents and of the distinguished varieties of apple that grow in his constituency. I am happy to confirm that we are anxious to protect biodiversity, which is helped by the existence of traditional orchards. However, in much of the coverage given to the matter, environmental issues have become muddled with questions of subsidy in relation to modern commercial orchards. That is why I am pleased to have had the hon. Gentleman's main concerns confirmed this evening. I understand the reasons for those concerns. A sensible debate is needed, but the public debate has been confused and clarification is needed.

Some of those who intervened in the debate seemed to suggest that there might be an advantage to growers in other countries—France was specifically mentioned. There will be no benefit in any other member state. Apple trees and others will be treated as permanent crops. In countries that are taking the historic payment route, there will not even be the possibility of acreage that has been used for apple trees qualifying for a flat rate, because there is no flat rate; it is only the flat rate element of the single farm payment that comes into play. In that respect, the concern that has been expressed is quite out of proportion.

As the hon. Gentleman is aware, the subject falls under the portfolio of my noble Friend Lord Whitty, and I have brought a fresh mind to the issue in my preparations for today's debate. My incredulity has mounted because yet another issue has been reported in various inaccurate ways, as Lord Whitty said this morning. I concur with him, and advise anybody who owns a traditional orchard or is contemplating the purchase of one not to read the headlines about getting

[Alun Michael]

an entitlement of £340 a hectare if the rules are changed. That is nonsense—it would take eight years to get more than £200 a hectare, and in the meantime there are better returns on the land and the orchard. Grubbing up to qualify for the area payment would make sense only for commercial or intensive growers—their position is quite different from people with traditional orchards—whose trees have reached the end of their useful life. They would take a commercial decision to grub up anyway, and any gain from area payments would be small compared with the income from a successful apple plantation.

The hon. Gentleman rightly referred to rotation. A grubbed up commercial orchard would usually be left fallow or put to another use for 15 or 20 years, or perhaps longer, as he suggested, and the grower would plant other land in the meantime. I am happy to assure the hon. Gentleman that we are looking at that issue and are seeking a solution, including the possible use of the national reserve and other options, but that is not the substance of our debate. English Nature has expressed concerns about biodiversity, and we are exploring definitions of, for example, grazing land, which may help to protect it. However, that is different from opening up subsidies for commercial orchards—the issues have become confused.

Mr. Keetch: Importantly, the Minister distinguished between small growers and commercial growers. As time is short tonight, will he give a commitment that he or his noble Friend Lord Whitty will meet a delegation of small growers from my constituency and from the constituencies of my hon. Friend the Member for Somerton and Frome (Mr. Heath) and other Members in the Chamber tonight, as they would like to present their case directly to Ministers?

Alun Michael: There has been confusion and misunderstanding, so I am happy to try to clarify the issue with the hon. Gentleman and his hon. Friends, and we can ask others who have more expertise than me to go into the fine detail.

The underlying themes of our debate were twofold. First, there was a request for subsidies and, secondly, there was concern that perverse incentives could damage biodiversity. I hope that I have shown that the perceived perverse incentive is much less serious than has been suggested. The key feature of the CAP reform settlement is the decoupling of support from production. Existing support for farmers is redirected to encourage them to make the best use of market opportunities. Fruit growing has not benefited from the CAP subsidies that are to be replaced by the single payment. Fruit trees have been planted because there was a market demand for the fruit, not because of subsidies. It is entirely consistent with that philosophy that trees that are no longer needed for commercial production should be grubbed up if there is a more commercial use for the land. In the end, the area used for cider production must reflect the market demand for cider apples and the most commercially appropriate methods of growing them.

On biodiversity, we must reinforce the point about the lack of incentive to grub up and must counter what has been said. If a grower has been cultivating apples and not claiming on a piece of land, grubbing up will entitle him only to the flat rate element of the single payment, often called the single farm payment. That rate is just over £20 a hectare in the first year, 2005, which is far below both the £340 quoted in the press and media and the £230 area payment, which takes eight years to reach, as the flat rate element in the new payment system builds up through the traditional route. That is without taking into account the cost of grubbing up, and I acknowledge the expenditure mentioned by the hon. Member for Somerton and Frome. The National Farmers Union has put it at about £300 a hectare, although it could be much higher in different circumstances.

Mr. Heath: I do not want the right hon. Gentleman to mislead himself, as it were, about the perverse incentive. No one in my part of the world believed the incorrect figure that he cited, and they understand perfectly well the rates, the gradual increase and the effective ceiling. What worries them is that that is an important factor in the profitability of their land, and that the capital value of their land is massively reduced if it is not included in the eligibility criteria.

Alun Michael: A number of complex issues are tied together. One is the possibility of entering into the IACS arrangement—the integrated administration and control scheme—which obtains up to this year. That was inflexible, so there is a change in the arrangements. As I have indicated, there are various other ways in which eligibility can be considered—for example, the issue of trading. There are several complex issues that open a number of doors that are not as closed as has been implied.

On the key point that the hon. Gentleman made at the start of his contribution, it is important to understand that some orchards—long-established traditional orchards in particular—provide considerable environmental benefits. That is why there is a real incentive to retain them. Those benefits are recognised in the countryside stewardship scheme, which provides payments of about £250 per hectare for maintenance of traditional orchards. That is much higher than the full rate that would be applicable under the new system, and more than the full rate of single payment. Two thirds of the total area of traditional orchards is already protected in this way, through 1,500 agreements, at an annual cost of £600,000. Payment rates for one-off activities such as pruning have been increased by 55 per cent.

It is open to other growers to come into the stewardship scheme during the annual window. Although the hon. Gentleman is right to say that the window has closed for this year, the window will be there next year, although there will be changes in the scheme, so the opportunity to go into stewardship, which offers much greater rewards than the single payment option, will be available in relation to places where the biodiversity value, which he put at the heart of his comments, is the real issue.

Andrew George (St. Ives) (LD): Does the Minister accept that where the Department is seeking to intervene to put right possible unintended consequences in severely disadvantaged areas—I understand the

Department is prepared to do that—notwithstanding country stewardship, there is still the potential for unintended consequences at the end of the transitional period in 2012? Surely the Minister must recognise that he should investigate the possible impact of that and consider revisions to take into account the needs of traditional orchards.

Alun Michael: I am trying to explain that there can be a perverse incentive— and therefore the grubbing up of orchards—only if those taking such a decision have totally misunderstood the options available to them. I understand the importance of certainty, which the hon. Gentleman is referring to and which the hon. Member for Somerton and Frome mentioned in his speech. It is true that there are CAP reform decisions that are still to be made.

We cannot realistically expect to reopen the question of permanent crops in the near future. We can, however, take account of the need to protect orchards in planning to implement the single payment scheme. We have been speaking to the National Farmers Union about that. We recognise the need for growers to know what the rules will be, and we will take this into account in the planning announcements—for instance, on the 10-month rule, which determines when land used to support a claim must be at the farmer's disposal. We are also considering the NFU's suggestions about the possible use of the national reserve in certain situations.

Finally, we recognise that some old orchards are used for grazing and that this has been taken into account in the existing IACS rules. It would be perverse to create a discrepancy between the current arrangements and the new ones. We are seeking to ensure that the treatment of land under the single payment rules reflects the same considerations.

We believe that the fears of wholesale orchard grubbing have been exaggerated and would come about only if there was misunderstanding about the options available. We recognise the need for clarity about new rules and are working to resolve the outstanding issues. Countryside stewardship provides an important and successful means of protecting traditional orchards, and we need to consider that as the solution to some of the problems that the hon. Member for Somerton and Frome placed at the heart of his contribution. We should not forget the outstanding achievement that CAP reform represents, moving away from production-related subsidy to production for the market and payment for public good, including biodiversity, the very issue that the hon. Gentleman rightly said was at the heart of the Government's policies, as it was at the heart of his plea in relation to traditional orchards. We recognise, as he does, the contribution that they make to biodiversity.

Question put and agreed to.

Adjourned accordingly at half-past Eight o'clock.

House of Commons

Wednesday 21 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

DEPUTY PRIME MINISTER

The Deputy Prime Minister was asked—

Regional Government

1. **Mrs. Claire Curtis-Thomas** (Crosby) (Lab): What the relationship would be between an elected regional assembly and the Northwest Development Agency. [166251]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): The Northwest Development Agency would become directly accountable to the elected regional assembly rather than to central Government, but it would retain its present day-to-day operational independence. The assembly would appoint the chair and board members of the RDA, publish the regional economic strategy and set the agency's budget.

Mrs. Curtis-Thomas: I thank my hon. Friend for that reply. Will he join me in welcoming his Department's report, which was published on Monday, which recognised the contribution that our core cities strategy has made to investment and employment opportunities for cities such as Liverpool? Will he also acknowledge the role that the Northwest Development Agency has played in securing fantastic investment, certainly in my constituency, with a great impact on the sustainability of communities such as mine?

Phil Hope: The core cities have indeed been very successful. People are returning to our cities. In 2002–03, the Northwest Development Agency created or safeguarded more than 16,700 jobs in the region. In my hon. Friend's constituency, unemployment has dropped by no less than 54 per cent. since 1997. There is, however, still much to do to reduce the economic disparities in England, and unlike the Tories, who oppose anything with the word "region" attached to it, we believe that a new elected regional assembly in the north-west will be a real champion for the people of that region, bringing them more jobs and prosperity and giving local people democratic control over decisions and resources in their area.

Mr. George Osborne (Tatton) (Con): What did Lord Rooker mean when he said that an elected regional assembly in the north-west would have no new powers and no new money?

Phil Hope: My noble friend Lord Rooker often speaks in the other Chamber and elsewhere forthrightly on these matters. He knows, and we know, that the powers of an elected regional assembly are widespread: they will not only have regional economic development as a major role, they will promote jobs and skills and have responsibilities for planning, housing, transport, arts, tourism, sport, fire and rescue, public health, rural regeneration, the environment, promoting the region in Europe, and sustainable development. That is the real job that regional elected assemblies will have, and unlike the Tories, we are backing them all the way.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): I wonder whether my hon. Friend is aware of the magnificent contribution that the Northwest Development Agency is making both to economic regeneration around Luneside and to the development of InfoLab at Lancaster university, which will be the hub of science-based business across the north of the north-west for many years to come. Is it not imperative for all the people of the north-west, and especially those living north of Lancaster, that we have an elected regional assembly to ensure ownership of such vital developments and proper integration of those superb regeneration initiatives throughout all the urban and rural areas of the region?

Phil Hope: My hon. Friend is absolutely right: the economic benefits to urban and rural areas of an elected regional assembly are there for us all to see, and we are giving the people of the north-west the choice. It seems odd to me that all the benefits that he has outlined are opposed by the Tories, who are against giving people a choice in this referendum, yet seem to wish to give them a choice in other referendums.

Mr. Edward Davey (Kingston and Surbiton) (LD): The Minister should listen to Lord Rooker rather more carefully. If he really wants to promote economic development in the north-west and other regions, should not more power over economic policy be devolved, for example to learning and skills councils and in regional transport policy, giving regional assemblies real power to make a difference? Is not his and the Deputy Prime Minister's timidity on regional devolution in danger of producing a no vote in the autumn referendums?

Phil Hope: The hon. Gentleman once again ploughs this furrow. I wish his party was more consistent. The Liberal Democrats support devolution, for which we are grateful, as it gives power to the people in creating democratic institutions for the regions. We look forward to getting their support on the doorstep,

backing the yes campaign—whether we in fact get it is a matter for them. I am quite clear where our party sits, and I certainly know where the Tories stand.

Mrs. Caroline Spelman (Meriden) (Con): The hon. Member for Crewe and Nantwich (Mrs. Dunwoody) said that there is no public demand for the proposed changes to local government resulting in the transfer of powers to regional assemblies. I feel a bit sorry for the Minister, who has to defend colleagues whose views differ from those of his Department. Does he think that she was right or wrong?

Phil Hope: I welcome the hon. Member for Meriden (Mrs. Spelman) to her post. I understand that she is leading her team, although we on the Government Benches get slightly confused about who in her party is doing what—no change there.

The choice for the people of the northern regions—the north-west, the north-east and Yorkshire and Humber—is absolutely clear. Do they want their region to have a strong voice? Do they want democratic control of the resources and of the decisions made in their region? Do they want jobs and economic prosperity to come to their region through the creation of an elected regional assembly? That choice is absolutely clear, and my party supports it. I wish that the Conservative party would stand up for the north for once, rather than running it down.

Mrs. Spelman: As the Minister will not say clearly why he thinks that the hon. Member for Crewe and Nantwich is wrong, perhaps I may tell him why I think that she is right. Why should people in the north-west be expected to foot the bill for a costly new tier of politicians that they neither want nor need, and that will not result in one extra nurse, doctor or teacher? At a time when trust in Government politicians is at an all-time low, why is the answer to create yet more bureaucrats, more regulations and more politicians?

Phil Hope: It seems that Conservative Front Benchers should talk to one another. The hon. Lady's colleague the Member for North Essex (Mr. Jenkin) announced on Monday that the Conservatives would scrap every single regional structure that they could find, despite the fact that Conservative councillors up and down the country are taking an active part in regional chambers and assemblies that are doing a good job. Moreover, he mentioned one or two proposals for local government, including a £2.5 billion cut in local government funding. How many nurses, teachers and police officers would that cut from front-line services? The hon. Lady needs to get a hold on her brief before she makes such an accusation in this Chamber.

Planning (Local Accountability)

2. **Andrew Selous** (South-West Bedfordshire) (Con): If he will make a statement on local accountability in relation to the planning system. [166253]

The Minister for Housing and Planning (Keith Hill): Under our plan-led system, local planning authorities are responsible for producing local plans and taking decisions on the vast majority of planning applications. The Office of the Deputy Prime Minister is reforming the planning system to achieve better and more up-to-date local plans, improve the processes for handling planning applications and ensure that local communities are involved in plan preparation from the outset. That will improve accountability, efficiency and effectiveness.

Andrew Selous: Why should the East of England regional assembly—unaccountable, unloved and unelected by those who are affected—dictate development policy? Why will the Government not trust local people to take the planning decisions that affect their environment through the local councillors whom they elect?

Keith Hill: I might point out that the East of England regional assembly, which the hon. Gentleman castigates so comprehensively, is dominated by his party. The fact is that those decisions are taken by elected representatives from his own party. However, let me say to the hon. Gentleman, who has been so persistent on this issue, that the people of south Bedfordshire for whom he speaks will benefit from the economic growth associated with the proposals for Luton airport, and that they cannot be immune from the housing consequences of that. This Government will ensure that the transport infrastructure is put in place, and we will start with brownfield. We will accept no strictures from a party that, when in government, allowed developers to rampage over the countryside.

John Mann (Bassetlaw) (Lab): Can it be right that when some sandal-wearing lobbyists from London are the only objectors to new roundabouts on the A1, that automatically leads to a 12-month delay and a public inquiry, whereas when my constituent Mrs. Harvey and her councillor wish to object to a development in an adjoining property to hers, they are told that the decision will be taken by the local council on delegated authority because the Government have specified that 90 per cent. of all planning decisions must be made through delegated authority? Is that local democracy or is it not?

Keith Hill: My hon. Friend is in fine popular—one is tempted to say even populist—vein. We are seeking to ensure that sandal-wearers from any part of the country cannot unreasonably impede planning developments. That is one of the central proposals of the Planning and Compulsory Purchase Bill. My hon. Friend is right to say that a substantial number of lower-order—if I may put it that way—planning decisions are delegated, but that is essentially a matter for local authorities and elected representatives. It is open to his local authority and councillors, I dare say at his excellent behest, to change that system if they so desire.

Mr. James Paice (South-East Cambridgeshire) (Con): The Minister's words about local accountability and local consultation will ring pretty hollow with my constituents in the village of Cottenham, who have seen planning inspectors overrule local opinion and the local authority time and again to grant ever more Traveller permissions on greenfield sites over and above the 35 sites that have existed without dispute for many years.

[Interruption.] It is not about Travellers; it is a matter of size. Why will the Government not take heed of local opinion about the number of people who can be integrated into a local community, and why do they consistently override the local accountability that the Minister apparently praises?

Keith Hill: I do not share the impatience of some Members with the concerns expressed by the hon. Gentleman. We have followed developments in Cottenham very carefully and we wholly understand the concerns that the hon. Gentleman is articulating. He will understand that those matters are still the subject of planning applications and in some cases before the courts, so it is difficult for me in my quasi-judicial capacity to express a view. Let me say, however, that we are aware that existing enforcement procedures are very time consuming, which is why the Planning and Compulsory Purchase Bill, to which I referred earlier, will introduce the option of temporary stop notices. They should be helpful in cases such as Cottenham. We will also emphasise the opportunities available to local authorities through planning guidance.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will my right hon. Friend assure me that the proposed changes to PPG6 on out-of-town shopping centres will not reduce the power of local authorities to refuse applications for them? In particular, will he assure me that developers will not have any greater ability to insist on one large single site for such developers, which naturally forces shopping centres out of town, and that local authorities will not have taken away from them their power to refuse extensions to centres such as Meadowhall in my constituency? If that were extended, it could damage not only Sheffield city centre, but Rotherham town centre and other district centres.

Keith Hill: These matters are subject to case-by-case decision making, and it would be wrong to issue a general directive against extensions or developments in any circumstances whatever. However, my hon. Friend should understand what we have achieved since we came to power in 1997, and realise the purposes of PPG6—and, indeed, the revised PPS6—which are to continue to resist greenfield development and to protect our inner-city areas and town centres. The fact remains that, as the planning permissions granted by the Conservatives for greenfield development begin to run out, we are seeing increasing development in city centre areas. So successful has the return to the city centre been in our major cities that we are now turning our attention to the second tranche of smaller towns and cities, where we want to encourage the same revitalisation that we have seen over the past six to seven years in the larger towns.

Mr. John Hayes (South Holland and The Deepings) (Con): On the subject of planning and development, the Minister knows that the green belt was always intended to be a tight belt of land to prevent urban sprawl. Since 1997, however, it has been less a belt than a piece of elastic, as the green belt has expanded further into the open countryside and from the places it is supposed to protect. Given that the Library told me that answers thus far to questions on that matter have been "imprecise"—indeed, it described them as "evasive"—will the Minister tell me how much urban sprawl has taken place since 1997 and explain to the House how many acres of inner green belt have been developed under Labour?

Keith Hill: The answer is perfectly simple. Since the Government came to power, we have expanded the green belt by 25,000 hectares and there are plans to extend it by a further 12,000. It was the hon. Gentleman's party that allowed low-density development to destroy and concrete over our countryside, and it is the Labour Government who are committed to brownfield first. We are already achieving well above our 60 per cent. objective for development on brownfield sites, and we will continue with that purpose.

Planning Gain

3. **Keith Vaz** (Leicester, East) (Lab): What proposals he has to change the rules relating to planning gain. [166254]

The Deputy Prime Minister (Mr. John Prescott): May I first offer my congratulations to the hon. Member for Meriden (Mrs. Spelman) on her new portfolio?

As part of our agenda to deliver sustainable communities we are reforming the planning system, through the Planning and Compulsory Purchase Bill, to make it fairer, faster and more predictable. The new approach will give developers the choice of either negotiating a traditional section 106 agreement or—if they want greater speed and certainty—to pay a fixed charge, thus avoiding lengthy negotiations. That will give the local authority greater resources to spend on new community facilities, infrastructure improvements and affordable homes.

Keith Vaz: I am sure that my right hon. Friend will be aware that last year Tesco made profits of £69,000 a minute. May I draw his attention to planning issues involving Tesco in the Hamilton area of my constituency, where it has put up a megastore but given only a paltry sum as part of the planning gain? Tesco also appears to be blocking the establishment of an independent chemist in the area and cannot even collect its own trolleys. Will my right hon. Friend look at that case to ensure that the rules governing planning gain are fair to local communities and local authorities?

The Deputy Prime Minister: I assure my hon. Friend that I have no power to collect trolleys. The issue that he mentions was not called in and is therefore a matter for the local authority and Tesco. However, I congratulate Tesco on providing more in-town retail shopping. In 1979, there were 150 out-of-town shopping areas, but that increased under the Conservatives to 1,100. We have changed the trend, and last year, for the first time, in-town shopping increased, with the consequent reduction in poverty and improvement in jobs.

Sir Sydney Chapman (Chipping Barnet) (Con): Given that many people think that section 106 agreements challenge the integrity of the planning system, because they involve the granting of planning permission in exchange for money, will the Deputy Prime Minister assure the House that any alternative to that system in

the planning Bill will earmark any money collected for specific projects, which should begin as soon as practically possible?

The Deputy Prime Minister: The hon. Gentleman makes a sound point, and it is one that we have made in debates in this House and in the other place. It will be written into the Bill. Planning gain can be in money or in kind, such as in affordable housing or other facilities that might benefit the community. We have provided advice on the issue, but the hon. Gentleman makes a sound point and we intend to follow it up.

Green Belt

4. **Mr. Tam Dalyell** (Linlithgow) (Lab): What discussions he has had with the Scottish Executive on green belt policy. [166255]

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): None: it is a fully devolved matter.

Mr. Dalyell: Does my hon. Friend recognise the problem of some exceedingly prosperous and well managed firms somehow getting permission to put up offices and big buildings in green belt areas and then not quite keeping to the undertakings on the environment that they gave to get the permission?

Yvette Cooper: Companies certainly need to recognise their responsibilities towards the environment, the green belt and the planning system. It is possible for local planning authorities in England to put conditions on planning permissions, and if those conditions are violated, it is up to them to take enforcement action.

Emergency Services (London)

5. **Roger Casale** (Wimbledon) (Lab): What assessment he has made of the state of readiness of the fire service and other emergency services to deal with catastrophic events in London. [166256]

The Minister for Local and Regional Government (Mr. Nick Raynsford): Following the attacks on New York and Washington on 11 September 2001, a multi-agency team was set up to carry out an urgent and comprehensive review of London preparedness. Its report has formed the basis of the work of the London Resilience forum, which I chair with the Mayor of London as my deputy. The role of the forum is to ensure that London is as well prepared as possible to respond to a major attack or incident. The state of readiness of the emergency services is continually evaluated and tested through a series of exercises.

Roger Casale: All hon. Members will surely feel an abiding sense of horror at the sheer destructive force of the recent terrorist atrocities in Madrid. What lessons have been learned in this country from that attack, and what further steps have been taken to prepare London for a similar scale attack?

Mr. Raynsford: I share my hon. Friend's horror at the appalling incidents in Madrid. Since the atrocity there, the Metropolitan police, Transport for London and other London front-line agencies have been in regular contact with their counterparts in Madrid to learn lessons and find out what more London could do both to prevent an attack and to respond to any consequences. We have also launched an awareness campaign, which had been planned before the Madrid attack and which has been very visible indeed on the London underground and in other transport locations in London, highlighting the need for awareness and preparedness. That is all part of the work that we are doing to ensure that we are as well prepared as we possibly can be.

Angela Watkinson (Upminster) (Con): In the recent Madrid bombings, the Red Cross played a very prominent role, particularly in the humanitarian aspect of helping people after that atrocity. What discussions has the Minister had with the Red Cross in this country to take advantage of its network of people across the country who can come into the community if there is a parallel incident in London?

Mr. Raynsford: I am pleased to tell the hon. Lady that the Red Cross and other voluntary agencies are regularly contacted by the London Resilience forum. Indeed, the voluntary sector is regularly represented as part of the planning in that forum to ensure the co-ordination of all those who would have a role to play in the event of any such incident.

Public Planning Inquiries

6. **Tony Baldry** (Banbury) (Con): How many public planning inquiries he has ordered in the last 12 months. [166257]

The Minister for Housing and Planning (Keith Hill): Altogether, arrangements were made for 2,163 public inquiries, mostly at the request of the parties, into appeals and other matters submitted under the Town and Country Planning Acts.

Tony Baldry: Of the Bicester accommodation centre, the then Minister for Citizenship and Immigration said at the Dispatch Box that the Government would abide by the outcome of any public inquiry, and went on to say that that would be both fair and democratic. The public inquiry took place; the inspector ruled on planning grounds that the development should not go ahead. The Deputy Prime Minister metaphorically put up two fingers to that and said that, because it was Government policy, the development would go ahead regardless. What on earth is the point of holding a public inquiry if the Government intend to take absolutely no notice of its outcome? What is either fair or democratic about that—or is it just as worthless as all the rest of the Government's big conversation?

Keith Hill: I must inform the hon. Gentleman that there was nothing extraordinary about the procedure adopted in the Bicester case. On average, the

First Secretary of State disagrees with inspectors' recommendations in about 10 per cent. of cases. Last year, the figure was 31 out of 330 applications and appeals. In the Bicester case, the reasons for the First Secretary of State's decision are set out in his decision letter of 18 August 2003. There is nothing further to add to the reasons given in that decision. */ Interruption. /*

Mr. Speaker: Order. I ask the House to come to order.

New Deal for Communities

7. **Jim Dobbin** (Heywood and Middleton) (Lab/Co-op): What progress there has been on the New Deal for Communities programme; and if he will make a statement. [166258]

The Deputy Prime Minister (Mr. John Prescott): In the new deal for communities, we are investing more than £2 billion in 39 of our most deprived communities. After just four years, we have already seen significant achievements: employment in the NDC areas is down by 7 per cent., which is faster than the national average; pass rates for pupils who achieve five or more GCSEs are up by 5 per cent., which is higher than the national average; and crime is down by 14 per cent. That is a fantastic achievement, which the National Audit Office has called "pleasing", and it has made a real difference to people's lives. I am sure that the House will want to congratulate the 50,000 ordinary people who have been involved in achieving that success.

Jim Dobbin: Is my right hon. Friend aware of "Heart of Heywood", which is the new deal for communities programme in my constituency? It has just purchased five state-of-the-art buses to transport unemployed people to areas that are difficult to reach. Other plans in the pipeline include a new primary school and a community campus, which will deliver services from the police, housing authorities, the local library and other agencies, and a new health connections centre supported by the primary care trust, social services and Sure Start. Will my right hon. Friend make sure that all NDC projects throughout the country are well supported because they are helping to regenerate the poorer communities in our society?

The Deputy Prime Minister: I very much agree with my hon. Friend. My Ministers and I have visited the majority of NDCs, and we continue to do so. Indeed, I shall visit Shoreditch NDC on 28 May. My hon. Friend will be aware that I visited his constituency a couple of weeks ago, when I announced the £53 million investment in a pathfinder scheme for Rochdale and Oldham. I am certainly aware of the achievements of those in his NDC, and they are to be congratulated on them. They join the rank of successful NDCs, which we are proud of, and it shows that people have the money and they can make a difference—but if people vote for the Tories, they will slash those programmes in the future.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [166266] **Chris Bryant (Rhondda):** If he will list his official engagements for Wednesday 21 April.

The Prime Minister (Mr. Tony Blair): Before announcing my engagements, I am sure that the whole House will want to join me in expressing condolences to the families of those Iraqis, including children, who were tragically murdered in a series of explosions in Basra this morning. I understand also that four British soldiers were wounded in the attacks, and our thoughts are with them and their families. Let us be clear. The majority of Iraqi people want a stable and democratic Iraq; these terrorists want to stop them. We—all of us in the international community—have to join that majority in Iraq to make sure that the terrorists do not succeed and that democracy prevails. [HON. MEMBERS: "Hear, hear."]

This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Chris Bryant: Unemployment in the Rhondda is at a historic low of 4.1 per cent. but one in four people is on incapacity benefit. If we are going to get more people off benefits and into work, we need a strong local national health service. Will the Prime Minister guarantee us the funds that we need not only for our new local hospital at Llwynypia but for more new GPs and a stronger primary health care service so that we can put behind us once and for all the Tory legacy of a demoralised and underfunded national health service?

The Prime Minister: I am delighted to be able to say to my hon. Friend that not only has unemployment fallen substantially and not merely are there about 1.75 million more jobs in the British economy today, but, as a result of the announcement today for the national health service, there will be 25,000 additional operations. These are, it is true, with private-sector contractors, but they are within the national health service framework and they will be free at the point of use—no patients passport for them. They will allow us to make sure that the record of improving the national health service in this country by a programme of investment and reform is maintained.

Mr. Michael Howard (Folkestone and Hythe) (Con): May I associate myself completely with the condolences that the Prime Minister has expressed to the families of those Iraqis who so tragically lost their lives this morning in Basra? As he said, our thoughts also go to the families of the British soldiers who were wounded in those attacks. May I also associate myself with the remainder of his remarks about Iraq and about the need for us to safeguard the position of the majority of the Iraqi people and to see out the commitments that we have entered into notwithstanding the difficulties that we face?

Mr. Speaker, you can always tell when the Government are in trouble. They call on the hon. Gentleman and they start singing "Help me, Rhondda. Help, help me Rhondda." *[Laughter.]*

The Prime Minister recently sent a personal memo to all members of his Cabinet and, as it happens, I have a copy here. It says:

"Too often . . . change has been initiated in ignorance of the risks and of what might be done to deal with them. In future we need to ensure that risks have been adequately considered before we make policy announcements".

When he wrote that, what exactly did he have in mind?

The Prime Minister: In deciding on this we studied very carefully the record of a previous Minister, and we decided that one thing we really wanted to avoid was being in the position of introducing anything quite as disastrous as the poll tax, opposition to the minimum wage or the social chapter, or a million extra unemployed—in other words, to be as little like him as possible.

Mr. Howard: The memo was not sent to me; I am not on the circulation list. It was sent to members of the right hon. Gentleman's Cabinet. It is about his Government, his policies and his failure to make sure that risks are adequately considered before policy announcements are made.

The Prime Minister was not prepared to tell us what he had in mind, so let me see whether I can help him. When did the Cabinet reverse its policy and decide to hold a referendum on the European constitution?

The Prime Minister: We announced our policy on the referendum yesterday. *[Interruption.]*

Yes, it is important that we consider carefully any risks in relation to a policy, and we have considered carefully the following risks. We have considered how it is important to make sure that we maintain the best economic record of any Government in many years; we have considered how we keep unemployment down, inflation down and interest rates down and how we keep employment up; we have considered how we maintain the biggest ever investment in health, education, and law and order; and we have considered the very serious risk that all that would not happen if there were a Tory Government.

Mr. Howard: The whole country will have seen that once again the Prime Minister has failed to answer a simple, direct question. I am in a helpful mood this afternoon, so I will help him again. We know that the Cabinet was not consulted because the Foreign Secretary told us so last night. From the grandeur of the Foreign Office, he made this authoritative statement:

"This is a reflection really of, of where we are in terms of, not of spin as some people suggest, but in terms of how we have to live in a much more open society, open culture, and twenty four hour news. Would that it would have been possible to have delayed the announcement until Thursday so it could have been formally discussed in Cabinet but as it turned out it simply wasn't possible".

That is what the Prime Minister means by Cabinet government: he performs a huge policy U-turn; he leaks it to the newspapers, and then he tells the Cabinet that there is no time left for them to make a decision.

With or without the Cabinet, let me ask the Prime Minister this question to see to what extent he has followed the advice that he gave to his colleagues in his personal memo and to what extent he has thought the matter through. *[Interruption.]*

Mr. Speaker: Order. Let the Leader of the Opposition speak.

Mr. Howard: If the Prime Minister is still in office when the referendum takes place, and there is a no vote, will he veto the constitution or will he renegotiate it?

The Prime Minister: We will be in exactly the same position as, for example, Ireland after its rejection, the first time round, of the Nice treaty. [HON. MEMBERS: "Oh!"] Oh yes, this is an important point. That means that if we were in government, we would sit down and discuss the way forward with other European countries. That is what Ireland did after its rejection of the Nice treaty, and that is what would happen if we were in government.

Let me put the question back to the right hon. and learned Gentleman. Perhaps he would just confirm that if he were in government his position would be to reject any constitutional treaty whatever. If we were in government, we could, although this would be a serious issue, sit down and plan out the way forward with other countries. However, if the right hon. and learned Gentleman were in office, he would be saying that he was not prepared to accept any constitutional treaty, and that is why he would then be left with a choice of other countries going forward and Britain being in a different relationship with the European Union.

Mr. Howard: The Prime Minister has failed to answer a simple and straightforward question. I did not ask him whether he was going to sit down and plan the way forward, but asked a very simple question. Will he veto the treaty in the event of a no vote or will he seek to renegotiate it? Which would it be?

The Prime Minister: If there is a no vote, the treaty cannot be ratified on that basis, which is why we, who support the principle of a constitutional treaty, would then have to sit down with the others and work out the way forward. *[Interruption.]* But that is a completely different position—let the right hon. and learned Gentleman get up and confirm it—from that of a Government who say that they will not accept any constitutional treaty. Perhaps he would confirm that that is his position.

Hon. Members: Answer!

Mr. Howard: We are against a constitution for the European Union, because countries have constitutions and nation states make treaties with each other. That is our position. I think that the Prime Minister has confirmed—I will give him a chance to confirm it directly—what we have been saying all along. If this treaty—this constitution—does not proceed as a consequence of a no vote in this country, Britain would remain a full participating member of the European Union. Will he confirm that that is the case?

The Prime Minister: If the constitution is rejected in a referendum, of course, the position remains that we then have to work out the way forward with the other countries. Until then, the status quo remains. As for rejecting any constitutional treaty, let me point out to the right hon. and learned Gentleman that this is a treaty, not a constitution absent from a treaty. It is the treaty establishing a constitution for Europe. In other words, it is a treaty agreed in the same way as Maastricht or any other treaty between the European Union members. It is a constitutional treaty. *[Interruption.]* This is extremely important. When the right hon. and learned Gentleman says that he would reject any constitution, does he mean that he would reject any constitutional treaty?

Mr. Howard: I have set out our position with absolute clarity. *[Interruption.]* If the Prime Minister wants to find out more about our position—

The Prime Minister: I do.

Mr. Howard: He says that he wants to find out more about our position. Yesterday, he said:

"let the battle be joined."—[*Official Report*, 20 April 2004; Vol. 420, c. 157.]

I cannot wait. I make this challenge to the Prime Minister—[HON. MEMBERS: "Oh!"] As soon as the constitution is agreed, will he take part in a televised debate with me in which we can explore all these issues? Will he accept that challenge? *[Interruption.]*

The Prime Minister: The debate that we will have is here in the House. When it is agreed in this House, we will have a debate in the country. To go back to the heart of the point—*[Interruption.]*

Mr. Speaker: Order. Let the Prime Minister answer. *[Interruption.]* Order. I do not want anyone shouting.

The Prime Minister: We are having a televised debate now, I rather think, unless we are silent on the television cameras. Just so that we understand his position, will the right hon. and learned Gentleman reject in entirety any constitutional treaty? Let us have the debate. We are on television now, so will he answer yes or no? I shall tell him what I think he is trying to do. He is trying to suggest to one part of his party that he rejects the whole idea of a constitutional treaty, but he is keeping open his freedom of manoeuvre in case he wants to negotiate amendments to the existing treaty. It is an obvious distinction—amendments to the existing treaty or no treaty at all? Which is it? *[Interruption.]*

Mr. Speaker: Order.

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab): May I tell the Prime Minister that I am delighted that he has changed his mind and decided to put the issue of the European constitution to the British people? Does he agree that what is good for Europe is also good for Wales? In light of the Richard commission report, if there are any plans to give primary legislative powers to the Welsh Assembly, does he agree that that should be a decision of the Welsh people, not of politicians?

The Prime Minister: I thank my hon. Friend for her opening remarks. We will consider the Richard report carefully and we will consider any representations on it carefully. We will make our decisions on it and any consequential policies as a result of that consultation.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): May I associate myself and my colleagues with the expression of condolences that the Prime Minister so properly made? Scores of Iraqi civilians have lost their lives as a result of the latest outrage, and reports from the Ministry of Defence confirm that several British troops have been very seriously injured. This is a timely reminder for us all of the escalating violence throughout Iraq as we build towards the 30 June deadline. Given that the United States confirmed last week that it is to deploy a further 20,000 of its forces into Iraq, is the Prime Minister satisfied, as things stand in Basra, that there are sufficient levels of British troops to manage the situation? Has he had requests for more, and does he have any plans to deploy more British troops or equipment into the area?

The Prime Minister: We are satisfied that we have sufficient troops in Basra. We do not have plans to increase the number. Of course, we always have to keep that situation under review, but at present the British troops are managing extremely well down there. The attacks today indicate that the terrorists are becoming sufficiently desperate that they are prepared to attack the most defenceless people they can find, simply in order to create maximum chaos. The feedback that we are getting from ordinary Iraqi people in Basra, as one might expect, is intense anger towards those who are killing wholly innocent civilians.

Mr. Kennedy: I thank the Prime Minister for that clarification on the British troops. May I ask him a further question, concerning their status? After the 30 June handover, what will be the formal relationship between the British troops and the new Iraqi authority, and between the British troops and the American powers in Iraq? What will be the legal status? Is that likely to be addressed or spelled out in any further United Nations Security Council resolution?

The Prime Minister: That may well be the case. There are two separate issues. The first is the new security agreement that we want to draw up with the incoming Iraqi Government. We are talking about that and negotiating with people now. The second issue is what the hierarchy and chain of command will be. Again, we are discussing that. It will be important to make sure in whatever discussions we have that British troops are properly protected—in other words, in doing everything we can to sustain and help the new Iraqi Government, we will have to be careful that the position of British troops and the orders that can be given to them are clear. We will have to help the new Iraqi Administration with such matters.

Our view at present is that in all likelihood a new United Nations Security Council resolution will allow us to deal with both the political and the security aspects and, I hope, on a reasonably consensual basis. I very much welcome what Japan and South Korea have just announced with regard to their troops. It is extremely important to realise that we have more than 30 coalition countries in Iraq. I believe there is a huge amount of

good will in the international community, irrespective of what people thought about the war, to try to help the people of Iraq on their way to the democratic state that it is obvious the majority of them want.

Mr. Clive Soley (Ealing, Acton and Shepherd's Bush) (Lab): In view of the continuing and crass invasion of privacy of David and Victoria Beckham, and in view of the judges' concerns about making privacy law on a case by case basis, are there not two rather simple options available to us? One is to make the Press Complaints Commission code of conduct enforceable in law, which would give a toothless body some teeth. The alternative is to enable the editors and owners of newspapers to come before bodies of people here, in the Palace of Westminster, which represents the people, to take questions about their private and public lives.

The Prime Minister: I think that what my hon. Friend suggests—perhaps I shall not continue. I say simply that I am sure that this debate will continue. I have no thoughts to offer on it myself, except that I hope that everyone understands that occasionally when people's privacy is invaded in this way, it causes great distress to people, and I do not always think that it is really in the public interest.

Q2. [166267] **Mr. Hugo Swire** (East Devon) (Con): In the light of yesterday's first report of the Independent Monitoring Commission, which side of this new security screen does the Prime Minister think that Sinn Fein should in future sit?

The Prime Minister: We have supported the Independent Monitoring Commission report; after all, we established that body. We will act upon it. Anything in relation to this House is, of course, a matter for this House, but as far as the Government are concerned, we will implement the proposals and recommendations that the IMC makes.

Mr. Malcolm Savidge (Aberdeen, North) (Lab): Will my right hon. Friend welcome the release of Mordechai Vanunu and commit our Government to increasing our efforts to promote a nuclear weapons-free zone throughout the middle east?

The Prime Minister: This is obviously an issue, in respect of Mr. Vanunu, on which we have been in discussions and received information over a long period. In respect of a nuclear-free middle east, yes, of course, everyone wants to see that, but what is important is that we recognise that in order to achieve that, Israel is going to have to be sure that it is surrounded by countries that do not wish it ill. That is why it is important that we try to make progress in the middle east peace process.

Q3. [166268] **Mr. David Amess** (Southend, West) (Con): Now that my constituent, Mahjid Nawaz, has been sentenced to five years in prison in Egypt, together with constituents of my hon. Friend the Member for Daventry (Mr. Boswell) and of the hon. Members for East Ham (Mr. Timms) and for West Ham (Mr. Banks), all on the basis of confessions under duress, will the Prime Minister now make a plea for clemency to President Mubarak? As a matter of urgency, will he please meet colleagues to discuss what will eventually be proved to be a very serious miscarriage of justice?

The Prime Minister: I do not want to prejudge the outcome of any consideration of those cases. As I have made clear before, we will consider any further action when we have received a transcript of the judge's summation of the verdict. My right hon. Friend the Foreign Secretary says, however, that he is very happy to meet the hon. Gentleman and other hon. Members to discuss the case. I hope that we can find a way forward, while respecting entirely, as I am sure the hon. Gentleman would want to do, the real anxiety of the Egyptian Government and people about acts of terrorism.

Q4. [166269] **Martin Linton** (Battersea) (Lab): Will my right hon. Friend tell Ariel Sharon that, yes, Israeli withdrawal from Gaza would be a step forward and that, yes, he has every right to expect Palestinian leaders to do everything in their power to stop suicide bombers, but that moderate Palestinian leaders will have no chance if Israel is allowed to continue to create what President Bush called new realities on the ground? It is this constant encroachment on Palestinian land that stokes up the hatred that perpetuates the conflict and is the recruiting sergeant for yet more suicide bombers.

The Prime Minister: I understand the point that my hon. Friend makes and the moderate way in which he expresses it. If there is disengagement from Gaza and the west bank, that will be the first removal of settlements for a very long time indeed, and that is important. However, it is also important that we do not create new realities on the ground, but it is for that reason that I believe that the best chance that we have of avoiding that is to make sure that, when the disengagement happens, the Palestinian Authority has the wherewithal in economic, political and security terms, as I said on Monday, to fill the vacuum and ensure that we can move properly back into the road map process, which should lead in the end to what we all want to see—two states: an Israel confident of its security, and a viable Palestinian state.

Mr. Elfyn Llwyd (Meirionnydd Nant Conwy) (PC): While I fully support the principle of European Union enlargement, may I ask the Prime Minister to comment on the fact that Latvia, which has a population of 2.3 million as compared with Wales's 2.9 million, will have more than twice as many Members of the European Parliament representing it? Furthermore, Malta, whose population is a seventh as large as that of Wales, will have five MEPs, compared with Wales's four. How can he justify this?

The Prime Minister: I am not sure that asking for extra MEPs is always the best solution. Latvia stands on its own, while Wales is obviously part of the United Kingdom. There are various geographical and numerical ways to divide up countries, but compared to other countries of a similar size—we consider the matter on a UK basis—the UK is properly and adequately represented in the European Parliament.

Q5. [166270] **Tony Lloyd** (Manchester, Central) (Lab): On rip-off Britain, is my right hon. Friend aware that the clearing banks are believed to hold some £15 billion in assets from people whose accounts they cannot trace? Given that those banks absorb those assets into their profits, is there not an overwhelming case for a windfall tax to take away the gains from that exercise in corporate greed? Perhaps some of that money should be deployed to prop up people in failed pension schemes such as Allied Steel and Wire, whose futures have been jeopardised by corporate incompetence within the private sector.

The Prime Minister: I think that my right hon. Friend will acknowledge that there are two separate issues. First, on unclaimed assets, we support the efforts of the British Bankers Association, the Building Societies Association and National Savings and Investments either to try to reunite owners with their assets or to make sure that that money is used in a different way, although those bodies have fiduciary obligations to their various stakeholders. Secondly, we are actively considering the position of people who, having been forced to contribute to occupational pension schemes, find that all the money that they have invested yields absolutely nothing. We are examining what we can do in such special cases, and, in the context of the current debate on pension protection issues and legislation, I hope that we can come forward with the solution.

Q6. [166271] **Mr. A. J. Beith** (Berwick-upon-Tweed) (LD): Is the Prime Minister aware of the imminent announcement by the Ministry of Defence that may move most operations conducted from RAF Bulmer in my constituency to Lincolnshire, in which case at least £15 million would have to be spent to replace the facilities, some of which have been recently completed, at RAF Bulmer? Given that the move would not result in a gain in RAF operational effectiveness, will he take an urgent personal look at the questionable figures for potential savings on which the proposed move is based? It flies in the face of regional policy to take £20 million out of Northumberland's economy.

The Prime Minister: I appreciate the right hon. Gentleman's concern, because RAF Bulmer is important to his constituency. The Minister of State, Ministry of Defence, wrote to him indicating that it would be £131 million cheaper in terms of net present value to move the units based at Bulmer. I know that that point is disputed, but the House will understand that the Ministry of Defence must constantly balance hon. Members' desires to keep units in their own constituencies with the need to keep military capability and military spending under review and to make sure that funds are used efficiently and effectively. I am happy to examine the matter, but I do so without a commitment or guarantee.

Q7. [166272] **Vera Baird** (Redcar) (Lab): From September, children of 16 will, for the first time, be entitled to cash payments—education maintenance allowances—to stay on at school. Historically, we have disincentivised them, because, of all the options open to them, school is the only one that does not pay. The scheme is yet another excellent idea, and it would undoubtedly come under the hammer if the Opposition got their hands on it. Youth skill levels are currently poor, and we have the lowest staying on rates in Europe. Does the Prime Minister believe that the measure will make a real difference?

The Prime Minister: The measure will make a real difference, and the pilots indicate that more young people will stay on at school as a result of the allowance. Labour Members certainly think that it is important to encourage young people to stay on and study after the age of 16, and the measure must be considered alongside the substantial extra investment in education. The scheme has been widened to include the whole of the 16 to 19-year-old bracket, and some 300,000 young people will benefit. We must also ensure that vocational skills increase by expanding the vocational skills route, which is part of making sure that we get the educated work force that this country needs.

Mr. William Cash (Stone) (Con): Will the Prime Minister accept, in relation to his earlier remarks with regard to the nature of the treaty and constitution, that in fact, under the proposed constitution, all the existing treaties will be revoked and reapplied with the existing acquis communautaire under the primacy of a new constitution? Will he therefore accept that that, as the House of Lords has already said in a report, is a fundamental change?

The Prime Minister: It is a constitutional treaty, and it is therefore a treaty in the same way that the other treaties are treaties. The hon. Gentleman is right, of course, in saying that many of the provisions in the earlier treaties are bound into this one. That is absolutely right—a significant part of it simply replicates the existing treaty basis. That is the position that I was putting to the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). The hon. Gentleman of course has a very clear position on this—he wants to change fundamentally the existing nature of the relationship between Britain and the European Union. That is right, is it not? He certainly does not want any constitutional treaty at all.

Mr. Cash *indicated assent.*

The Prime Minister: The question is whether his right hon. and learned Friend is in the same position. What is interesting about today is that now we are actually debating the detail.

Fireworks (Amendment)

12.31 pm

Mr. George Howarth (Knowsley, North and Sefton, East): I beg to move,

That leave be given to bring in a Bill to amend the Fireworks Act 2003.

Last autumn, problems were caused on Merseyside and elsewhere, including in my constituency, by a large number of incidents involving imported fireworks, many of which came from China. In particular, fireworks were used to attack fire crews, buses carrying people, and private property. There were even attacks on pillar boxes, and on more than one occasion the lid was blown off—one can imagine the force required, given that they are made of cast iron. Some attacks terrorised elderly people to the extent that they were afraid to go out of their houses during that period. Perhaps most worryingly of all, there is evidence that the materials from those imported fireworks were being used by people involved in organised crime to further the interests of the so-called businesses that they engage in. Clearly, there is a serious problem.

Before I go any further, I should say that I am indebted to the Merseyside police, the Merseyside fire and rescue service, Mr. John Woodhead, who is chairman of the British Fireworks Association, Knowsley borough council and many others for the advice and assistance that they have given me in preparing the Bill—although I should say that any faults are mine alone. I am also in consultation with the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), and his Department about the detail of the Bill, and I hope that at some point he will feel able to support me in my endeavours.

The purpose of the Bill, which borrows heavily from the thinking of Merseyside police and the Merseyside fire and rescue service, is to introduce proper and workable controls to regulate the importation of fireworks from abroad. The Bill seeks to amend the excellent Bill that my hon. Friend the Member for Hamilton, South (Mr. Tynan) introduced last year by requiring importers of fireworks to notify the proper authorities—in most cases, Customs and Excise and the trading standards authorities—of the impending arrival of consignments. It will require them to demonstrate that those consignments will be taken to and opened up only on licensed storage sites and to give prior notice to the appropriate authority about where the fireworks will be sold. The measure also provides that fireworks must be supplied only to those with adequate registered storage facilities. The provisions will enable the authorities to get a proper grip on this growing and worrying problem.

I hoped that the right hon. Member for Bromley and Chislehurst (Mr. Forth) would be present because I intended to direct my next observations at him. I accept that the ten-minute rule procedure does not allow time for proper scrutiny of Bills. I have therefore undertaken to make arrangements for informal pre-legislative scrutiny during three sittings in the second week of May. Any hon. Member, member of the public or representative of any organisation who wishes to give evidence or make representations can do so to the committee that I shall set up. It is an informal procedure and I give a further undertaking that serious note will be taken of any representations. If appropriate, I am more than willing to make proper amendments to the Bill.

I believe that it is important to apply pre-legislative scrutiny not only to Government Bills—that increasingly happens—but to private Members' measures. It gives us an opportunity to ensure that a measure is properly and fully considered.

The Bill is necessary to protect the public from the irresponsible and dangerous misuse of highly explosive materials. The term "fireworks" understates them. The measure is sensible and timely, and I hope that it will acquire the necessary support for it to be enacted.

Question put and agreed to.

Bill ordered to be brought in by Mr. George Howarth, Janet Anderson, Mr. Joe Benton, Sir Sydney Chapman, Mrs. Claire Curtis-Thomas, Mr. Elfyn Llwyd, Mr. Alan Meale, Dr. Lewis Moonie, Mr. Edward O'Hara, Dr. John Pugh, Mr. Bill Tynan and Sir Nicholas Winterton.

FIREWORKS (AMENDMENT)

Mr. George Howarth accordingly presented a Bill to amend the Fireworks Act 2003: And the same was read the First time; and ordered to be read a Second time on Friday 18 June, and to be printed [Bill 91].

Opposition Day

[9TH ALLOTTED DAY]

Doctors' Hours

Mr. Speaker: We now come to the first debate on the Opposition motions. I inform hon. Members that there is a 12-minute limit on Back-Bench Members' speeches and that I have selected the amendment in the name of the Prime Minister.

12.38 pm

Mr. Andrew Lansley (South Cambridgeshire) (Con): I beg to move,

That this House notes the forthcoming implementation of the European Working Time Directive (EWTD) in relation to junior hospital doctors; further notes the changes to General Practitioner out-of-hours services following the implementation of the new GP contract; is concerned by the British Medical Association's estimate that, from August 2004, the EWTD requirements could lose the NHS the equivalent of 3,700 junior doctors; is alarmed by the failure of Ministers to quantify adequately the likely demands of the EWTD in medical manpower and money costs; is further alarmed by the Government's complacency over the 'SIMAP/ Jaeger' judgements made by the European Court of Justice and the disproportionate impact they will have on smaller hospitals; notes that cost estimates for GP out-of-hours cover are rising yet the extent of cover is likely to decline; deplores the failure by Ministers to anticipate the impact that the new GP contract will have on community hospitals and notes with alarm that several are already under threat; and wishes to see the implementation of out-of-hours cover in a form that maintains a GP-led service in which the high standards of care and accessibility traditionally associated with primary care in England are maintained.

We would have had an opportunity to discuss the subject before the recess, on the eighth allotted day, but the competition among Departments to register incompetence meant that, on that occasion, the Home Office outdid the Department of Health. However, we have moved on to the Department of Health. While the Government are obsessed with Europe, the Opposition are putting the national health service at the forefront of our concerns.

Today's motion addresses two issues: the impact of the further implementation of the European working time directive, specifically in relation to junior doctors; and the implementation of the out-of-hours services component of the new GP contract. Those two distinct issues are obviously related, and they disclose common concerns. Although there have been positive intentions throughout, the measures are having perverse practical effects, and even when such effects have been identified, Ministers have failed to act to clarify or, if necessary, amend the proposals. Where it has not been possible or appropriate to amend them, Ministers have failed to give the necessary support for the service to implement the changes, in the face of mounting evidence of the problems and associated costs. Not only are the Government showing a lack of support; they are showing a degree of complacency about the impact of the changes.

So, the charge is one of a lack of competence. It is not one of a lack of positive intentions, but, in practice, the Government are not delivering on what they have said they will deliver on. That is the problem with this Government. In the light of what my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard) was saying at Prime Minister's Question Time earlier, it is clear that the Government did not assess the risks involved and respond to them before they introduced and sought to implement these policies.

Mr. Henry Bellingham (North-West Norfolk) (Con): Does my hon. Friend agree that, while the Government have tried in regard to this issue, they have had one hand tied behind their back, because when Ministers have gone to the European Parliament to seek the support of socialist MEPs on this issue, they have received absolutely none—from their own MEPs in Brussels?

Mr. Lansley: My hon. Friend is right, and I pay tribute to the work that he has done in drawing attention to the impact of the working time directive.

On 8 April, the House of Lords European Union Committee set out its conclusions on the Commission's review. The Committee reiterated its conclusion that the voluntary individual opt-out should be retained. That is important not only for business interests, which my hon. Friend the Member for North-West Norfolk (Mr. Bellingham) represents so splendidly, but for the NHS. Ministers accept that it is important for the NHS that the voluntary opt-out be retained, but on 3 September last year, the Labour MEPs in the European Parliament turned out and voted to abolish the UK's voluntary opt-out. On 11 February this year, the Labour MEPs voted against that opt-out and against what appeared to be the stated policy of this Government.

However, when my hon. Friend, the shadow Secretary of State for Trade and Industry challenged his opposite number on this matter, she simply would not say that she was going to deal with those Labour MEPs, or that we could feel confident that they would support the UK interest in any future changes to be made to the working time directive. Those MEPs do not support the UK interest, and voters will need to know that on 10 June this year. I am grateful to my hon. Friend for allowing me to make that point.

Before I address the issue of the working time directive, I want to make it clear that we are not questioning the principle—far from it; we support it—of reducing junior doctors' hours to a level that is consistent with patient safety and the best interests of the doctors themselves. I shall not reiterate the history of this issue; it is well known to some hon. Members, especially to those Conservative Members who have experience of introducing the new deal on doctors' hours. I suspect that the introduction of reduced hours for junior doctors would be achieved in the best interest of the health service without the intervention of the European working time directive. However, we have to deal with the directive, and it is causing inflexibilities.

The agreement was reached on junior doctors in May 2000. In October 2000, there was the so-called SIMAP judgment relating to primary care doctors in Spain, the effect of which was to define the nature of working time when one is resident and on call, and, in effect, to treat all the time that one is on the premises and available for work as working time, regardless of whether one is working or asleep. I know that it was not the Government's intention to treat the time that one is asleep as working time, but that is the practical effect of

[Mr. Lansley]

that judgment. It was April 2002 before the Department invited pilot studies from around the country to see how the implementation of the working time directive could be achieved, and July 2003 before Governments collectively, or a number of member state Governments, approached the Commission to try to secure changes in consequence of the SIMAP judgment and its adverse effects on health care in particular.

In October 2003, the so-called Jaeger case made it even more clear that all the time during which one was resident and on call would be treated as working time. In particular, it added the further inflexibility and adverse effect that compensatory rest for the time worked on call, including while non-resident and on call, would need to be compensated for immediately—in effect, before the following period of work. To give my hon. Friends a sense of what that means in practice, an NHS doctor—a senior registrar or consultant—who is non-resident and on call, and who is called up several times during the night, either to go to the hospital or to take consultations over the telephone about patients, must be compensated with additional rest before commencing their next period of work. Of course, the chances are that before they commence their clinic or operating list the following morning, they will have to have compensatory rest. Evidently, as Ministers understand, problems will ensue for hospitals from having arbitrary and, in effect, overnight changes in their operating lists and clinic rotas.

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): The hon. Gentleman is making some interesting and important points. I apologise for missing the first few moments of his speech, and I wonder whether he has already put his remarks in the context of the Government's unprecedented 33 per cent. improvement in investment in primary care. Will he move on to that and establish the proper context for this debate eventually?

Mr. Lansley: I am grateful for the hon. Gentleman's contribution. I have not talked about primary care yet, and I will do so later.

On investment in hospital services, the hon. Gentleman raises an important point, because all the issues that I am discussing have implications—not only the working time directive but "Agenda for Change" and the implementation of the consultants contract, which I shall mention briefly later. The combination of those changes not only imposes significant financial and managerial challenges for the NHS, but those financial challenges may obviate—this will worry Labour Back Benchers—the resources that the Government so trumpet in terms of growth in activity in the NHS. I have spoken to a number of chief executives of a range of hospital trusts, whom I have asked how much more it will cost them in this financial year, 2004–05, to deliver the same activity as in the preceding financial year. The answers vary, but the average is between 8 and 9 per cent. extra. In the context of what the hon. Gentleman asserts are unprecedented increases in the amount of money available—we agree absolutely that more money must be available for the NHS—that shows the importance of managing and introducing changes in a way that delivers growth in activity and investment with reform. That is what the Prime Minister says—I heard him say it again at Prime Minister's questions—but he spends the money and does not deliver the reform.

Mr. Dawson: Is it not also about delivering improvements in the quality of services and ensuring that primary care trusts manage their services much more effectively in the future?

Mr. Lansley: I have no disagreement with the hon. Gentleman, but I think that as we proceed it will become clear that managing the system depends more on enabling hospitals to make changes effectively than on relying on the Government, who have done abjectly little to help hospitals implement the working time directive in a timely fashion.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Will my hon. Friend confirm that when he spoke of an 8 or 9 per cent. increase, he was referring only to the implications of the directive and not to the implications for community hospitals of the GPs' contract, which is likely to involve a further huge expenditure?

Mr. Lansley: I was talking about the increase in costs for acute trusts. As my hon. Friend will know from his constituency experience—and from his constituent Dr. Holden, who speaks for the British Medical Association on these matters—if GPs were compensated fully for their work in community hospitals and for the quality of that work, there would be a substantial additional cost. The Government do not propose to meet that cost, but it raises serious issues for community hospitals.

Dr. Howard Stoate (Dartford) (Lab): Does the hon. Gentleman think that consultants who are called out during the night and whose sleep is therefore very disturbed should have a break afterwards? Would he expect an airline pilot who has been asked to do an extra shift and fly to America to work his normal shift in the morning? Would he expect a pilot who has just flown for eight hours to fly for a further eight hours, or would he prefer that pilot to have a rest after flying across the Atlantic in the middle of the night before flying back the next morning?

Mr. Lansley: I think we should work with consultants on a flexible, agreed and negotiated basis, as has been happening increasingly. Yes, compensatory rest is desirable, but it is certainly not desirable for it to be granted as a legal requirement before the next period of work, as that would result directly in adverse consequences for operating lists and for clinics. There may be a case for it in some circumstances, but it will depend on the extent of the interruption during the night.

The whole structure in the NHS is being driven not by flexible local negotiations, as it should be, but on the basis of European Court of Justice judgments about the circumstances of an individual German doctor, which do not strike me as relevant to the way in which we manage the health service.

Dr. Stoate: So the hon. Gentleman is saying that if a consultant surgeon has to operate in the middle of the night it is okay for him to proceed with his morning operating session, although it would certainly not be okay for an airline pilot who has flown for an extra session to fly a plane the following morning. I would not want to be the patient of a doctor who had been out in the middle of the night and was expected to carry on as normal without a proper rest period.

Mr. Lansley: I respect the hon. Gentleman's professional expertise, but he has moved the goalposts. I was talking about non-resident on-call doctors. It is very unlikely that night surgery would not have been allowed for in rotas relating to clinics or operating lists for the following day, as the hon. Gentleman probably knows from his experience.

We may all agree that the working time directive should not be imposed on us. The Government at least seem to agree with that, but what have they done about it? In a recent response to the House of Lords European Union Committee, the BMA commented that the implementation of the directive could involve the equivalent of 3,700 junior doctors from August 2004, and that the implementation of the 48-hour limit in 2009 could involve the equivalent of between 4,300 and 9,900. In its evidence to the Committee, the Royal College of Physicians said:

"in its present shape and form, compliance will have serious long-term effects for continuity of care, patient safety, and the education and training of doctors."

The BMA said:

"The BMA considers that the requirement made in the Jaeger judgement that compensatory rest should be taken before returning to work has huge service and workforce planning implications and is likely to be unworkable and in most cases unnecessary."

In January this year—nearly four years after the agreement on junior doctors, more than three years after the SIMAP judgment and months after the Jaeger judgment—the Minister of State, the right hon. Member for Barrow and Furness (Mr. Hutton), told the Royal College of Surgeons:

"Complying with the Working Time Directive need be neither costly nor a burden."

That is odd, given that the Minister told the European Standing Committee on 24 March:

"We indicated at the end of last year a worst-case scenario of between 6,000 and 12,000 additional doctors"

and

"The cost in relation to doctors would be between £380 million and £780 million."—[*Official Report, European Standing Committee C*, 24 March 2004; c. 15–19.]

We must see that alongside the Government's allocation of £46 million over three years for specific action to help implement the directive.

I recall the Minister sending the NHS this message in January: "Do not worry, it is not a problem, you can do it, it will not cost much—just get on and do it." At the same time, Ministers knew that according to the worst-case scenario thousands more doctors and hundreds of millions of pounds would be required. In evidence to the Commission, they said that the implementation of the Jaeger judgment would cost tens of millions. They knew there was a problem, but they did not tell the NHS what they proposed to do about it.

In its evidence to the House of Lords European Union Committee, the BMA said of the pilot studies:

"proposals for these pilots were not initiated until April 2002, about four years after the implementation of the EWTD and less than 2 years before the extension of the Directive to junior doctors. The final results . . . are unlikely to be in time to aid the implementation of the EWTD for junior doctors."

In fact, I suspect that the final evaluations will come in around November.

That is fine, is it not? If hospital consultant posts are to be changed in time for implementation in August 2004, design for that change should really have started in August 2003. If junior doctor rotas are to be changed and additional junior doctors recruited, the process should already have started: no less than a six-month lead time is required. We are already in the period during which hospitals should have taken action to achieve compliance with the directive.

The medical profession has done more than Ministers and the Department in initiating the "hospital at night" programme, which the Minister will no doubt describe to us. The BMA, to its credit, has been pushing for years to secure action and awareness. On 25 February, Jim Johnson, its chairman, said:

"it seems that the government has only just grasped the potential impact of these changes. Too little has been done too late."

That, I am afraid, is the sorry story of the working time directive.

Mr. Mark Francois (Rayleigh) (Con): My hon. Friend referred to the debate on 24 March in the European Standing Committee. I was present and, as the Minister will recall, he and I crossed swords quite actively over this issue. He admitted that it did not apply solely to doctors, but would require additional staff in other categories. As can be seen in column 13 of the *Hansard* report, he acknowledged that extra nurses in a number of categories would be needed. However, the £780 million figure that he gave the Committee was only the NHS estimate of the additional cost for doctors. When other staff are included, the estimate will be even greater. The Minister promised to provide the figure on the day, but failed to do so. Does my hon. Friend agree that it would be helpful if the Minister honoured that commitment today and gave us the total figure?

Mr. Lansley: Perhaps the Minister will take up that question. The estimates have indeed related to doctors. My personal view is that the scope of "Agenda for Change" should enable the nursing profession to be compliant with the working time directive without substantial additional costs. My argument rests on the implications for doctors' hours and the costs to the NHS.

The Minister of State, Department of Health (Mr. John Hutton): I am interested in what the hon. Gentleman said about "Agenda for Change", which he prayed in aid in relation to supporting the NHS in meeting our obligations under the working time directive—but is not his party opposed to "Agenda for Change"? Did not the hon. Member for West Suffolk (Mr. Spring) make it clear when he was appointed as shadow spokesman that he was against national pay bargaining for the NHS?

Mr. Lansley: No, he did not say that. He is in favour of NHS trusts and foundation trusts having the freedom to respond locally—through pay, if necessary, as well as other conditions of service—to their particular needs. Is it the Minister's view that hospitals should not have that freedom? If so, let him say so. I said to him in the Standing Committee that considered the Health and Social Care Bill last year that we support "Agenda for Change" and the ability of nurses, in particular, to be supported in extending their role and to have their work reflected in their rewards, and it is entirely appropriate for that to be negotiated. Review bodies provide a national pay framework, and it is in the interest of NHS trusts that they should do so, but that is a framework, not a straitjacket. Is the Minister saying that the Government want to put the NHS in a national pay straitjacket?

Mr. Hutton: The hon. Gentleman knows, because he does his homework, that "Agenda for Change" incorporates an element of flexibility in meeting local pay terms. That has always been the case. The Government have always supported "Agenda for Change". The issue is whether the Opposition do. The hon. Member for West Suffolk made it clear in his first interview as shadow public services spokesman that the Conservative Opposition are against "Agenda for Change" precisely because it is a national pay agreement and he would prefer to revert to local trust contracts. If the hon. Gentleman is saying that this is one further aspect of his health policy reforms that he has abandoned, we would welcome that news.

Mr. Lansley: I am not having any of that. We have made it clear throughout that we favour hospitals having the freedom to manage themselves and respond to their particular needs. If the Minister is against that, let us put that on the record. I am not having the suggestion that by allowing that freedom we necessarily abandon either pay review bodies or "Agenda for Change". There is nothing that my hon. Friend or I have said that would suggest that an incoming Conservative Government—before too long, we hope—will abandon or reverse "Agenda for Change", but it must be regarded as a framework rather than a straitjacket.

There are practical implications. Managers at a district general hospital told my hon. Friend the Member for Westbury (Dr. Murrison)—he may refer to this in more detail later—that, being in deficit, they cannot afford to pay staff to be treated as working while they are sleeping, so they have to move to full shift working, and to some extent from doctors to nurse practitioners. That may be entirely acceptable, but if staff on full shifts are not then fully employed, the activity needs to be increased to ensure that they are.

The hospital managers said:

"this may require the closure of some units and the transfer of work to units with spare capacity. This will affect many of the medical low volume specialties where there is a requirement to have residential specialist staff".

Hospital at night can achieve many things, but there cannot necessarily be cross-cover, for example between non-paediatric and paediatric staff. Cross-cover is not possible on obstetrics, if people are not obstetric-trained and experienced, or on anaesthetics. Some rotas simply have to be staffed with those specialists. If the hospital cannot scale up from the five doctors that it has now to the arguably nine or 10 that will be required for a full shift a few years hence, those units will close.

Mr. Andrew Turner (Isle of Wight) (Con) *rose—*

Mr. Lansley: I see that someone who may have direct experience of this in his constituency would like to intervene.

Mr. Turner: There are some hospitals that cannot attract greater volume because the distances or the means of travel are too difficult, but for the very same reason cannot be closed. How are they supposed to survive within the same budget and yet meet "Agenda for Change"?

Mr. Lansley: That is an important point. The directive will bear harshly on some specialties and in some remote areas. The Isle of Wight has special problems that will have to be managed.

Our prospective parliamentary candidate in Southport, Mark Bigley, reports:

"The Hospital Trust says they cannot run A&E services at Southport due to the impact of the EWTD on junior doctors' hours."

There may be a complementarity between what local people want there and what my hon. Friend wants on the Isle of Wight. They know that centres of excellence and major specialties may have to be concentrated—perhaps in Southampton, in my hon. Friend's case—but they want access to stabilisation and treatment more locally and accessibly, so that large numbers of people do not have to be referred a great distance away for routine treatment.

My colleague in Enfield, North referred me to the health hospitals review document of Barnet and Chase Farm hospitals, which says:

"Neither the doctors nor the funding is available for the hospitals simply to 'grow' their teams out of this problem."

That may bear on maternity, for example, or obstetrics.

I do not know the precise circumstances, because it is in Scotland, but even today *The Herald* reports:

"New rules cutting the number of hours worked by junior doctors and consultants, which make staffing multiple maternity hospitals more difficult are threatening units across Scotland."

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Before the hon. Gentleman goes through the complete list of prospective Conservative parliamentary candidates—at least some of them know where the constituency is, which is not the case in Hall Green, as I noticed from a recent visit—can he tell us how he will square these demands for additional funding with the fact that his party voted against the 1 per cent. national insurance increase? How can he reconcile that? It is a fundamental question.

Mr. Lansley: With respect, it is not fundamental to the implementation of the working time directive. We have committed ourselves to the resources for the NHS, to support not only reform but the additional transitional costs, which the Government are clearly not

doing, when one compares the costs that they anticipate for the working time directive with the £46 million that the Minister has promised.

When we had a modest one-and-a-half hour debate on GP contracts—one of the major changes in the NHS—on the back of the Health and Social Care Bill last July, the Minister made a statement in response to my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack), who told me that he wished to be here today but had to attend an important meeting with a constituent and so sends his apologies. The Minister said to my hon. Friend:

"I know from my work as a constituency MP that our constituents place a high premium on around-the-clock access to a GP, 24 hours a day, seven days a week. It is a defining characteristic of our primary care services."—[*Official Report*, 8 July 2003; Vol. 408, c. 1050.]

That is the promise from this Government, but what is the reality? A shift to emergency nurse practitioners and paramedics. Perhaps that is acceptable, because it is appropriate care. A shift to NHS Direct's handling the calls. Perhaps that is fine too, although it turns out that the Minister of State, the hon. Member for Doncaster, Central (Ms Winterton) said in a reply to me that she had no estimate of how many primary care trusts were going to ask NHS Direct to handle their calls for out-of-hours services, so quite how NHS Direct will be able to staff up to provide that service, I do not know. However, as a consequence of a shift to NHS Direct's handling the calls, do we shift from risk management by GPs to risk management by the NHS Direct clinical assessment software? That is not the same GP service that people thought that they had before.

Everywhere that I have gone around the country, people have told me that they expect that their GP out-of-hours service will be run with fewer GPs. In one place that I visited recently, I was told that roughly speaking, the point would come where a GP sat in a centre and never really went out on call because there would not be enough GPs available in the service to enable them to travel around the country; they would have to sit in one place. Will this be a GP-led service? That is the issue.

What do GPs themselves say? In January, the health journal *Pulse* surveyed 1,168—

Mr. Hutton: That is where the Opposition get this from.

Mr. Lansley: I am not aware of any evidence that the Government have asked GPs what their concerns are, or responded to them. We are at least doing that.

Mr. Hutton: They voted for this.

Mr. Lansley: Yes, they voted for it. We have no dispute with the GP contract in principle: it is a good framework. Quality and outcomes in replacement of item of service is a good framework, but we are talking today about the implications for and the management of the out-of-hours service, and it would be helpful if the Minister would focus on that, rather than trying to divert attention from the issue, which is all that the Government have done throughout the debate.

What did *Pulse* say? Of 1,168 GPs, 83 per cent. intended to opt out, and the actual figure will probably be higher. Although 51 per cent. said that they would work out-of-hours shifts, only 12 per cent. anticipated working significantly more than the amount necessary to recover the money that they would lose by opting out. That implies a substantial reduction in GP availability for out-of-hours services. What did the GPs—not the Conservative Opposition—think would be the consequence? Some 92 per cent. said that more patients would be seen in accident and emergency. Accident and emergency departments in many places are already seeing up to double-digit percentage increases in admittances. Some 90 per cent. of GPs expected their Monday morning work load to climb. Some 72 per cent. said that patients would get more inappropriate advice and poorer quality care, and 62 per cent. thought that patients would be less safe. That is being said not by me, but by GPs themselves.

Sandra Gidley (Romsey) (LD): The hon. Gentleman is raising an important subject, but is he not being a little simplistic? At the moment, many GPs choose to contract out of the system, and out-of-hours care is frequently provided by providers such as Primecare. That has already caused huge problems in various parts of the country. Is it not a little simplistic just to blame the changes on the GP contract, when many GPs are not taking those responsibilities on themselves at the moment?

Mr. Lansley: I plead guilty to the charge of simplicity, and it is kind of the hon. Lady to levy it at me. I am normally accused of talking too much about the detail—the Minister would accuse me of that. However, I do not share the hon. Lady's sentiment. GP co-ops and GP-led services are delivering a good service in many places across the country—I think in the balance of them. In my view, it would be better for us and for the Government if they made it clear that, although the individual obligation on GPs to provide out-of-hours cover to their own list was removed, there was none the less the expectation, in the context of the GP contract as a whole, that co-operative systems led by GPs would be developed. Letting GPs design the local out-of-hours services—

Dr. Stoate *rose*—

Mr. Lansley: I have given way to the hon. Gentleman twice, so I shall now try to conclude, because there are other hon. Members who are clearly itching to contribute to our discussions.

We have a contract, much of which is good, but the Government have not focused on the problems. We are moving away from precisely what the Government promised. The Minister promised 24-hour access to a GP service, but what we will have will not necessarily be a GP service, and will perhaps not even be GP led or GP managed in effect. The perverse results go on, including the cancellation of Saturday surgeries. I do not know what proportion of surgeries that involves, but one PCT told me that even before the start of the contract, 60 per cent. of Saturday morning services had gone. I suspect that the figure across the country is at least that.

[Mr. Lansley]

The Government have not commissioned GPs in community hospitals. My hon. Friends will know that many GPs look after beds in community hospitals and provide services to minor injuries units there. They are integral to the continuation of those local, accessible services. The Government publish documents telling us how important community hospitals are, which we know from personal experience. They provide step-up care for patients and step-down care from hospitals, and deal with the problems of delayed transfer of care from hospitals. However, the Government have not put in place a framework to enable PCTs to carry out that commissioning. I spoke to one chief executive of a PCT, who had better be nameless—for the sake of clarity, this was not the PCT in my constituency—who said that community hospitals were something that the Government had put in a box marked "too difficult".

That is the story of the working time directive and the GP out-of-hours service. The Government have failed to act on the working time directive, and if they do not act now, they might fail to deal with the implementation problems of the consultants' contract. Will the Minister ensure that things that could be done, such as commencing negotiations immediately on the staff grade and associate specialists, will be done?

The Government failed to prepare for the out-of-hours changes. The Audit Commission has demonstrated how many complex changes are occurring at once and how important good financial management is, but that also requires leadership from the Department and Ministers. The costs escalate. It seems that the GP out-of-hours service will cost nearly double what it has cost until now, but most PCTs will receive only 60 or 70 per cent. of the additional cost, and many cannot afford the rest. They are therefore having to make cost-driven changes to the GP out-of-hours service.

Complacency is written through the Government amendment like sugar writing through a stick of rock. No reference is made to the new deal, or to the fact that we are reducing junior doctors' hours. There is no reference to the impossibility of compliance by August 2004 or the need for urgent interim action, as recommended by the House of Lords. We need urgent action not only by the European Commission, but by the Government to decide what will happen in August 2004 if the Commission has not delivered a satisfactory solution to the SIMAP and Jaeger problems.

There is no reference in the Government amendment to the implications for smaller hospitals or for sub-specialties. It contains no reference to GPs' concerns about out-of-hours services, no reference to the loss of Saturday morning surgeries, no reference to the threat to community hospitals and no reference to the issues that the Government have found too difficult. They do not want to deal with the issues that are too difficult; they have handed them out to the service without the resources or support to make things happen. If the Government find this matter all too difficult, we have an answer: step aside and let us deal with it.

1.18 pm

The Minister of State, Department of Health (Mr. John Hutton): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"welcomes the overall aims of the European Working Time Directive (EWTD) to ensure humane working hours for doctors in training; further welcomes the Government's lobbying of the European Commission and other EU Member States which has resulted in the Commission's giving assurances that they will bring forward legislative proposals on the EWTD before the summer; notes the dramatic reduction in the hours of doctors in training which means that 95 per cent. of them now work for 56 hours or fewer; congratulates the Government on the increases in workforce numbers and medical school places, which mean there are now almost 7,000 more consultants and 55,000 more nurses than there were in 1997, and that 6,030 students entered medical school in England in autumn 2003; welcomes the work being done in the National Health Service in implementing new ways of working that contribute to modernising and improving services and meeting the obligations of the Directive; and joins the Chairman of the BMA's General Practitioners Committee in welcoming the new GP contract as being 'better for patients and better for everyone working in general practice' and notes that it will allow primary care trusts to offer patients a safe, high quality service, with care delivered by the most appropriate professional, through better use of more joined-up services."

The hon. Member for South Cambridgeshire (Mr. Lansley) has brought to the House's attention his hon. Friends' concerns about the new contract for GPs, the provision of out-of-hours services and the implementation of the European working time directive. He is perfectly entitled to do that, and I give him credit for the way in which he presented his case. However, he has not set out the one thing that we are entitled to expect from him: his alternative. For example, are the Conservatives in favour of the new contractual arrangements covering the provision of out-of-hours services, yes or no? Those have been supported by 80 per cent. of GPs. Would they have agreed to the changes themselves? Sadly, no one is any the wiser. Do they believe that junior doctors should be covered by the provisions of the European working time directive? Will they commit themselves to match the expansion in the number of doctors, nurses and allied health professionals that the NHS is seeking to recruit over the next four years? It seems not.

On all those questions, the hon. Member for South Cambridgeshire had nothing to contribute, except for his usual diet of doom and gloom, mixed with a new element and exciting addition to the menu—sanctimonious hot air. The House should have heard from him this afternoon answers to all the basic questions I mentioned, but predictably, all we had was his familiar recycled rhetoric—and pretty indigestible stuff it was, too.

First, let me deal with his concerns about the European working time directive, which is where he started his detailed remarks. The Government strongly support the need for employees to enjoy fair standards of employment protection, whether in the NHS or anywhere else. In respect of the NHS, an obvious importance should be attached to ensuring that front-line staff work reasonable hours and have proper rest periods. The working time directive is a crucial part of that framework. It establishes minimum entitlements for employees as well as providing for the right of individuals to choose to work longer hours if they want

to. I therefore believe that it helps to support the important objective of British competitiveness, as well as the employment rights of British workers.

Mr. Stephen Dorrell (Charnwood) (Con): Every Member in the House would agree that doctors working in the NHS must be employed on terms that ensure high-quality care to patients, and that their hours of work are part of that equation. That is uncontroversial. The question for the Minister is whether his task, as the representative of the doctors' employer, has been made easier or more difficult by the introduction of the European working time directive as interpreted through the two judgments. As an employer seeking to deliver agreed objectives, is his task easier or more difficult?

Mr. Hutton: It has been made immeasurably more difficult. I have acknowledged that on previous occasions, as the right hon. Gentleman, who reads all my press releases on the Department's website, would confirm. There is nothing new about that. I shall develop my concerns about the SIMAP/Jaeger judgments in a few moments, but it is obvious for anyone who observes these issues that the European Court's interpretations of the definition of working time—and, crucially, in the Jaeger case, of when compensatory rest should be taken—have made matters immeasurably worse. In fact, on the Jaeger case, the UK Government made representations to the European Court, arguing for precisely the opposite interpretation of the directive. Sadly, we lost that argument in the Court, but I do not believe that we have lost it in the wider court of opinion among the Council of Ministers and the Commission—a point to which I shall return.

It is clear not only from today's debate but from all previous debates on these matters that there is a disagreement between Government and Opposition about the terms of the directive and whether we should provide for these rights in law at all. The hon. Member for South Cambridgeshire has made it clear that he believes that we should not. For the sake of making progress on the substantive issues, I shall not develop arguments about that particular issue today, although it is worth pointing out that all the negotiations surrounding the wording of the directive took place under the leadership—if that is the right word—of the previous Conservative Administration.

On at least one point, however, there is likely to be general agreement across the House and outside it—that implementing the European working time directive in the light of recent decisions of the European Court of Justice presents a very considerable challenge to the NHS and particularly to specialties such as paediatrics and obstetrics. The NHS is taking action at a number of different levels to respond to that challenge. In the course of my remarks, I want to set out how we are attempting to achieve that in more detail, but it might be helpful if I first set out the general principles that we have been following.

First, our priority must be to implement the directive in a way that maintains both the quality and accessibility of NHS services. Our response will not be based on the assumption that we will have to restrict access to vital health care services, which would be contrary to the wider public interest, and disproportionate. That is why we have ruled out that approach.

We are committed instead to maintaining and improving local access to services and have published guidance aimed at ensuring that that principle is fully reflected in local NHS decision making. The focus of the guidance is on redesigning services—not relocating them—around the needs of local populations. The NHS, in implementing the directive, needs fully to develop the contributions of different hospitals and primary, intermediate and social care providers as part of a sensible and integrated approach.

Secondly, in implementing the directive, we must not substitute tired consultants for tired junior doctors because that would benefit neither doctors nor patients. Instead, we need to look carefully, as we have, at the contribution that the whole NHS work force can make in helping to reduce the hours that junior doctors currently work. The EWTD is not therefore just about the hours that doctors work, but goes much wider and deeper.

Thirdly, as we make progress in implementing the directive—and we are—we need to maintain and, where possible, improve the quality of junior doctor training, helping to ensure that the doctors of the future are as well equipped as possible to meet the challenges of a lifetime of professional practice. So in meeting the requirements of the directive—clearly the obligation of the NHS—we must be careful not to compromise on the standards of medical education and training. That, too, would not be in the long-term interests of doctors or patients.

In all those areas, work is already well advanced and I will spell out the progress that has been made. I reject the Opposition's suggestion that little or nothing has been done. They would say that, but the opposite is true. The Department has worked closely with the Academy of the Medical Royal Colleges, individual royal colleges, the BMA—whom I met again this morning to discuss the issue—the NHS Confederation and other organisations to put in place the necessary reforms to help the NHS to implement the directive sensibly. We will continue to do so, working closely with the professions to effect sensible and effective solutions to the very real challenges posed by the directive. Those measures have been backed up by additional investment to help accelerate the necessary changes.

It is true that we do not accept the interpretation that the European Court has recently placed on the meaning of the directive, either in relation to the definition of working time or when periods of compensatory rest should be taken. As I said earlier when the right hon. Member for Charnwood (Mr. Dorrell) asked me to confirm it—I do so freely again—the decisions of the Court in both cases have made implementing the directive considerably more onerous and difficult for the NHS. That is true not just of the NHS in Britain, but for every health care provider across the EU. The SIMAP decision will have a particularly serious impact on the NHS, as it directly affects the pattern of resident on-call rotas worked by junior doctors. It does so, as the hon.

[Mr. Hutton]

Member for South Cambridgeshire rightly said, by requiring periods of time spent asleep but on call to count as working time.

Mr. McLoughlin: The Minister acknowledges that the judgment has made it worse for all health services in the EU, so why cannot and has not the Council of Ministers changed it?

Mr. Hutton: We are working precisely to achieve that. If the hon. Gentleman can hold on to his hat for a moment, I will set out precisely the level of progress made at the European Commission and Council of Ministers level.

As I was saying, the judgment has a particularly serious impact on resident on-call time. Given the existing pattern of resident on-call working in the NHS, it will be difficult to comply with that interpretation unless we employ thousands of additional doctors and radically change working practices and on-call rota arrangements. On the Jaeger case, I agree completely with the BMA that, in relation to when compensatory rest should be taken, the ruling is unworkable and unnecessary. Again, we argued in the European Court for a different outcome.

As I have said, these cases have raised concerns right across the European Union. It is not just Britain and the NHS that will face difficulties in implementing the decisions. With the exception of Greece and Lithuania, all member states and all the accession countries have expressed their support for a review of those aspects of the directive. Together with the Health Ministers of Sweden, Denmark and the Netherlands, I raised our concerns over the impact of the rulings with the Commission last July.

In January, the Commission began a consultation on amending the directive to deal with, among other things, the impact of the SIMAP/Jaeger rulings. On 4 March, European Employment Ministers, at their meeting in Brussels, recognised the need for changes to the directive on both of those matters. The Irish presidency concluded that

"the key message from our discussions today is that an urgent European Union solution is needed to address the impact of the recent European Court of Justice rulings."

On 17 March, Commissioner Dimas wrote to my right hon. Friend the Secretary of State, referring expressly to the SIMAP/Jaeger judgments. He commented:

"I am aware of the practical difficulties experienced by the health sector in particular. As the commission indicated at the March Employment Council, I intend to bring forward legislative proposals on the working time directive before the summer."

We very much welcome that acceptance on the part of the Commission that the directive needs to be amended.

We have responded to the Commission giving details of the changes that we are seeking to the directive, and many other member states have done the same. Copies of these documents are available in the Library, and I assume that the hon. Member for West Derbyshire (Mr. McLoughlin) has familiarised himself with them. We will clearly need the support of other member states who have expressed their concerns over the two recent rulings. The proposals for change need to be taken forward as quickly as possible, because 1 August is looming. We will keep the House fully informed of developments in that area.

In the meantime, good progress has been made in reducing junior doctors' hours. Our strategy has been twofold. We have sought first to develop an employment contract for doctors in training that reflects the requirements of the Directive and, secondly, to increase the size of the workforce substantially. We have achieved both.

The new contract for doctors in training was successfully negotiated with the medical profession and put into effect in December 2000. The arrangements limit the maximum weekly working hours of doctors in training to 56, which is less than the 58 hours specified in the directive—

Mr. Lansley: The new deal.

Mr. Hutton: Yes, the new deal. The arrangements also specify necessary daily and weekly rest requirements. To support the introduction of the contract, we invested in excess of £150 million over the first three years to implement the contract.

Mr. Bellingham: What would the Minister's attitude be if junior doctors wished to opt out of the working time directive, perhaps because of shortages or particular problems in a hospital?

Mr. Hutton: Under the terms of the directive, junior doctors are able to express such a preference. It is not the job of Ministers to say to individual doctors who wish to exercise that right whether they should or should not do so. That would be contrary to the spirit, letter and intent of the directive, because it is an individual choice for members of staff in the NHS and elsewhere. I fully support the retention of an opt-out in the directive, for the reasons that I gave earlier. It preserves flexibility, which all employment protection measures need if they are to work sensibly and not place unnecessary or unforeseen burdens on business or public services. It also allows us to keep our competitive edge, which is crucial in the context of the European Union. The Government's position on the opt-out has been made clear and I hope that I have dealt with the hon. Gentleman's concern.

As a result of the new contract for junior doctors, there has been a substantial fall in the number of hours that junior doctors are working. It is also pertinent to remember that the hours that junior doctors work are self-certified, so it is not my figures—which is just as well—that show that but those of junior doctors themselves.

Rev. Martin Smyth (Belfast, South) (UUP): People who work longer hours have been required to be more open and honest, but is it possible that some junior doctors have not returned full details of the hours that they have worked out of a concern to keep the medical profession going and provide proper care for patients?

Mr. Hutton: That is always a possibility and I would not rule that out in every individual case, but it is worth bearing it in mind that the statistics that we collect on

the hours that junior doctors work are certified by them and they are paid a premium for working more than the minimum hours specified in the new deal. I strongly suspect that the figures are as accurate as we could hope them to be.

In March 2001, immediately after implementation of the contract began, only 55 per cent. of doctors in training were compliant with the new deal requirements. However, latest figures show that 83.6 per cent. of all junior doctor posts are now fully compliant with the new contract, with 95 per cent. of all doctors in training compliant with the weekly limit on working hours. Substantial progress has been made on the part of the directive concerning maximum working hours. Regrettably, I did not hear any acknowledgement of that in the remarks of the hon. Member for South Cambridgeshire.

We have also rapidly expanded the number of doctors working in the NHS. There are more than 7,000 more doctors in training working in the NHS today than was the case in 1997, when the right hon. Member for Charnwood (Mr. Dorrell) was in charge. The number of associate and staff grade doctors has also increased by more than 3,300.

The expansion in the NHS work force is not confined to junior doctors. The number of consultant posts has increased by more than 7,000 since 1997, which represents an increase of 34 per cent., and we are making progress on increasing the number of doctors by a further 15,000 by 2008, over the 2001 baseline figure. That means that not only are we moving rapidly towards a consultant-delivered service, but we have substantially more specialist registrars to provide high-quality services and reduce further the work load of existing doctors in training. We have also met the target for an additional 1,000 specialist registrar posts 18 months ahead of schedule, and expect more to be established over the coming months.

To maintain those increases we are also training a record number of medical students. Medical school intake in England has increased by 2,281 since 1997, representing a 60 per cent. increase. More than 6,000 students entered medical school in England in autumn 2003—the highest number ever recorded. The Government achieved their target of increasing the number of medical students by more than 2,000 places two years earlier than anticipated.

We have similarly increased the number of non-medical staff working in the NHS. Between September 1997 and 2003, the number of qualified allied health professionals rose by nearly 11,000, exceeding NHS plan targets. By the end of September 2003, more than 16,300 former nurses, midwives and health visitors had returned to work in the NHS since February 1999. In total, there are an additional 67,500 more nurses working in the NHS today than in 1997. All those increases will help the NHS in meeting its obligations under the working time directive.

I am sorry to have to say that, in relation to consultants and nurses, my amendment understates the actual numbers of additional staff that have been recruited. *[Interruption.]* I shall not withdraw the amendment, but at least on this occasion no one can accuse us of spin.

Rob Marris (Wolverhampton, South-West) (Lab): My right hon. Friend has put his finger on the crux of the problem. The negotiations on the working time directive were concluded in early 1993 by the then Conservative Government, who messed things up. They did not foresee the problems that would be caused by the legal judgments or that would result for the training of medical staff. This Government are now sorting out those problems, given the length of time that it takes to train doctors and consultants.

Mr. Hutton: I am grateful to my hon. Friend for those remarks. I am glad that he feels that I have got to the crux of the matter, although I believe that I am about to come to that—

Mr. McLoughlin: About time.

Mr. Hutton: The hon. Member for South Cambridgeshire took 40 minutes to reach no particular point, so if hon. Members will be patient, I may be able to score at least one home run. That is all that I hope to do.

Recruiting more doctors, although essential, will not, by itself, be enough. The rapid and extensive growth in doctor numbers represents a massive achievement for the NHS, which comes back to the point made by the hon. Member for Rochford—

Mr. Francois: Rayleigh.

Mr. Hutton: I apologise. That is where my sister lives. I do not think that she voted for the hon. Gentleman, although I had better check that. I doubt whether we could recruit the many thousands of additional doctors needed to meet the effect of the SIMAP and Jaeger rulings if our only response to the directive was to replicate existing patterns of working by junior doctors. That relates to the discussion about costings that we had in the European Standing Committee.

The costings that we provided for the European Standing Committee were based on the assumption that the response was based solely on recruiting additional junior doctors and staff-grade doctors—those who are not consultants, but are not in recognised training posts. Although one cannot be 100 per cent. accurate, the cost of employing doctors is generally higher than the costs of recruiting additional nursing staff, and that was the point made by the Under-Secretary of State for Trade and Industry, my hon. Friend the Member for Bradford, South (Mr. Sutcliffe), when he summarised the debate in the European Standing Committee.

I am sorry if the hon. Member for Rayleigh (Mr. Francois) felt that we had not provided him with the costings, but my hon. Friend was making the point that, if we need fewer doctors but more nurses, the overall cost of compliance is likely to be less than those figures, not more. By the look on the hon. Gentleman's face, I am still struggling to get that point across to him.

Mr. Lansley: If the Minister is making that argument, why does paragraph 3.1 of the UK response to the Commission on SIMAP and Jaeger say:

"The cost of recruiting several thousands of extra . . . doctors . . . would run to hundreds of millions of pounds per annum"?

[Mr. Lansley]

It continues:

"The alternatives to employing additional doctors, as set out above, are likely to cost approximately the same as recruiting more doctors."

That is completely contrary to the point that the Minister is making.

Mr. Hutton: No, with great respect to the hon. Gentleman, I do not believe that to be the case. The point that I am trying to make today—

Mr. Lansley: That is what it says.

Mr. Hutton: No, it does not say that.

Mr. Lansley: It does.

Mr. Hutton: If the hon. Gentleman wants to reconfirm the point, I will certainly give the Floor to him again.

Mr. Lansley: I was quoting one of the papers supplied to European Standing Committee C—the UK response of 27 February 2004 to the Commission questionnaire. The question from the Commission was:

"Please specify, as precisely as possible, the additional costs directly attributable to the SiMAP and Jaeger case law."

The Government said:

"The cost of recruiting the several thousand extra middle grade doctors required for the UK would run to hundreds of millions of pounds per annum. This includes on-costs, overheads and training costs. The alternatives to employing additional doctors, as set out above, are likely to cost approximately the same as recruiting more doctors."

That is not the point that the Minister is making.

Mr. Hutton: It is. The costs are approximately the same; we are not saying that they would be in addition to the all-doctors option. *[Interruption.]* The hon. Gentleman obviously cannot digest the point that I am making—by the sound of it, nor can other Conservative Members.

The options are the all-doctors solution, which we cost, and other options that involve the substitution of additional health care staff. Of course there will be costs, but, clearly, as we are not pursuing the all-doctors solution, they will not be those of the all-doctors solution. I do not want to labour my point any further, but, in general, the costs of employing nurses tend to be less than those of employing doctors—so, for obvious reasons, I do not want to go on any further about that issue.

Mr. Francois: Will the Minister give way?

Mr. Hutton: No, I will not; I have dealt with that point. *[Interruption.]* I am sure that the hon. Gentleman will make a speech and we all look forward with bated breath to his comments.

Mr. Francois: Will the Minister give way, because he owes me a letter that I was promised?

Mr. Hutton: No, I am not giving way to the hon. Gentleman.

It does not make sense to pursue the option of recruiting additional doctors as the only response—

Mr. Francois: On a point of order, Mr. Deputy Speaker. This is a serious point. When we debated this matter in the European Standing Committee, the Minister had to leave the sitting before the end. There were reasons for that and we did not quibble, but the Under-Secretary of State for Trade and Industry, the hon. Member for Bradford, South (Mr. Sutcliffe), who remained to the end, made an offer, as reported at column 34 of *Hansard*, that the Minister would write to me specifically on that matter to lay out the Government's case. I have that copy of *Hansard* here. I have not received that letter. That is the point on which I am seeking to persuade the Minister to give way.

Mr. Deputy Speaker (Sir Michael Lord): I understand the point that the hon. Gentleman is making, but ministerial answers to hon. Members' questions are not matters for the Chair.

Mr. Hutton: I would certainly want to apologise if there has been any discourtesy to the hon. Gentleman in not receiving a reply from me. I will arrange for him to receive a proper response. I apologise to him if he has not yet had one.

We need to expand the NHS work force, but our response to the directive must be focused on a wider array of fronts if we are to succeed in meeting the challenge that it presents. The crux of my difference with the hon. Member for South Cambridgeshire—I think that my hon. Friend the Member for Wolverhampton, South-West (Rob Marris) will agree—is that we need to re-examine the traditional ways of working, which have often placed too much of a burden on doctors in training, leading to long hours and sometimes unacceptable working patterns.

New models of care and new ways of working are already being developed in many hospitals that utilise the potential of all staff, such as greater use of multidisciplinary team working. That will involve more staff working differently—staff working more flexibly to enhance patient care and improve NHS productivity. Those are precisely the sort of changes that the NHS should be making irrespective of the requirements of the working time directive, because they will allow hospitals to lessen the individual burden on some staff, while making the delivery of services more efficient.

That work is being taken forward by 32 NHS trusts, which have been developing new roles in delivering NHS services since 2002, to meet the requirements of the directive. In fact, one of the trusts is in the constituency of the hon. Member for South Cambridgeshire, at Papworth hospital, which has been making significant progress. I am sure that that trust has kept him briefed. Some trusts, including that at Papworth, have tested new roles for non-medical staff, such as extending traditional roles for nurses and therapists and creating some entirely new roles. Some NHS trusts are developing new working patterns for doctors in training and others have changed the way that consultants work. Some have combined those approaches with changing

the way that a service is delivered, taking the opportunity to streamline the service and improve the standard of care.

For smaller district general hospitals—about which many right hon. and hon. Members will be concerned—the work of those 32 NHS trusts has shown that compliance with the directive can be achieved by a combination of such changes to working patterns, including full shift working for senior house officers and expanding roles for additional staff.

Four NHS trusts—Homerton, which is now a foundation trust, Liverpool, Wirral and Morecambe Bay—are leading the work on the hospital-at-night project, which is considering different ways to provide acute care during unsocial hours. I think that the hon. Gentleman said that the British Medical Association devised the hospital-at-night project.

Mr. Lansley: I said that the medical profession initiated it.

Mr. Hutton: I am grateful to the hon. Gentleman for that clarification, but that is not strictly the case, as I am sure, with hindsight, he will be aware. The hospital-at-night concept was jointly devised by the postgraduate deans, the Department of Health and the BMA. It has been co-ordinated by the Department of Health, and we are very happy to have the BMA's support.

The hospital-at-night model proposes one or more multidisciplinary teams working in the hospital over night that, between them, have the full range of skills and competencies to meet patients' immediate needs. That is why the agreement on cross-cover that we have reached, to which I referred earlier, with the Academy of Medical Royal Colleges is so important. It will help to establish the right focus on patient safety and good clinical governance needed to underpin any such change.

The work of the 32 NHS trusts involved in helping us to implement the working time directive shows—in a sense, this is the hub of the difficulty—that there is certainly no one-size-fits-all solution. The hon. Member for South Cambridgeshire assumed, for most of his remarks, that there was a solution and that the only reason why the NHS was having difficulties was that the Government had not told them the solution to the working time directive problem.

The changes that are taking place in those 32 NHS trusts are replicable, but because every trust will have different circumstances, a different population to serve and a different work force to deploy, it will have to reach a view itself, based on its own experiences, about the kind of measure that it needs to adopt. Those 32 trusts have shown what can be done, and it is now clearly the job of the trusts that are not yet fully compliant to take the appropriate action to secure the maximum possible compliance. That is why I was particularly pleased that the House of Lords European Union Committee chose to highlight the positive progress—those were its words—of all the pilot sites in its recent report into the Commission's review of the working time directive, published on 8 April, two weeks ago. I have to tell the hon. Member for South Cambridgeshire that the comments of the European Union Committee stand in stark contrast to the assessment that he provided to the House about what is going on in the NHS today.

The different solutions that are being developed in those pilot sites—both on what works and, clearly, what does not work—are being systematically shared with the rest of the NHS. We are providing targeted support to strategic health authorities to help them to identify the solutions that will help the trusts in their own areas and to get those solutions into every organisation that needs them.

We have been reviewing the way that we train junior doctors to find out whether we can make the arrangements more efficient and effective. In parallel with implementing the working time directive for doctors in training, we are gearing up for a major reform of training itself. The modernising medical careers initiative will introduce better managed and better structured training programmes for junior doctors.

It is clear that we in this country take much longer to train our doctors than is taken elsewhere, not because they get more training here, but because their training is not always well supported and, frankly, not always very well organised. That is why the modernising medical careers strategy is being introduced It will see us take a specialty-by-specialty approach to streamlining training, but it is clearly not a quick fix that will have an impact by 1 August. However, it is part of the Government's objective to build a better training environment for junior doctors. The initial phase will come on stream next year and we will develop the initiative with the academy, the BMA, the Royal College of Nursing, the NHS and others over the next few years alongside implementation of the working time directive to ensure that better training and decent hours are embedded side by side as we progress to the later stages of the directive's implementation.

The role of the Department, which was the focus of the remarks of the hon. Member for South Cambridgeshire, is simply to support the NHS in meeting the legal requirements of the directive. That is precisely what we have been doing and we are doing this in the widest possible collaboration with the professional and regulatory bodies, NHS employers and those responsible for professional education and training. Measures that will help the NHS meet the requirements of the directive are being put in place and they are being implemented as we speak. I express my thanks and appreciation for the hard work of NHS staff up and down the country who are committed to this endeavour.

Meeting the new requirements that recent case law in the European Court of Justice has imposed on us will be a considerable challenge for the NHS. I cannot assert that every shift worked by every NHS employee after 1 August will be fully compliant in all respects with every aspect of the directive. The decision in Jaeger alone makes that virtually impossible to achieve. That is why we are working actively to seek amendments to the directive and secure them at the earliest possible opportunity and why we are fully committed to retaining the use of the opt-out under the directive.

The new contract for GPs was the second focus of the hon. Gentleman's remarks. As I understand it, the essence of his argument and the motion is that the extent of GP out-of-hours services will decline as a result of the

[Mr. Hutton]

new contract. That claim is entirely without foundation. It ignores both the statutory duties of primary care trusts to ensure the provision of out-of-hours services and the reality on the ground. In making his argument, he completely disregarded the new national quality standards that all out-of-hours service providers will be required to meet. They were introduced by this Government and are designed to deliver precisely the service that he now says that he wants to see in place.

Laura Moffatt (Crawley) (Lab): I am pleased that the House has got back to debating the quality of care for patients, which is the focus of the Government's amendment. I was concerned that all we seemed to be worried about was the way in which the contract is to be implemented. Will my right hon. Friend comment on the views expressed by a local GP? Dr. Amit Bhargava took the trouble to write to our local newspaper to explain to people in Crawley how important the GP contracts are and what changes they will involve. It is important that we move forward and provide a range of services for people and Dr. Bhargava congratulated the Government on taking the steps to do that. We need to return to that issue.

Mr. Hutton: I am grateful to my hon. Friend for that contribution because it introduces a different perspective from that provided by the hon. Member for South Cambridgeshire. I shall return to his assessment shortly.

The other problem with the hon. Gentleman's remarks is that they reflected a profound misunderstanding of the new contract. They gave rise to the obvious questions about what changes he would introduce to the new contract if he is as concerned about the situation as he claims to be. As in all the main arguments that he deployed, we heard absolutely nothing of substance from him.

As the hon. Gentleman well knows, the new contracts are designed, in part at least, to deal with the long-standing concerns of GPs about the onerous nature of their statutory obligation to organise the delivery of out-of-hours services themselves. Under legislation agreed by the House last year, that obligation has been transferred to primary care trusts. It has not been dispensed with or evaporated; it is still there and is now the responsibility of PCTs where it properly belongs.

As I do on many occasions, I agree strongly with Dr. John Chisholm, the chairman of the BMA's general practitioners committee, who, on the new contract and the existing responsibility of GPs, said:

"The current 24-hour responsibility has deterred many young doctors from pursuing a career in general practice and has contributed to the current shortage of GPs"

Mr. McLoughlin: The Whitworth hospital in Darley Dale in my constituency provides a first-class service. It is a community hospital staffed by GPs and has a minor casualty unit that serves more than 8,000 patients each year. Does the Minister believe that the new GP contract reflects the work that the local GPs do and is there any danger that the services that I have described could be under threat?

Mr. Hutton: I do not want to see any threat to such services. The new GP contract has absolutely nothing whatever to do with the work of GPs in community hospitals. That is secondary care, which has never been covered under the terms of their employment in primary medical services. The activity in secondary care that the hon. Gentleman describes has nothing to do with the primary medical services contracts of GPs, but I shall deal with that point in a minute because it is another one about which the hon. Member for South Cambridgeshire was not particularly well informed.

The changes do not mean the end of out-of-hours cover. We know already that GPs will continue to be involved in delivering these services. We have made extra investment available to provide for that — something that the hon. Gentleman and the motion now seem to be concerned about. As he knows, GP practices are required to give proper notice of their wish to opt out so that appropriate alternative contractual arrangements can be made.

The hon. Gentleman said that he drew some of his information from *Pulse*. I do not whether he has seen it, but I have a story that appears under the headline "Smooth start for first out-of-hours services after GP opt-outs". Perhaps he has simply not had the chance to see it or perhaps he decided not to use the story for reasons that others will speculate upon.

Dr. Stoate: My right hon. Friend is being too modest about the achievements of the new GP contract. John Chisholm, in particular, is so enthusiastic about it because, for the first time, it allows GPs to broaden the range of services that they offer, to ensure that patients can be seen within 24 hours of request when that is considered necessary and to offer a new range of services that are currently carried out in the secondary sector. It has been shown many times that patients would far rather be treated by their own GP locally. Clearly, if GPs are to provide so much extra during the daytime to enhance patients' services, they will have to be able to rely on other professionals such as pharmacists, paramedics, nurses and other health personnel to take some of the burden off them for the services that might best be provided by other people anyway. The whole point is the enhancement of services and the integration of different skills within the health service to ensure that patients get a better deal throughout the entire patient experience and not just when they attend a GP's surgery.

Mr. Hutton: I am grateful to my hon. Friend, because I can now dispense with what is left of my speech. I am sure that that is probably what everyone wants me to do. He is right. With respect to the hon. Member for South Cambridgeshire, he did not address those aspects of the reforms in any substance. In hindsight, I am sure that he would want to reflect upon that.

We should also put the issue into its proper context, because the hon. Gentleman failed to do that. At present, fewer than 5 per cent. of GPs provide their own out-of-hours cover. Most practices have already delegated that function, prior to the new contract, to GP co-ops or have contracts with private providers, but that

has not stopped GPs deciding to work additional out-of-hours shifts. I believe that that will continue to be the case.

I am sorry that the hon. Member for Isle of Wight (Mr. Turner) is not here, because I was struck by the comments of one GP on the Isle of Wight recently. His practice recently decided to opt out of its statutory out-of-hours responsibilities, but he, along with his colleagues, is working additional out-of-hours shifts. That is being made possible because of the extra investment that we are making in those services.

Sandra Gidley: I had quite a lot of sympathy for the Minister's arguments until he said, "because of the extra investment that we are making in these services". I have spoken to the three primary care trusts covering my constituency and they all say that they are having to find extra money to introduce the type of service that they think the public expect and deserve. The amount that will be clawed back from GPs themselves will cover only about half the cost of the services that have been designed, and those services have been cut from the original gold-plated services. Will he assure me that, if my local primary care trusts need extra resources, something will be available?

Mr. Hutton: It is always good, in these debates, to hear from a Liberal Democrat because clearly, for Liberal Democrats, there is no such thing as an NHS budget. On out-of-hours services, the hon. Lady is right: to opt out, a practice has to pay a proportion of its income back to the primary care trust, but that is only half of the investment available to trusts to fund out-of-hours services. We have doubled, in overall terms, the investment going into those services, and we have ring-fenced that money. It is one of the very few parts of the NHS budget that is ring-fenced, and that is precisely to avoid the difficulty, which the hon. Lady and others will, I am sure, speak about in a minute, of PCTs not having additional investment. It is up to trusts to make effective use of the resources that we have given them.

I agree with my hon. Friend the Member for Dartford (Dr. Stoate) that we should make wider use of specialist nurses, and we should integrate out-of-hours services with walk-in centres and accident and emergency ambulance services. That is not a step backwards, as the hon. Member for South Cambridgeshire implied, but exactly the opposite. Out-of-hours services will continue to make full use of the services of GPs. The contractual vehicle will be different, but that is what GPs and the BMA have asked us to provide. We are working with them and with the National Association of GP Co-operatives to ensure that the new arrangements work well and in the interests of patients.

I am not at all clear what the hon. Gentleman's position is. His motive, however, is crystal clear: to undermine public confidence in the arrangements that are being made by PCTs to provide out-of-hours cover. To give him some credit—I want to be even-handed—he has not wasted any time in setting about that task. The contract only came into operation three weeks ago, and only 10 per cent. of trusts have so far taken on responsibilities for out-of-hours services from their GP practices. He certainly got his shroud-waving in at the earliest opportunity.

On community hospitals, the hon. Gentleman completely missed the point. The new contract for GPs has no bearing on the arrangements whereby GPs may provide medical cover for patients occupying beds in community hospitals; neither were those arrangements covered by the previous contract. Changes to the out-of-hours obligations in the new contract are therefore nothing to do with any instances where there may be a local dispute about payment for such cover.

Dr. Andrew Murrison (Westbury) (Con): Will the Minister reflect on Warminster, where wards in the cottage hospital have closed because GPs have withdrawn their services, having taken the view that, although they are very happy to provide cover in the hospital as a bolt-on extra to their out-of-hours contractual obligations, they will certainly not do so in the absence of those obligations? That is happening right across the country. I am surprised that he does not know that.

Mr. Hutton: No, it is not happening right across the country. There certainly was a problem in Warminster, and there have been problems in one or two other community hospitals—I acknowledge that. However, they are not to do with the out-of-hours arrangements under the new contract. The hon. Gentleman is wrong about that. The Minister of State, my hon. Friend the Member for Doncaster, Central (Ms Winterton), will address that point in her winding-up speech, and I am sure that the hon. Gentleman will want further to reflect on his arguments.

Agreements that GPs may have with a community hospital are separate from their primary medical services contract and it has always been up to PCTs to decide locally how to commission that work as part of their broader commissioning strategy. The doctors and dentists review body itself expressed the view that the matter should form part of the wider review of staff and associate specialist grades that the Department is committed to undertaking. That is very much in line with how we would like to proceed. From 1 October, that will be a matter for the new NHS employers organisation.

The Opposition's case is misplaced, misinformed, opportunistic and completely devoid of any practical alternatives to the path that we are pursuing, on both the working time directive and the provisions of out-of-hours services. It is not clear to me or, I suspect, anyone who heard the hon. Member for South Cambridgeshire whether the Opposition are in favour of the new contracts for GPs, whether they support the provisions in the contracts for out-of-hours services, or whether junior doctors should be covered by the directive. In that sense the hon. Gentleman was at least consistent in ensuring that his arguments lacked any substance, any sense of proportion or any recognition of what is happening on the ground. That is another reason why my right hon. and hon. Friends should reject the motion standing in the name of the Leader of the Opposition.

2.4 pm

Mr. Paul Burstow (Sutton and Cheam) (LD): I start by referring to a speech that the Minister of State gave in January at a gathering organised by the Royal College of Surgeons. He said—*[Interruption.]* That is

[Mr. Paul Burstow]

not this particular quote; I am afraid that the Minister of State will have to listen because this is a new quote from that interesting speech. On the working time directive, he said:

"We have all analysed the size and scale of the difficulties ahead of us. They are real and obvious. But we need to do more than this. And we need to start taking the necessary steps now to secure implementation."

The deadline for introducing the maximum average working time of 58 hours per week is 1 August. In January, only months before the directive has its full effect, the Minister was talking to a gathering of medical professionals about starting to take the necessary steps to secure implementation, which beggars belief.

Mr. Hutton: The hon. Gentleman would have made a fair debating point if we had taken no action prior to my making that speech to the Royal College of Surgeons. I hope that he is prepared to be fair and acknowledge that.

Mr. Burstow: That was a very early intervention, and I hope to explore in a little more detail some of the steps, and their adequacy, that the Government have taken since the working time directive first appeared on the horizon in 1998 and they made a commitment to implement it over the following few years. I take no lessons from the Minister at this stage, but I am sure that if he does not agree with other things that I have to say he will take the opportunity to catch your eye, Mr. Speaker, and intervene.

The January speech is proof, if proof were needed, of the dither and delay that was exposed, and dealt with in detail, in the examination by the House of Lords European Union Committee. I shall outline my reasons for that conclusion. It is not as if the directive has come out of the blue. The Minister and his colleagues have had five years to grapple with its implications for the NHS. Ministers have known about the SIMAP judgment since October 2000. The NHS is now having to deal with the interactions of a whole series of decisions taken by this Government over the past five years. Both the GP and consultant contracts start to kick in just when the directive begins to bite. In combination, those three major changes have a huge effect on the medical work force and their capacity to sustain current levels of activity and, indeed, to deliver ever higher standards.

In their submission to the European Commission the Government stated that the UK requires between 6,250 and 12,550 more doctors to comply with the directive—a lot of extra doctors. The Minister outlined, both in his speech and in the amendment to the motion, the Government's progress on recruiting and training more doctors. The BMA says that compliance with the directive will result in the loss of the full-time equivalent of 3,700 junior doctors. I know that that figure is contested, but the Minister did not, in his speech, demonstrate why it is not an accurate assessment.

All that has to be seen against a backdrop of the poor, even non-existent, work force planning of the 1980s and 1990s and the legacy cost of neglect and under-investment by an earlier Administration. The failure of the last Conservative Government to expand medical training places and the current Government's decision to stick to Conservative spending plans for their first two years in office have undoubtedly exacerbated capacity constraints and the Government's ability to be in the right position to ensure full compliance with the directive by August. Even now, the Royal College of Physicians says that there are insufficient junior doctors in training. Some might say, "Of course it would say that," but it is nevertheless worrying that it flags that as a serious concern.

I agree with the Minister that the answer to the working time directive is not simply more doctors; it is about doing things differently. The hospital at night project, which has been discussed across the Dispatch Box, is one measure that needs to be taken. Whether it was suggested by the BMA or the royal colleges, or whether it was a Government initiative, does not much matter; it is what comes out of it that matters and whether it delivers the additional capacity to allow us to deal with the consequences of the directive

The 32 pilot schemes that are being trialled through the country provide opportunities to innovate and experiment in different ways of working, to manage demand and so on. However, although local initiatives such as the ones that are being implemented to change the skill mix, expanding the roles of nurses, midwives, therapists, pharmacists and others, point a way forward, and although there has undoubtedly been an improvement in the work force size over the last few years, the most recent work force survey suggests that we still have shortages of midwives and some of the key therapist roles that are key to making a reality of the individual initiatives being implemented throughout the country. Such initiatives have a part to play, but it is far from clear whether they can be implemented across the NHS before the 1 August deadline. The Royal College of Physicians said that its survey showed substantial scepticism about whether the introduction of nurse practitioners would enable hospitals to cope with fewer doctors. Indeed, the House of Lords European Union Committee argued in its recent report on the directive that although the Government are testing new ways of working in their pilot schemes, invitations for proposals, as we have heard, were not issued until April 2002, four years after the directive was first implemented. The results are unlikely to be ready by August, and the Committee concluded that it would take up to two years for successful schemes to be fully implemented across the NHS. Effectively, there will be a further two years of non-compliance with the directive, so it would be useful if the Minister of State, the hon. Member for Doncaster, Central (Ms Winterton) confirmed whether the Government agree with the Committee's conclusion and whether it will be two more years before the learning from the pilots is applied across the NHS.

The Committee went on to report that no more than 50 hospitals will be in a position to implement the methods trialled in the pilots. Do the Government accept that conclusion and, if not, why not? How do their conclusions differ from the Committee's? The Government acknowledged in their submission to the European Commission that the alternatives, as we have heard in today's debate, may not cost more than employing extra doctors but will certainly cost as much, so it is not a cheaper option for the NHS to get round

the problem with upskilling, changes and skill mixes. In its brief for today's debate, the NHS Confederation states that it will not be possible for many NHS organisations to meet the compliance requirements by August 2004. The Government clearly agree, given what the Minister of State, the right hon. Member for Barrow and Furness (Mr. Hutton) told the House today. Indeed, the confederation goes on to warn that some trusts will not be able to provide safe medical care in some specialties if they introduce compliant rotas. Trusts face an invidious choice between damaging patient care and failing to comply with the directive. The confederation urges the Government not to adopt a punitive approach when dealing with non-compliance. It would be useful if the hon. Member for Doncaster, Central explained in her reply to the debate how the Government intend to deal with trusts that are not in compliance with the directive, not least because the right hon. Member for Barrow and Furness said that many trusts will not be compliant. Presumably, those trusts will be dealt with case by case.

According to the Royal College of Physicians, six out of 10 hospitals still do not have the 10 middle-grade staff necessary for a compliant rota. More worrying still, almost four out of 10 hospitals say that they have fewer than eight middle-grade staff, so they are well short of what is needed to deliver compliant rotas. In the speech that the right hon. Member for Barrow and Furness made in January he said that

"there should now be a process in place in every NHS Trust and PCT that allows these issues to be fully explored and discussed."

Why, in January, did the right hon. Gentleman think it necessary to say that such a process should be in place? Surely it should have been in place for a long time.

The Government have issued inadequate and vague guidance to hospitals on the implementation of the directive. To start to develop a road map just months before the deadline for implementation is breathtakingly incompetent. Ministers say that the directive could have been complied with were it not for the European Court rulings in the SIMAP and Jaeger judgments. The SIMAP judgment, however, was made in October 2000, and dealt with the issue of what is meant by working time. That was further complicated last summer, as the right hon. Member for Barrow and Furness said, by the Jaeger judgment, which gave an unworkable definition of when compensatory rest should be taken. The European Commission made a welcome announcement on 4 March that it would propose legislation to deal with the problem, but the Minister of State did not explain the timetable for the legislation. It will be proposed by the summer, but the European election will inevitably cause a hiatus. It is speculated that it could be two more years before we have a legislative solution that gets us off the hook. It would therefore be helpful if the Minister spelt out the timetable.

The motion also deals with community hospitals and the link between their capacity and the GP contract. The right hon. Member for Barrow and Furness was right that there is not a direct causal link between the GP contract and the issues affecting community hospitals, but there is undoubtedly some interaction that is causing GPs who work in community hospitals to abandon that work. There are 400 community hospitals in the United Kingdom that provide 10,000 beds and rely on about 4,000 GPs to provide key services. Those hospitals are crucial to the system. They provide a safety valve for district general hospitals, and are increasingly becoming centres for rehabilitation and intermediate care. There is a genuine possibility that the new GP contract will have the unintended effect of causing GPs to withdraw from work in community hospitals, as has already happened in Bolsover, Clay Cross and, as we have heard, Warminster. Wherever that happens, salaried medical staff are used as an alternative, but when they take on GP roles in community hospitals they are subject to the working time directive, so costs increase. That has not been factored into the Government's costings, and is connected to the point made by my hon. Friend the Member for Romsey (Sandra Gidley) about the inadequacy of resources to implement changes in the contract.

Will the Minister explain why her Welsh and Scottish counterparts have embarked on negotiations on community hospitals? They are more concerned about the issue than the Government in England, and have started negotiations to ensure continuity of care and to enable GPs to continue to fulfil that role. There is no similar process, however, in England to avoid the fallout after 1 January next year. Will the Minister therefore explain what negotiations are planned in England to deal with the problem of GPs deciding to give up working in community hospitals, and when those negotiations will start? If the problem is not resolved it will compound the pressures on district hospitals.

The new consultant contract, which aligns pay with sessions worked, is a welcome innovation in the NHS. However, the Government appear to have underestimated the amount of work that consultants have undertaken in their costings, plans and implementation of change. If those hours are not funded, they will not be worked. If they are not worked, the extra consultants trumpeted in the amendment will not provide extra services, and the Government will merely be treading water as a consequence.

Mr. Hutton: I apologise for intervening on the hon. Gentleman, but there are some things that I must correct. The British Medical Association agreed the funding envelope for the consultant contract.

Mr. Burstow: That was not part of my argument, but I am grateful for that additional information. I do not think that I uttered "BMA" at all in the context of the consultant contract. There appears to have been an underestimate of the work done by consultants. The BMA may have agreed to something, but that does not necessarily invalidate my assertion and the evidence in the *Health Service Journal* and other journals that this growing problem is causing severe budgetary problems, especially at year-end. Strategic health authorities put it at the top of their list of financial pressures. The right hon. Member for Barrow and Furness may say that the contract is fully funded, but time will tell. I hope that the hon. Member for Doncaster, Central will explain that the Government are satisfied that there is no mismatch between consultants' historic work load and the work load that they will undertake under the new contract, as that may well have a serious impact in future.

In conclusion, there is very little time in which to implement the working time directive. The scale of the task, as has been outlined, is huge. Ministers have had

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ample time to plan and prepare for the implementation of the directive, but have failed to realise the impact of a range of measures that they are implementing this year on the working time directive. As a result, Ministers will have to rely on the hard work, professionalism and good will of front-line staff to get them out of a hole that they dug and that they will now expect the staff to bail them out of.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Before I call the next hon. Member to speak, I remind the House that Mr. Speaker has placed a 12-minute limit on Back-Bench speeches, which applies from now.

2.20 pm

Mr. Kerry Pollard (St. Albans) (Lab): I welcome the debate and feel reassured that doctors' hours in the NHS are being reduced. When I or any member of my family or any constituent of mine needs to be treated through a scheduled operation or as an emergency, the last thing I want is for them to be treated by a tired doctor. Even though doctors are dedicated to the task in hand, when they get tired they might not be as sharp as they could be. We must remember that it takes seven years to train a doctor, and probably as long to open a medical training school. I am pleased that a medical training school has been opened in my region, the east of England, at Norwich, and will no doubt be turning out doctors very quickly.

We have excellent GPs in St. Albans. My own practice, Midway surgery, sees patients within 48 hours. It carries out minor operations and runs many clinics. Another, the Kedia practice, has just had a brand-new surgery built that will provide state of the art services to the people of London Colney, a village in my constituency. I have written to my right hon. Friend the Minister to see whether he can come to open the new surgery shortly. In addition, we operate a collective stand-by service in St. Albans, StaDoc, which covers the whole constituency. It is hoped that this group will provide doctor cover to enhance the service at the minor injuries unit at our city hospital, which is nurse-led and is wonderful. I visit the place regularly. Staff there can deal with all but the most serious injuries, and they deal with them in minutes, not hours.

Many people seem to delight in knocking our health service. Recently, our local newspaper did so on its front page with banner headlines attacking the failure to meet accident and emergency targets for waiting times. One week later I discovered that, on average, 5 per cent. of people booked in for operations do not turn up. They do not ring up to let the hospital know; they just do not bother to attend. That appeared on page 17 of the local paper with a modest headline and received little coverage.

As I said, having been given an appointment for treatment, some people do not turn up. They give no reason and no advance warning. A leading surgeon told me that he had known the rate to be as high as 25 per cent., but the average was about 5 per cent. In the day surgery unit, which does 100 operations each week, 5 per cent. is the equivalent of two and a half weeks of operations not carried out when theatre space had been allocated and clinical staff were ready to operate. That is a waste of resources. If those operations had been performed, many people could have been taken off the waiting list.

Measures are in hand to ensure that, as far as possible, the figure of 5 per cent. is reduced. For example, hospital staff ring the patient, where possible, a few days before the due day to ensure that the patient will turn up. In addition, a list is being compiled of people who can be called at short notice to fill possible vacancies. It is still outrageous that people who have been examined, had an operating slot scheduled and had preparatory work done do not show up. There is a two-way bargain, with the health service scheduling operations and doing preparatory work. The patient's side of the bargain is to turn up on the right day at the right time, ready for the operation.

I recently spent a morning in our city hospital day surgery unit, where I was told about the non-attendance. I was due to meet the morning list of patients and follow one patient from pre-med to operation, post-operative care and then home. The patient chosen was a young man who had been suffering extensive back pain for some time. He was programmed for a cortisone injection in his spinal area. That sounds simple, but it is fraught with danger. The man had a local anaesthetic and was fully conscious through the entire procedure. The nurse responsible chatted to him throughout, reassuring him. The whole procedure was facilitated by the use of X-ray photography to enable precise positioning of the injection site. That meant that all of us had to wear lead aprons, which are extremely heavy.

The surgeon and the anaesthetist explained the whole procedure to me in detail throughout the operation. The procedure did not take long but was carried out very carefully indeed—an impressive performance, nothing like "ER" or "Casualty". I observed the patient in recovery and joined him later back in the ward, where he had some tea and toast and was then discharged. I have spoken to him since and he tells me that his back pain is much eased. As well as being a recently appointed fellow of the Royal College of Midwives, I now feel emboldened to apply to become a fellow of the Royal College of Surgeons.

Emboldened by the Minister speaking about his sister, I want to mention my mum, who will be 84 next Monday. I wish her many happy returns. For the past two years, she has spent much time in and out of hospital, and in the main has been treated very well.

Mr. Deputy Speaker: Order. What the hon. Gentleman is saying is very interesting. Is he soon going to get on to the subject of doctors' hours?

Mr. Pollard: I may well do that, Mr. Deputy Speaker, now that you point it out. Doctors' hours are extremely important and my right hon. Friend the Minister alluded to the steps that will need to be taken so that we have the right number of doctors. We need more training places, and I am pleased to say that we are working with the university of Hertfordshire to try to set up a medical training school there, which will ensure

that we get the right number of doctors. I know that the university vice-chancellor, Professor Tim Wilson, and his team are keen to provide such a facility. With the large new state of the art hospital, which we hope will be built in Hatfield, close to the university, we should be able to link the two together—a new hospital and a medical training school to provide the doctors we need, to ensure that we can comply with the working time directive, and to ensure that operations are carried out properly, doctors are not too tired, and a full and efficient service is available to our constituents as patients.

2.26 pm

Mr. William Hague (Richmond, Yorks) (Con): I am grateful for the opportunity to take part in the debate. I do not intend to follow my hon. Friend the Member for South Cambridgeshire (Mr. Lansley) and the Minister down all the wider issues, or to bring up any relatives, as the House will be relieved to hear. I want to make a brief and simple point about the problems of rural areas. Of course, I have in mind my constituency, Richmond in Yorkshire, and issues that have arisen in Wensleydale in my constituency. I know that the Minister who is to reply to the debate, the hon. Member for Doncaster, Central (Ms Winterton), knows Yorkshire, so she may well be able to visualise the area about which I am talking.

I fear that changes in GPs' hours and possibly the working time directive, which I shall mention briefly, impact particularly hard on rural areas. Health service resources are spread more thinly and, of course, GPs are spread more thinly in those areas. I am referring to very rural areas—in my constituency, the top end of Wensleydale, where ambulances do not arrive as rapidly as they do in the rest of the country. Everybody understands that that is a problem and something is being done about it, but it will probably continue to be a problem. The accident and emergency department of the hospital in Northallerton is over 40 miles away for my constituents—an hour's drive and more, in many cases, and much more in bad weather and difficult road conditions.

My constituents feel remote from the health service in any case, so GP practices are particularly important in such an area—disproportionately so. People feel they rely on GPs even more than in the rest of the country. They rely on them heavily because there are more elderly people than in the country as a whole. Vast numbers of tourists come in and quadruple the size of the population, which is not usually taken into account, as far as I can see, in the way that resources are deployed. Many people work with machinery on farms, and roads are particularly winding and difficult, so there are more accidents than in the country as a whole. The reliance on GP services in those areas is considerable.

The contract that has been agreed, which has many merits, which is right in principle—as everybody has said—and which is important for the recruitment of GPs into the health service, applies as much to rural areas as to everywhere else. I make no criticism of the local doctors who are taking part in the contract, which will lead to new out-of-hours arrangements. I make no criticism of the local trust, the Hambleton and Richmondshire primary care trust, which is doing its utmost to work with the new situation and has assured people that it believes there will be no reduction in the quality of their out-of-hours service. Nevertheless, it is unarguable that that is a major challenge for the trust. I do not believe that when these things are negotiated between the British Medical Association, GPs and the Department of Health, and when they are considered in the Department, the needs of very sparsely populated rural areas are considered.

Let us consider what the situation means in practice for my constituents. If they live in upper Wensleydale, they have to telephone the local surgery and get another number to telephone York or Catterick. That is like telling someone who lives in central London that if they think that they need a doctor in the night, they must telephone Northampton and a doctor might be able to come from Luton. The same sort of distance and travelling time are involved, except that in this case there are hills in the way. There is often heavy snow on them in winter, and fog or ice can make journeys almost impossible. In those circumstances, it is not surprising that people are anxious about the implementation of the new contract.

As I said, the primary care trust is doing its utmost to make the arrangements work and is putting resources into that. Four-wheel-drive vehicles are being purchased with every type of cell phone and satellite navigation. That is the subject of some local cynicism, as the locals all know where the telephones will not work and that satellite navigation can reliably deliver people to a field at the top of Wensleydale and will not necessarily bear any relation to where the houses are. With all the technology available on earth, finding a cottage on top of the dales on a dark night in bad weather is still an extremely difficult thing to do. People are worried that the doctors who know the immediate locality will not be attending them in the night, and that if doctors are called out to make a 30-mile journey and a 60-mile round trip, they will not be available to other people at the same time.

The anxiety about this matter in rural areas is wholly understandable. There is a good deal of resentment. Last week, a farmer put it to me that if he has a sheep that is ill in the night, it will be attended to by a vet who lives locally—vets are still a principal part of our community in the Yorkshire dales—and who already knows the medical history of that sheep and its relations, whereas if one of his family is ill in the night, that service will certainly no longer be available. That is how people regard the situation, which is understandable, even though great efforts are being made to ensure that an out-of-hours service works for that part of the country. I reiterate that I am making no criticism of all the people who are trying to make that service work.

We do not know how the issue will work out. The Minister pointed out extremely fairly that we are in the early days of these new out-of-hours services. That is certainly the case with regard to how they will apply to remote areas such as upper Wensleydale. The jury is out and we do not know how the services will work. In the past 10 days, there has been some controversy in my constituency about how they are working. There is dissatisfaction about the fact that, on a bank holiday such as Easter Monday, large numbers of tourists visit the area, but in an out-of-hours time. When people have road accidents after 6 o'clock, the local GP service is not available to them, and neither are the air ambulances for

[Mr. William Hague]

which we have raised large sums at charitable occasions in my constituency precisely because of the remote nature of the locations.

There is a feeling that access to health care has been reduced. I hope that that feeling will prove to be misplaced, but it is the feeling and suspicion of many of my constituents in areas such as Wensleydale. When these matters are considered in future, the needs of sparsely populated rural areas must be given greater weight. The people who live in such areas have paid their taxes and national insurance. Yes, they understand that there are difficulties in providing services in particularly remote rural areas, but they are entitled to have their particular needs taken into account. When the application of general rules and agreements starts to mean that care and resources are more thinly spread geographically, the needs of sparsely populated areas really come into play.

Mr. Hutton: I am grateful to the right hon. Gentleman for giving way and for the tone of his remarks, with which I have a great deal of sympathy. He might not be aware that we have recently announced some additional resources for primary care trusts serving constituencies such as his, in rural areas where out-of-hours service providers will undoubtedly face additional costs. We are trying very hard to ensure that those additional costs are reflected in the allocations.

Mr. Hague: Yes, I am aware of that. I do not know whether the Minister was in the Chamber when I spoke about the resources going into vehicles, cell phones and satellite navigation. Those resources are certainly being deployed. We do not know whether they will be sufficient to deal with the task, but it is necessary to have additional resources for sparsely populated rural areas, and I think that it is necessary to consider whether exactly the same rules should be applied to such areas in negotiating contracts and working hours or whether exceptions should be made.

The working time directive leads to a wider debate that I do not want to go into, except by joining many people in the country in expressing astonishment that the European Union should make any such rules at all. I do not see why it is in the interests of people living in France, Germany or Italy to regulate the working hours of doctors in this country, and I do not see why such decisions should be made in any other place than this country. When the Minister has to come to the House and say how much the Government are trying to fight court judgments that we all agree are manifestly not in the interests of this country, it shows how much power has passed to unaccountable institutions. That is a wider debate, however; the Prime Minister wants us to have it in great detail over the next 18 months, and we will enjoy that.

My point about the working time directive is simply that it is another of the forces that makes things more difficult for sparsely populated areas. The Minister spoke about the small hospital trusts and the attention that has been given to them, and recognised that the problem is more difficult for them. In terms of rotas, it is more difficult for hospitals that have access to a limited number of consultants and junior doctors to cope with such issues. He is trying to give them particular help, but my point is that such issues accumulate over the years. Changes in the training requirements that may be set by royal colleges and agreed with the Department of Health have made things more difficult for small hospitals. It continually becomes more difficult for small hospitals to continue their existence. I am not being alarmist about that—there is no threat whatever to the Friarage hospital in Northallerton—but I know that it gets harder every year for people to run a small hospital. That requires either that exceptions be made or that greater resources be given to such hospitals.

Notwithstanding the point that the Minister has just made, account of population sparsity is not systematically taken in the allocation of health service resources. If we are to continue to apply sweeping national or supranational rules to situations that are unusual and needs that are difficult to satisfy many miles from the nearest hospital, we will have to take into account in funding allocations the needs of the particular rural areas involved.

I hope that that will be borne in mind in future. I do not think that any changes can be made to the contract now and I am not proposing any such changes. Obviously, that contract is signed and done, so I am not saying that any immediate action can be taken. However, I think that we will have to address these issues and that the Department of Health should be conscious that, when it considers matters from an urban and suburban point of view, as is often the tendency in Whitehall and in this House in what is mainly an urban and suburban country, we need to give increasing attention to the particular problems of rural areas.

2.38 pm

Dr. Howard Stoate (Dartford) (Lab): It is always a pleasure to take part in health debates, especially because, as the House knows, I still carry on a certain amount of medical practice myself.

We are debating a very serious issue and, as the right hon. Member for Richmond, Yorks (Mr. Hague) rightly highlighted, it will cause a certain amount of anxiety among constituents. I acknowledge his point about thinly populated rural areas where services are sometimes difficult to provide. None the less, debates such as this give us the opportunity to debate some of the issues in public so that people can be reassured about what the Government are doing to address them.

We have to balance the needs of service provision—ensuring that patients have access to appropriately trained, alert and awake medical personnel of all types, specialties and subjects—against the need for training requirements of a high standard and teaching requirements to ensure that personnel pass on their knowledge to others, as well as the need to ensure that they can carry out research and have a decent family and out-of-work life. All those things require a delicate balance that it is sometimes very difficult to achieve. Of course, we must also ensure that we balance all those issues against financial management and the best possible use of resources for the taxpayer.

This afternoon, we have talked extensively about the new GP contract, which I welcome and which, for the first time, allows GPs to provide a wide range of evidence-based services. One of the main advantages of

the new GP contract compared with the old GP contract is the enhanced, additional services that GPs can provide. The evidence-based services are based on evaluated research and proper evidence, so GPs can be sure that when they carry out, for example, diabetes care, care for people with hypertension or care for people with Alzheimer's, it is based on research-based evidence, and they can be sure that the care is worth while. That improves GPs' morale enormously, because they know their work has a measurable benefit and a measurable outcome.

The old GP contract was full of what the people who wrote it may have perceived to be good ideas, but the ideas were not evidence-based. Many GPs found the contract extremely difficult to understand, and they often felt that they were wasting their time, which had a serious deleterious effect on the morale and recruitment of GPs. During my career as a GP, I noticed recruitment falling, with fewer good quality young people coming forward to be GPs. Young doctors often said that they could not understand the way general practice was going, that a GP's work was not based on sound science and that becoming a GP did not seem to be a good career progression, and they therefore turned away from general practice into the hospital sector, which was regrettable.

The new GP contract has improved morale and recruitment, and John Chisholm, who chairs the GP committee of the British Medical Association, is enthusiastic that it will produce the GP recruitment drive that we need. The BMA rightly points out that the country is short of GPs, and there is serious under-recruitment for general practice. It is vital that we attract the best quality graduates into general practice as a career choice—and, for the first time in many years, the new GP contract provides hope that that will be the case.

If GPs are to provide enhanced services during the day to allow patients to see them within 24 hours, where they feel that that is necessary, and to access services within their communities in GP surgeries, we must use other health professionals to fill in the gaps. It is not credible that we can expand the work load indefinitely without asking other health professionals to share it. I am pleased that we are working on a new pharmacy contract, which will allow pharmacists to take away much of the burden currently carried by GPs.

Pharmacists are highly motivated, highly trained professionals, who do not always use their skills to the best of their abilities because the current pharmacy contract does not allow them to do so. The pharmacy work force will be acknowledged by the new contract that Ministers are currently negotiating with the profession, which will add enormous extra depth to the health care provision. The new contract will apply equally to out-of-hours and in-hours services because many pharmacists already provide an extended-hours service at weekends and in the evenings, and they are accessible without an appointment simply by patients dropping in to see them. That is one more strand of improved health care provision to which we can look forward.

I am also pleased that the BMA has negotiated a new consultant contract with the Government. I am concerned that many trusts have not yet implemented the new consultant contract, and I have recently met BMA members who share my concern that there are serious local implementation issues. Some trusts have not taken up the new consultant contract in the right way, and I would like to know what the Minister can do to make sure that the new consultant contract is developed to the maximum and that all consultants will benefit from it. The consultant contract allows extra resources and more productive career development patterns for consultants, but it requires local negotiation.

If we look back a few years, we can see what the medical work force used to be like. I was a junior doctor not that many years ago—it is certainly within living memory. When I was a junior houseman, I worked a "one in two", which meant that my contract for a fortnight was 208 hours—one week I worked 136 hours, and the following week I worked a mere 72 hours. Those were my contracted hours, but the work often overran because of sickness, holidays or study leave, so the situation was even worse than that. When I was a junior doctor, a one-in-two contract was the norm, and most doctors were working those hours. I am pleased that those days are long gone because I do not want to see such contracts again.

Even when I was a junior GP, I was expected to work a full night shift, which often meant getting out of bed several times during the night, and to get into work at 8 o'clock in the morning to carry out a full morning surgery. It was unrealistic to expect doctors to undergo such pressure and provide good care to patients. After a night on call, for example, I was on a ward round in the morning and was confronted by the consultant, who said, "Would you like to explain this new patient who arrived last night?" I said, "What new patient?" He said, "This one in this bed." I said, "I am sorry. I have not seen this patient before." The nurse jabbed me in the ribs and handed me the notes. I had clerked in the patient during the night—I had made extensive notes that turned out to be quite good—but I could not recollect the case in the morning because I was so tired. That sort of thing is clearly bad for patient care, and I am glad that those days are long gone. Things have moved on tremendously in the health service, and I am pleased that doctors' hours now allow them to undergo the right training and research and to have lives of their own, which ensures that they are not overtired and do not potentially put patient care at risk.

I should like to address one or two local issues in my constituency. Yesterday, I visited my local hospital, the Darent Valley hospital in Dartford, to witness the opening of the first new operating theatre of its type in the country. It is called OR1, and it is a state of the art, brand new, fully automated, computerised operating theatre, where the entire range of medical instruments and equipment hangs from the ceiling and the consultant has a fully computerised control panel. While the world's media watched via a video link to the hospital's postgraduate centre, Mike Parker, the surgeon, carried out an operation with the new equipment while Andrew McIrvine, his colleague, relayed information to us in the postgraduate centre as we watched an interesting operation to remove a patient's gall bladder.

The new equipment is fantastic, and it is wonderful to see Dartford at the forefront of the process, because the technology is brand new and Darent Valley hospital is

[Dr. Howard Stoate]

the first hospital in the country to use it. The resources, commitment and investment are going into the health service, and future patients will benefit from that. I am sure that such equipment will be installed in hospitals around the country because of the Government's investment.

There have been enormous improvements in NHS training and patient care, and there have also been improvements in general practice. Many general practices are being rebuilt to improve access to care for patients, and many GPs are taking on extra medical and nursing staff to allow them to provide extra care. However, the work force's needs must be balanced against patients' needs and taxpayers' needs to ensure that we get best value. Adjusting the skill mix to use the right profession in the right way is clearly the bedrock of ensuring the delivery of best quality care.

I welcome new initiatives such as the GP contracts, and I welcome the working time directive, which allows us to rethink how we provide medical care in this country. The working time directive is a challenge and, as the Minister says, it presents significant problems in some parts of the country. I am sure that all hon. Members recognise that there are difficulties in some areas and that the new arrangements must be bedded in before we can make the best use of them.

The situation has improved so much in the past few years. We look forward to sustained growth, development and investment, which will allow hospitals to improve their facilities, and GPs and pharmacists to improve their range of services, which must be the way forward to ensure that everybody in this country has increased health care and life expectancy. I welcome the debate, I am pleased to have had the opportunity to address the House this afternoon, and I look forward to the Minister's reply.

2.48 pm

Mr. Stephen Dorrell (Charnwood) (Con): Most of what I have to say this afternoon concerns junior doctors' hours, but before moving on to that question, I must say that I agree with almost everything that the hon. Member for Dartford (Dr. Stoate) has just said. In particular, I agree that it will be possible to develop primary care under the new general medical services contract.

One might have hoped that he would take a view back into history, to before 1997 in his remarks about making out-of-hours services more flexible so as to reflect the needs of the medical profession, as well as of the patient; the development of a more flexible local definition of what general medical services means, including local contracting through the practice management system; the development of a broader range for pharmacists; and the development of services that are available through GP surgeries. The development of primary care did not begin miraculously in 1997, or even, I hasten to add, in 1979—it has been carried through by Governments of all political complexions over a long period, and is an important success story for the national health service, whatever the political label of the Government at its head at any particular moment in time. I agree with what the hon. Gentleman said, but he is not entitled to claim exclusive credit for the process as one that started on 1 May 1997.

That is a broadly non-partisan comment. I hope that what I am about to say about junior doctors' hours is also non-partisan, but I suspect that it will lead to rather less agreement across the Floor of the House. Anyone who has attended health service debates over many years knows that the whole subject of junior doctors' hours in the NHS is a very long-standing issue. In the period before 1990, in particular, and cumulatively over several years, it got seriously out of control. There is no argument about the fact that the position before the introduction of the new deal could not be defended in the modern world. Doctors were being asked to work in circumstances that did not provide high-quality training for them or high-quality care for their patients.

I was a junior Minister when the new deal was signed and Secretary of State for two years during its implementation. That process started in 1991 and went on regardless of the change of Government that took place in 1997. The commitment first to recognise that there was a real problem with junior doctors' hours, then to do something about it, was shared across the political divide. More importantly from the point of view of both doctor and patient, it was being addressed by the health service as employers and by doctors' representative organisations—the British Medical Association and the royal colleges—without the need for a legislative framework to oblige them to do so. The situation had clearly become insupportable—action needed to be taken, and it was.

That is why I asked the Minister whether he felt that the adoption of the legislative framework of the working time directive makes the delivery of the shared objective of better management of doctors' hours easier or more difficult. As there was a clear commitment to do something about it, and action was being taken by the employer in agreement with the profession, I genuinely do not understand why the Government see no conflict between delivering that desirable objective—which is shared across the House—and the adoption of a legislative framework that, as the Minister recognises, makes it more difficult for him to do so.

In understanding that conundrum, it is important to understand why addressing the issue of junior doctors' hours is extremely difficult for the health service management and for the training authorities of the royal colleges. If it were simply a matter of saying, "People should not work ridiculous hours—let's change the law and do something about it," it is reasonable to assume that somebody would have done something about it before the situation got as serious as it had by the late 1980s.

There are difficulties in ensuring that the medical work force have sufficiently diverse training to deal with the wide range of circumstances that they will need to be able to cope with in their professional practice. My right hon. Friend the Member for Richmond, Yorks (Mr. Hague) talked about the difficulties involved in delivering medical cover in community hospitals. That applies not only to very remote rural areas, but in relation to, for example, the delivery of maternity services and minor accident cover in community hospitals, which is an issue that regularly arises in the life of a health Minister. That is compounded by the—entirely benign—move in the medical profession towards increasingly specific sub-specialisms.

All those factors make it hard to deliver a proper training regime for doctors alongside a commitment to reduce working hours. The fact that the issue is complex and difficult, and is recognised as such, adds extra point to the question of why it is necessary to introduce a legislative framework that complicates the delivery of a shared, if admittedly difficult, policy objective, given that the only result of introducing that framework is to make the delivery of the objective even more difficult. The Minister stressed that we should not seek to adopt a one-size-fits-all approach, but that is precisely the result of introducing an unnecessary legislative framework, because history demonstrates that the issue was being resolved before that framework, which will make it more difficult, was introduced.

As my right hon. Friend the Member for Richmond, Yorks said, the difficulty is compounded by the fact that we are talking not only about a legislative framework but about a legislative framework that is being introduced in a European context. That means that the Government as the employer cannot ultimately introduce the changes that are necessary to make the policy deliverable. It is worth remembering that the working time directive was introduced by the authorities in Brussels under the single market legislation because it was felt to be necessary to deliver a single market. It is perverse to imagine that the free movement of goods and services around the European Union is promoted by confusing the problem with the delivery of junior doctors' hours in our, or indeed anybody else's, health service. That is why I do not understand why the Government welcome the introduction of a legislative straitjacket the result of which is to make the delivery of their policy objective, which I share, more difficult.

The Government are entitled to some sympathy, given that—to employ the much-used cliché—we are where we are. We have a legislative framework, and the Government have to try to obey the law and to deliver their policy objectives within the health service. They have to try to square that circle. The hon. Member for Sutton and Cheam (Mr. Burstow) pointed out that the legislative framework has been in existence since 2000, and we are now talking about August 2004, but we have a very unclear idea about how the circle is to be squared—we are simply asked to rely on the words of the Minister, who is sure that it will be all right on the night.

It really is not good enough to say that that European working time directive might have been okay, but the problem was compounded by the SIMAP judgment. The SIMAP judgment concerned the definition of the phrase "working time" as it applies in the medical profession, and it was about a very simple question: does time that is spent on call count as working time? One does not have to know much about the history of this issue to know that that question goes to the heart of the management of doctors' hours during their training. That is what all the arguments were about throughout the 1980s and 1990s. In 2000, legislation was introduced, as far as we know without active disagreement by the Government, on the extension of the working time directive to cover the medical profession, but without having decided, and leaving it to the courts to decide, the fundamental question of whether "working time" refers to time on call or time treating patients. It is a pretty broad-brush measure. Although it deals with extending working time legislation to junior doctors' hours, it does not define working time.

The charge against the Government is that they were content to allow the measure to be introduced without properly considering the implications and the definition at its heart. It has been in force, complete with the interpretative judgment, for three and a half years, and we still await any clear idea about the way in which the Government intend to interpret it. They have been caught asleep on the watch during an important health service development and consequently patients are at risk.

3 pm

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome this debate. The issues that it raises are serious issues that local health care professionals have drawn to my attention, and we now have a welcome opportunity to discuss them in the Chamber.

Having said that, I think that the motion is alarmist and concentrates narrowly on specific aspects of the subject. It is designed not to shed light but to cloud the positive benefits that have accrued from the Government's health policies and to spread an impression of impending doom and gloom. It also reflects one significant failure in Government health policy—the inability to cure the parliamentary Conservative party's collective amnesia about its record in government.

There is a debate about the robustness of the British Medical Association statistics, but let us assume that they are robust. Conservative Members' reaction to them, as reflected in the motion, is out of all proportion when compared with the predicament in which they left the health service in 1997, when there were 224,000 fewer staff, including 60,000 fewer nurses and 19,000 fewer doctors. The amendment outlines other figures, which I am told are understated and therefore not spun. To continue the cricketing metaphor, it is a question of reverse spin. Even on the Opposition's gloomiest prognostications, the staffing and ability in the NHS to meet the challenges that the debate covers are hugely improved since the Government came to power in 1997.

Let us consider one or two specific matters. General medical services contracts and the European working time directive and its impact on junior hospital doctors' hours have been discussed. Although I do not contest the difficulties that those policies may cause in some circumstances, their overall thrust accords with recognised priorities that have existed, as some Opposition Members said, for a long time. The effect in reducing junior hospital doctors' hours and giving general practitioners betters hours, more flexible working and greater reward will hugely enhance the attractiveness of the medical profession to would-be trainees and help to realise the Government's objectives for the doctor provision that is necessary for the nation's growing health needs.

I was surprised by the weight that the Opposition attached in the motion to out-of-hours services. In my discussions with my local primary care trust, the issue has not been raised. The gloomy forebodings in the motion do not appear to be reflected in reactions on the ground. I checked with my local doctors' surgery and was told that the service would continue as it had done previously and that there would be no deterioration.

[Mr. Adrian Bailey]

My constituency is in a traditional inner-city area, Sandwell, which has historically suffered a range of health problems. Even now, life expectancy is considerably below average and the area has historically been provided with too few doctors. However, if one examines what is happening on the ground, the motion does no justice to the true picture in an area that has suffered from under-provision and deals with a greater range of health problems than the average. My surgery, which is less than 300 yards from where I live, is expanding. It is due to have two extra doctors, is extending its premises and will become a university training centre.

The Neptune health centre in the middle of Tipton deals with one of our most deprived communities. It intends to take on a range of services that the local acute hospital previously provided. The Tipton care organisation and the Great Bridge partnership for health have pioneered new, joined-up and flexible working, which has involved GPs working with physicians' assistants and a range of nursing support. That has meant taking on roles and responsibilities that only specialist doctors undertook hitherto. In Sandwell, there is a pioneering flexibility in the provision of health care, which, by having multi-skilled groups dealing with a much wider range of health needs than under the former model, epitomises the Government's approach.

The motion fails to convey exactly what is happening on the ground and is therefore misleading. The Minister and all hon. Members can cite statistics, but they do not do justice to what is happening, either. When talking to local health professionals in my area, I have been impressed not so much by statistics as by the almost evangelical spirit that they have displayed in meeting the sort of challenges that the area presents, and by the way in which the new structures, working methods and funding have boosted their morale. They recognise that measures such as the European working time directive are a challenge and that there are problems in recruiting doctors. Such problems have always existed in my area and the retirement of the first generation of Asian doctors will present further problems.

However, health professionals not only recognise the problems but know that they can deal with them. The potential funding exists and there is an opportunity to make the case to meet the challenges ahead. I have been hugely impressed by the way in which they have sought to embrace the Government's agenda. Consequently, health care is improving in my locality.

The European working time directive presents challenges and the European Court of Justice judgment creates difficulties. However, the extra funding, staffing, new ways of working and missionary zeal that I have noticed in so many local health care professionals means that the challenges will be met. The health care professionals are much better placed to do that through the Government's policies. We should reject the motion because it fails to recognise that that is the reality on the ground.

3.10 pm

Dr. Richard Taylor (Wyre Forest) (Ind): My one fear and regret about this debate is that I might not be as welcome as I believe that I am at the moment to sit on this side of the House after I have said what I am going to say, and that the kind Opposition Whips who alerted me to the debate might not do so again.

I had an Adjournment debate on this very subject last November and the Minister who responded was all too aware of the worries resulting from the European working time directive. Also in November, the all-party group on local hospitals held a meeting which was addressed by the Minister of State, Department of Health, the right hon. Member for Barrow and Furness (Mr. Hutton). We were impressed by the amount of work that he had done on this matter and the urgency with which he viewed the situation. I am, therefore, slightly encouraged, as I was encouraged by some of the things that the Minister said.

The Minister said that the Department of Health was giving priority, when implementing the working time directive, to maintaining quality and access to care. That is crucial. He also said that redesign—not relocation—would take place around the needs of local people. He added that we must not substitute tired consultants for tired junior doctors. I sympathise with the comments made by the hon. Member for Dartford (Dr. Stoate). I was a junior doctor rather before he was. He was on a one-in-two rota, but I was on a one-in-one rota at a hospital that used to exist about half a mile from here. That really went far beyond a joke. I did not just forget things like he did—I actually cracked up in the middle of the job. It is therefore essential that we do not substitute tired consultants for tired juniors, and that we take note of the working hours involved.

The Minister also said that the role of the Department was to support the NHS to meet the requirements of the directive. I want to take a few minutes to emphasise that I believe that the Government have another supremely important role to play. They have to take the part of citizens and patients, in some cases almost against the doctors. I want to draw to the attention of the House a letter in a recent edition of the *British Medical Journal* from a Scottish consultant neurosurgeon who was writing on the ills that afflict the NHS. He wrote:

"These include the new deal, the consultants' contract, the general practitioners' contract, the European Working Time Directive—all man-made artefacts and all preoccupied with the welfare of doctors, not patients."

I want to bring that letter to the attention of the Government so that they can be aware of how some people might look at the changes and to note some of the snags involved, some of which have already been mentioned today and on other occasions. They are worth mentioning. The first—and, to me, the biggest—involves the risk to the continuity of care. With full-shift systems, the same doctor never looks after a patient for any length of time, and, given the pressure of work, handover processes can sometimes be rushed. Continuity of care is therefore crucial.

The second snag involves training. Junior doctors, particularly surgeons, and trainers are questioning whether the reduced hours are giving them enough exposure to the practical procedures and operations in which they have to be supremely competent when they achieve consultant status.

The third involves lifestyle. The Royal College of Physicians recently studied 57 hospitals across England and Wales, and found that 63 per cent. of the medical

specialist registrars on full shifts were working seven nights in a row. That cannot be comfortable for family life and it is not popular. Certainly, trainee obstetricians have found cover on full shifts very unpopular. Particular problems have been raised in relation to anaesthetics, obstetrics and paediatrics, which are services that cannot be covered in hospital at night by a generic doctor. Those specialisms pose extra problems. The answers obviously involve employing more doctors and the Government have given us figures to prove the numbers that are coming on stream. We have also heard a lot about doing things differently and there are some very good plans in that respect.

It appeared from what the Minister said in his opening remarks—I hope that the Minister of State, the hon. Member for Doncaster, Central (Ms Winterton) will confirm this—that the review being carried out in Europe might well lead to some delay in the implementation of the changes. The British Medical Association warns that, even if there is a suggestion of delay, implementing legislation to bring it about could cause further delay. The NHS Confederation makes a good point in a recent briefing note, saying:

"We recognise that it is the Government's responsibility to ensure that the working time directive is implemented but where despite trusts' best efforts it is not possible to achieve compliance, it is vital that there is a positive and supportive rather than a punitive response from the Department of Health and SHAs."

Given the snags with the new deal that I have mentioned, the working time directive and the new contract, hospitals are at risk, particularly certain large hospitals that are situated relatively close together. I am thinking of some in my own part of the country, including those in Telford and Shrewsbury and those in Gloucester and Cheltenham. The Government must ensure that it is possible for all those hospitals to preserve the emergency facilities that the people in those areas require. There is a particularly worrying triangle in the north-east of England, around Hartlepool, Middlesbrough and Stockton. Their hospitals are all close together and are all providing all the services at the moment. As we are well known in my part of the country for campaigning, Hartlepool has already been in touch with us to ask what it can do to protect its hospital.

There are also many smaller hospitals throughout the country that are somehow managing to maintain accident and emergency services. One has only to think of Banbury, Hexham, Workington, Bridlington, Newark and Louth. I could provide a long list of others. Those hospitals must be at risk. All this is taking place against the background of the Department of Health's paper published in February last year, "Keeping the NHS local: a new direction of travel", which I welcomed. It expressed the intent of Government policy to keep the NHS local, which is certainly compatible with local wishes. The Government will recognise that, if that is not possible, there will be a risk of political flak from various communities.

An excellent leader appeared in the *British Medical Journal* recently, written by Andy Black, the well-known health service management consultant. He stressed the political risks involved in downgrading emergency services and made two useful recommendations. The first was that the Royal Colleges should find a way of connecting with the public perception of the need for local access to emergency services. The second was the use of real "managed clinical networks", which would result in a real sharing of services. It is no good having an accident and emergency unit, and, 20 miles away, as is the case in Worcestershire, a minor injuries unit that is totally separated from it. If they worked together, with the same staff rotating between them, the staff working in the major unit would know the problems of the minor unit and the sorts of cases that the minor unit could see, which would avoid unnecessary journeys. Andy Black put his finger right on it when he said:

"If the price of moving the complex emergency to an appropriate centre of expertise is that this patient is accompanied by another nine or 10 patients who are not complex acute cases then another set of problems is launched."

That is exactly what we are seeing in Worcestershire—those nine or 10 patients who did not need to be moved are causing tremendous other problems.

On the GP contract, I was puzzled by the Minister's comments on community hospitals and I hope that his hon. Friend will return to the matter in her wind-up. I must admit that I thought that community hospitals were going to be at risk with the new contract.

I will say little about the consultant contract. I am slightly worried about today's announcement of 25,000 extra orthopaedic operations. Will that take NHS consultants away from NHS duty and make continuity of care even worse?

I ask the Government to remember that the NHS is for the patients. It is up to the Government to be the ordinary citizen's advocate and to ensure that changes are acceptable to the public, not bulldozed through as some previous changes have been.

3.21 pm

Sir George Young (North-West Hampshire) (Con): It is a pleasure to follow the hon. Member for Wyre Forest (Dr. Taylor), who speaks with such authority on this subject and whose very presence in the Chamber is a reminder to us all of the potency of health as a political issue in our constituencies. He mentioned that he was approached by Hartlepool, whose local hospital is threatened, for advice. I hope that he advised that an independent candidate should stand against the Labour Member there to achieve some results.

I want to speak briefly about the new GP contract, which I broadly welcome. Of course, it makes sense to reduce the number of hours that doctors work. If it makes no sense for MPs to be up all night and then be expected to do a proper day's work, it makes less sense for the country's doctors and GPs to have to attend to their patients when they have not had a decent night's rest.

I sound a brief note of caution before Ministers make claims about the impact of the new contract on patients. The Minister of State, who is normally alert and fleet of foot, does not understand the depth of concern in constituencies about what will happen when the new out-of-hours contract is introduced. The evidence that I have seen is that patients in my constituency will feel worse off because the level of service will be manifestly less than it is at the moment. If steps are not taken before 1 July, when the new out-of-hours opt-out contract starts in Hampshire, Ministers may find it difficult to

[Sir George Young]

convince my constituents about their investment in primary health care and their commitment to a quality service.

There are three areas of concern on which I want to touch: first, cover at Andover hospital—the position is the same at other smaller or cottage hospitals; secondly, the loss of Saturday surgeries; and thirdly, the operation of the new out-of-hours contract, which in my case is with Primecare. None of that is the fault of the local PCT or the local GPs. Simply, the money saved by not paying GPs to provide out-of-hours cover, even when topped up by new money from the Department, is not enough to replicate the service that GPs currently provide, mainly because it was provided on the cheap.

Let me begin with Saturday surgeries, which have not really featured in this debate. At the moment, I can see my GP in Andover on a Saturday. For those who commute from Andover or who work long hours, that may be the only time that they can see their GP without taking time off work. Last Saturday, my GP saw 15 patients and processed a number of repeat prescriptions. With the new contract, Saturday is out of hours, so the local GPs are not contracted to provide any service on that day. They could do so if the local PCT bought it in as a local enhanced service, but my PCT does not have the resources to do so, a point to which I will return in a moment.

My PCT is struggling with funding for taking over the out-of-hours service. It has been allocated 6 per cent. of what is called the global sum, part of the GP income stream, and GPs have taken a commensurate reduction. But that is simply not enough to replace the service. I know of only one GP practice that is going to open extra-contractually on a Saturday and that is a dispensing practice in a neighbouring constituency that can do so from the dispensing surplus. None of the surgeries in Andover will be accessible on a Saturday.

In fairness, there are plans for a replacement GP service. On Saturday and Sunday, there will be five sessions at Andover hospital operated by a GP or GP registrar. It may be bookable, but, basically, it is open house. Of course, one will not see one's own GP and the GP whom one sees will not have access to one's records. For most people, the hospital is more difficult to access then their local medical centre, so by any definition, the service offered on a Saturday will be seen by my constituents as reduced.

Then we have the position of Andover hospital. Andover is the largest town in my constituency, with a population of 40,000 and growing. The Andover War Memorial hospital hosts a range of services, including out-patients, diagnostic imaging, day surgery and so on. For anything more serious, one must go 15 miles to Winchester. At the moment, out-of-hours cover at that hospital is provided by local GPs, so one can go to the minor injuries unit at any time and be treated. A nurse deals with the patient and, if required, a GP will be called out. Although details of the contract after 1 July are still being negotiated, it looks very much as if there will be no local GP cover at the hospital out of hours. From 6.30 pm to 11 pm, some service may be provided by nurses, but from 11 pm to 8 am, it looks as if the minor injuries unit will be closed. At the moment, people can look in at 2 am and get treated. As from 1 July, those who want that treatment will have to drive 15 miles to Winchester to get it—by any reckoning, a reduction in service.

Finally, there is the operation of the new out-of-hours service to be provided by Primecare and funded through the PCT. At the moment, calls from patients in Andover are answered by a local nurse until 11 pm and thereafter by the on-call doctor in person. In future, the plans are to route calls initially to Birmingham and then to Southampton—the local hub—and if a GP is required, he will drive from Southampton or possibly Winchester. At the moment, cover in Andover is provided by a rota of local doctors and the response is obviously much quicker. However that is presented, it will be seen locally as a reduction in service.

I want to end on a theme that, I am afraid, I have mentioned previously. The reason for all this is that Hampshire, and particularly Mid Hampshire PCT, is simply underfunded. For every £100 that the average patient in England gets, Mid Hampshire gets £80. At that level, it is simply not possible to provide the quality of service that Ministers and I, as the local MP, want. That is why in all the debates on heath services in Hampshire, whether primary care or secondary care, we return to the underlying structural imbalance in the way that funds are distributed. Until Ministers address that fundamental point, they will continue to have difficulty persuading my constituents that the NHS is as good as they make out.

3.28 pm

Dr. Andrew Murrison (Westbury) (Con): This has been a good debate, throughout which excellent speeches have been made. I was particularly struck by the quality of the Conservative speakers, who included no fewer than three Privy Councillors.

A number of interesting points have been raised. It is a pity that the Minister was ever so slightly prickly in his opening remarks, for he had no need to be. Our motion was tabled in good faith. While we broadly support much of what has been discussed today, we have problems—problems raised with us by our constituents. It is right and proper for us to counsel caution when it comes to matters that affect a vast work force, one of the biggest in the western world. I hope that Ministers will take that in good spirit, and will do their level best to respond to the genuine concerns that have been expressed.

The Opposition believe that the health and safety of doctors and their patients should not be compromised. Doctors should not be forced to work unacceptably long hours. We have heard from two doctors today, who spoke of one-in-two and even one-in-one rotas. I worked a one-in-two rota for two years. I would like to say, in a curmudgeonly sort of way, that it did me no harm; but I will not say that, because I suspect that it did harm me, and I am sure that it did not do my patients any good at all.

I think back to 1991, when a Conservative Government produced "The New Deal for Junior Doctors". It was a good piece of work but, sadly, by March 2002 the BMA was complaining that a third of juniors were still working beyond the limits set by it. During the intervening time, we had failed to get to grips with what I consider to have been a very positive

measure. That leaves me somewhat concerned about the future of the working time directive, and Ministers' sincere and well-meant efforts to improve things for junior doctors and, most important, the patients in their charge.

In January the Minister of State told us:

"Complying with the Working Time Directive need be neither costly nor a burden."

I trust the Minister implicitly, but I have sought a second opinion. I have written to 170 acute trust chief executives asking for their views on how things stand. I asked them what problems they envisage in the meeting of deadlines, what assistance they are being given by Government, and how they think it will all pan out in the months ahead. I have received good, if mixed, responses. As might be expected, those from people making their careers in the health service are fairly positive. In general, they constitute measured and reasonable attempts to address the big problem that all the respondents clearly face.

One word occurs time and time again—"challenging". All the respondents feel challenged by the directive. "Challenging" can mean many things, not necessarily bad, but I believe that in the context of my inquiry those people really do feel up against it. I am not surprised that no one now seriously believes that the targets that have been set will be met throughout the NHS—the Minister said as much today. It would be interesting to know where the trusts stand in terms of the penalties that may apply if they do not meet those targets; I should like to hear what the Minister thinks.

The Minister says that trusts have been given £46 million to meet the costs of compliance. I must press him on that. The matter was debated in European Standing Committee C, but, as my hon. Friend the Member for Rayleigh (Mr. Francois) pointed out earlier, we have not been given all the answers that we would like to have been given. It is all to do with quantifying the costs. Last month, in the Committee, we finally managed to elicit from the Minister the fact that compliance could cost up to £780 million and require between 6,000 and 12,000 more doctors. The upper limit exceeds even my estimate, based on my poll of acute trust chief executives. It also exceeds the BMA's estimate. If the Minister genuinely believes that the cost will reach that level, we need more details—in writing.

I was further confused by a written answer, which I received only yesterday, to a parliamentary question that I tabled 10 days ago about the methodology used by Ministers to arrive at these figures. I was told:

"Actual costs or numbers of additional staff required are not held centrally and could not in any case be disaggregated from the overall cost of NHS growth and modernisation."

That is rather odd, coming from a Government with an insatiable demand for data relating to targets they have set with a view to the generation of politically obliging headlines, which we see all the time. I really must press Ministers on whether they are sticking to the figures of up to £780 million and between 6,000 and 12,000 doctors—and, if so, on how those figures are derived.

The Minister of State made a confusing statement concerning the guidance that was issued to European Standing Committee C about the possibility that that upper figure might be shifted downward if we used alternative means of providing the cover currently provided by doctors. I hope that the Minister will clarify that in her closing speech because, if it is wrong, we should know about it.

Paragraph 3.1 of the guidance says:

"The cost of recruiting the several thousand extra middle grade doctors required for the UK would run into hundreds of millions of pounds per annum. This includes on costs, overheads and training costs. The alternatives to employing additional doctors as set out above are likely to cost approximately the same as recruiting more doctors."

Are we saying that £780 million is a reasonable reflection, or are we seriously saying that by changing working practices and using other health care professionals the figure can be brought down, because that is not what the Department's own written guidance says? I seek clarification from the Minister.

The Government have rightly increased the number of places at medical schools, but I would like to know how they arrived at the figures that they think are required. We have heard that they feel that between 6,000 and 12,000 more doctors will be needed to satisfy the working time directive, but I cannot believe that the number of places provided at medical schools has been calculated on an empirical basis. I hope that the directive and its strictures have been factored into the assessment that Ministers have presumably made of how many doctors we will need in the future.

An historical example emphasises the point in a cautionary way. In the 1970s, consecutive Governments predicted the number of dentists that we might need now, based on the incidence of dental caries and the fact that fluoridation was predicted to reduce it. Unfortunately, they got it wrong, and that is at the heart of our current problems with NHS dentistry. We do not want to repeat such a mistake, do we?

The working time directive was incorporated into domestic legislation in 1998, yet it was 2002 before invitations were issued to undertake pilot schemes in the NHS. It is not good enough for Ministers to say that the problem with the roll-out of those schemes has been anyone's fault but the Government's. It is unreasonable to say to trusts that they have not got their act together, as it is clear when one considers the time scales involved that the fault does not lie with them at all. Indeed, contrary to Ministers' assertions, many of them have been quite enthusiastic about the schemes. I cite in particular the hospital at night schemes, which many of them have warmly embraced, and rightly so. Of course they favour the more efficient use of human resources, but none of the ones that I consulted is under any illusion that hospital at night or any other piloted scheme could address the staffing shortfall. One trust said:

"None of the projects has achieved working time compliance and they have required central funding which may not be available when the initial project ends."

Yesterday, we saw the most extraordinary three-point turn in recent political history. The Prime Minister might have set something of a trend. If so, in the new spirit of openness, it would be refreshing to hear whether Ministers, in retrospect, are content with the way in which they have handled the implementation of the European working time directive, or whether on reflection they share the obvious concerns expressed by the trusts that I have consulted.

[Dr. Andrew Murrison]

As EUROSTAT has shown, our health service is fundamentally different from those in Europe. We have 1.4 junior doctors for every senior doctor, while Europe has one junior for every four seniors—it is turned on its head. We have the fewest doctors per head of population in Europe. Because of the slack in Europe and because it has proportionally far fewer juniors, it is arguably better placed to implement the directive with relative ease, while our NHS will clearly struggle with it. The NHS will clearly feel challenged by the directive; "challenging" is the word that has come across time and time again in the consultation exercise that we have undertaken.

That is surely all the more reason for the early pilot schemes that we simply have not had. There were four wasted years between the implementation of the directive in 1998 and the invitation to conduct pilots in 2002.

Mr. Hutton: The hon. Gentleman has just tried to make the argument that only the UK faces that particular pressure for additional doctors. I do not know whether he has read the submissions that all the other member states of the European Union have made to the Commission, itemising the difficulties that they face in implementing the directive, but if he has, he will have seen the long list of additional doctors that Germany, France, Sweden, Holland and Italy all require to meet the terms of the SIMAP and Jaeger judgments. This is not just an English problem.

Dr. Murrison: Of course it is not just an English problem. The point that I was trying to make by giving EUROSTAT statistics is that our NHS is fundamentally different from systems that operate on the continent. I am sure that the Minister accepts that and, in particular, the statistics on the ratio of junior doctors to senior doctors. Clearly this matter primarily involves junior doctors, and if the Minister cannot understand that, he merely underscores my concerns. We know that there are far more doctors per head of population in Europe than in this country. Clearly, the employment environment in the health service in this country is fundamentally different from that which applies in Europe, which makes the roll-out of the European working time directive far easier in Europe than in this country. I am sure that the Minister must admit that.

Several right hon. and hon. Members have rightly discussed cottage hospitals, and I am worried, from the Minister's remarks, that he perhaps does not fully appreciate the impact that the GP contract might have on community hospitals. I have cited my specific example and from the conversations that I have had, I am sure that it is mirrored up and down the country.

It is just not good enough to say that the new GP contract has nothing to do with any contractual arrangements that GPs may have with community hospitals. There are clearly bolt-on effects. Although I accept that there is limited direct linkage between GPs' contracts to provide out-of-hours cover to their patients and their arrangements with community hospitals, in practice, as I am sure other hon. Members will bear out, GPs facing the removal of their out-of-hours obligation will not then subscribe to the knock-on obligation to community hospitals to which they currently subscribe. That is the current problem for community hospitals. If the Minister does not appreciate that, he must go back and examine the matter, which is a real concern in my area and many others. We have heard about it in other contributions today.

"Keeping the NHS Local", published in February 2003, was a good document that Ministers perhaps need to dust down and remind themselves of. They need to remind themselves—I hope that they will be reminded of this in the big conversation—that people want their health care delivered locally. Will Ministers please dust down "Keeping the NHS Local" and apply it to the current problem of GPs opting out of their community hospital cover? Two of my community hospitals, in Warminster and Westbury, have already sustained closures this year, in the stroke unit and one of the general wards. Those closures are directly related to the current debate on GPs' hours.

We have heard about Saturday morning surgeries, and we might also have heard about the problems that GPs will face on Monday mornings. If there is perceived to be inadequate or patchy cover over the weekend, people might be queueing up on a Monday morning to get the treatment that they want from their doctor. I hope that Ministers are looking into that.

The Government have known since 1998, and arguably earlier, that the European working time directive would pose serious problems to the NHS. They should have known about the potentially devastating implications of the new GP contract for community hospitals. Ministers knew that staffing costs would rise, and that the supply of doctors would be insufficient for needs. They knew that any extra money for the NHS would be mopped up by some of the extra costs brought about by a series of initiatives—not only the European working time directive—introduced since 1997. Disingenuously, they have referred to extra doctors when they should have been talking about the likely reduction in doctor hours available to the service by 2009. They have over-hyped cash flow, knowing full well that much of that will not reach the front line. It is little wonder that our constituents stand aghast as Ministers deliver evermore upbeat assessments of improvements in the NHS.

3.44 pm

The Minister of State, Department of Health (Ms Rosie Winterton): In introducing this afternoon's debate, the Opposition have alleged that Ministers are somehow complacent about the implementation of the European working time directive in respect of junior doctors' hours and have failed to anticipate the effect of the new GP contract on out-of-hours cover. On the Government side, we have shown that that is plainly not the case.

The starting point of the debate is whether doctors ought to be working excessive hours. We believe that, whether they are working in hospitals or general practice, it is bad for doctors to have to take critical decisions while overtired and overworked. That was eloquently described by my hon. Friend the Member for St. Albans (Mr. Pollard).

My fellow Minister of State made it clear in his opening contribution that on the issue of out-of-hours cover, the Opposition have ignored both the statutory duty of primary care trusts to provide it and what is actually happening on the ground. As my right hon. Friend said, at the moment only 5 per cent. of GPs provide their own out-of-hours cover. GP co-operatives and private providers already carry out most of the cover and we are continuing to work to ensure that the new arrangements work well and in the best interests of patients.

The right hon. Members for Richmond, Yorks (Mr. Hague) and for North-West Hampshire (Sir George Young) drew attention to some of the difficulties in bringing about out-of-hours cover and the right hon. Member for Richmond, Yorks particularly drew attention to what is happening in rural areas and to the challenges that they face. I was pleased that both Members drew attention to the hard work being put in to ensure that there is no reduction in services, and they received assurances that that would not be the case as more resources were going in. As my right hon. Friend said, specific allocations have been made to rural areas on top of the extra £350 million targeted to support out-of-hours services.

With regard to the working time directive and junior doctors hours, my right hon. Friend told the House that because of the recent decisions of the European Court of Justice, implementation of the directive will be very demanding for the NHS. The right hon. Member for Charnwood (Mr. Dorrell) also referred to that. We agree about the difficulties, which is why, together with other European countries, we have made clear our concerns—and the Commission has accepted that the directive needs to be amended. My right hon. Friend gave the House an assurance that he would keep it fully informed of developments in that respect.

Dr. John Pugh (Southport) (LD): Will the hon. Lady also emphasise that Ministers have constantly been in touch with the small hospitals group and that meetings have taken place with those hospitals and with the Royal College of Physicians to discuss the working time directive and the European dimension?

Ms Winterton: Yes, my right hon. Friend has certainly met them and continues to engage in discussions with them.

At the same time as successfully making representations to the Commission, we have put in train a number of measures to reduce junior doctors' hours, to increase the numbers of doctors in training, and to establish pilot schemes to look into the implementation of the working time directive. In doing so, we have made it clear that our priority is to implement the directive in a way that maintains both the quality and accessibility of NHS services—a commitment praised by the hon. Member for Wyre Forest (Dr. Taylor), who also praised the work of my right hon. Friend the Minister of State. I mention that because my right hon. Friend was not in his place at the time.

My hon. Friend the Member for West Bromwich, East (Mr. Watson) referred to new ways of working that will be necessary to ensure that we maintain service provision. For example, he highlighted in his area the better use of nurses' time and skills. My hon. Friend the Member for Dartford (Dr. Stoate) mentioned that as well, and referred particularly to the role that pharmacists can play. We need to consider the role that they can play under the new contract, and my hon. Friend knows that I strongly support such a move.

The hon. Member for Sutton and Cheam (Mr. Burstow) raised the issue of what would happen if trusts were not compliant. Pilots spread best practice, as we know from the results so far, and it is unlikely that the whole of a trust will be not compliant. Certain areas will have particular difficulties, including, for example, obstetrics—as the hon. Member for Wyre Forest pointed out—and, possibly, paediatrics. My right hon. Friend the Minister of State meets regularly with the BMA and others and will issue guidance on problems that may arise in such specialties.

The hon. Member for Westbury (Dr. Murrison) raised the issue of cost. As my right hon. Friend said, some £46 million has been provided to assist with compliance, but it is impossible to disentangle plans for compliance from trust plans to modernise and improve services generally, as well to meet other key NHS priorities. We have not asked trusts to quantify costs separately as that would be an added burden. Planning for working time directive compliance forms part of overall NHS planning, but in each trust the solutions will need to fit local circumstances, which will differ from place to place.

The hon. Members for Westbury, for Wyre Forest and for Sutton and Cheam raised the issue of community hospitals and out-of-hours services. I reiterate that the new general medical services contracts have no bearing on the arrangements whereby GPs provide medical cover for patients occupying beds in community hospitals. Agreements that GPs may have with a community hospital are separate from their primary medical services contracts, and PCTs should decide locally how to commission such work as part of their broader commissioning strategy. Discussions have taken place in Warminster, and continue to take place. Three months cover has now been provided, as the hon. Member for Westbury knows—we have corresponded on the matter—and the minor injuries unit has been reallocated to Westbury.

Yet again, the Opposition have shown us that they are less interested in solutions and what is best for patients, staff and those who make our health service work, and more interested in sniping about the NHS and undermining those who work in it. That is not surprising, because when they were in power the attempts they made to reduce working hours for junior doctors were too little, too late. When in power, they also cut trainee numbers. This Government have reduced the hours of doctors in training: 95 per cent. of them now work for 56 hours or fewer a week. This Government have increased work force numbers so that there are almost 7,300 more consultants and 67,500 more nurses than there were in 1997. This Government have increased the number of medical school places so that 6,030 students entered medical school in 2003.

Also, this Government's new GP contract has been welcomed by the BMA as being

"better for patients and better for everyone working in general practice".

[Ms Winterton]

The Government welcome the overall aims of the working time directive to ensure humane working hours for doctors, but those on the Opposition Front Bench have not learned any lessons. They have not said that they would recruit more health staff than we are recruiting already; nor have they said what reforms to contracts and working practices they would introduce. In fact, they have said very little of substance—but perhaps I am being slightly unfair, as they said that they would support the agenda for change.

Opposition Members might like to look at an article in *The Times* on 24 November—an interview with the hon. Member for South Suffolk (Mr. Yeo)—which says:

"The Conservative Party put itself on a collision course with doctors and nurses last night by announcing plans to scrap national pay agreements in favour of local hospital deals with staff."

It continues:

"The policy has been condemned by the British Medical Association as 'divisive', while the Royal College of Nurses said that it would do nothing to solve recruitment problems."

The hon. Gentleman insisted:

"What we want is for hospitals to be able to reflect local conditions and have the freedom to negotiate with their staff. That is one of the characteristics of independence in our view. Clearly the more independence you bestow on an employer, the less scope there is for uniform national contracts."

Of course the Government appreciate that the Opposition are still tying down certain aspects of their health policy—in fact, most of it—but we had hoped for something more constructive and less muddled from them when they decided on the topic for today's debate.

The Government are working with patients and staff to deliver real improvements in the NHS for the benefit of everyone. Only the Conservative party does down the NHS, because it does not share our belief that the NHS is the best way to deliver decent health care to everyone in this country. That has always been the case, and we have heard today that, despite all the Conservative party's rhetoric and protestations, it really does not believe in the health service. Not only are 166 Conservative MPs sending out that message, but we now know that a whole gang of prospective parliamentary candidates, highlighted today, are also going out and undermining NHS staff.

We believe in the NHS, which is why I urge the House to vote against the Opposition motion and for the Government amendment.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 197, Noes 303.

Division No. 134] **[3.58 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Dorrell, rh Stephen
Doughty, Sue
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael

Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes: Gregory Barker and Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Bailey, Adrian
Baird, Vera
Barnes, Harry
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Cook, Frank *(Stockton N)*
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Dalyell, Tam
Darling, rh Alistair
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGrady, Eddie
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julia
Morris, rh Estelle
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
O'Neill, Martin
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*

Ryan, Joan *(Enfield N)*
Salter, Martin
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Noes:
Ms Bridget Prentice and Charlotte Atkins

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House welcomes the overall aims of the European Working Time Directive (EWTD) to ensure humane working hours for doctors in training; further welcomes the Government's lobbying of the European Commission and other EU Member States which has resulted in the Commission's giving assurances that they will bring forward legislative proposals on the EWTD before the summer; notes the dramatic reduction in the hours of doctors in training which means that 95 per cent. of them now work for 56 hours or fewer; congratulates the Government on the increases in workforce numbers and medical school places, which mean there are now almost 7,000 more consultants and 55,000 more nurses than there were in 1997, and that 6,030 students entered medical school in England in autumn 2003; welcomes the work being done in the National Health Service in implementing new ways of working that contribute to modernising and improving services and meeting the obligations of the Directive; and joins the Chairman of the BMA's General Practitioners Committee in welcoming the new GP contract as being "better for patients and better for everyone working in general practice" and notes that it will allow primary care trusts to offer patients a safe, high quality service, with care delivered by the most appropriate professional, through better use of more joined-up services.

London

Madam Deputy Speaker (Sylvia Heal): We now come to the second debate on the Opposition motions. Mr. Speaker has selected the amendment in the name of the Prime Minister.

4.14 pm

Mr. Mark Field (Cities of London and Westminster): I beg to move,

That this House takes pride in London's heritage and status as a leading global capital city; notes that its outstanding success over many centuries has depended upon its rich mix of people, innovation and energy; further notes that it is an international leader in financial services, the arts, media, higher education, medicine and scientific research and tourism; regrets that this enviable competitive advantage is now threatened by the diminution in the quality of life of Londoners and those who come to work in the capital; recognises that insecurity brought about by the threat of terrorist action and rising levels of crime and anti-social behaviour, failing public services, overcrowded and unreliable transport, alongside an ever increasing tax burden on all Londoners, will undermine the capital's global reputation as a great place to live and do business; and calls upon the Government and its Mayoral candidate, Ken Livingstone, to address the needs of the people of London and improve the quality and choice of services in the capital.

London is a global city. Its outstanding success is based on its unique diversity, that rich mix of people, innovation and energy that has served our capital so well over the 2,000 years since its foundation. But today, for the first time in countless generations, there is a clear sense that Londoners' quality of life is not improving and that public services are deteriorating. London's historic position at the centre of the UK's political, commercial and cultural life makes it unusually important, even among leading world cities. Truly, if London fails, the UK fails. When London's economy, culture or entrepreneurial spirit suffers, so, too, does Britain's as a whole.

However, the continued success of London cannot be taken for granted. Although it faces infrastructure challenges similar to those it faced in the past, those were overcome at various stages throughout its long history. Today's global terrorist threat challenges urban policy makers throughout our nation, as well as across the world. Looking ahead, the Government need to understand the importance of London asserting its commercial competitive advantage not only among its traditional rivals in western Europe or north America, but increasingly in the face of competition from China and India, the two emerging economic powerhouses of the 21st century.

National politicians, local community leaders and businesses must recognise and embrace the diversity, vitality and energy of our capital. London needs more vision and commercial acumen than has been apparent in recent years. An increasing sense of powerlessness and insecurity is felt by many who live in London, together with a desire for the reassertion of a stronger sense of civic awareness. For although the economy has generally thrived, the overall quality of life for Londoners over the past seven years has not improved. I trust that some of these sentiments will be shared throughout the House. By moving the motion today, the official Opposition call upon the Government and their

mayoral candidate Ken Livingstone to address more fully the needs of London's residents, commuters and tourists alike.

Mrs. Jacqui Lait (Beckenham) (Con): My hon. Friend mentioned commuters, and as he knows, my constituency consists largely of commuters. He may also be aware that yesterday the Minister of State, Department for Transport referred to the work being planned for London Bridge and the bottleneck of trains there. Is my hon. Friend aware that the Strategic Rail Authority is threatening to reduce the number of peak hour trains on one line, the Hayes line through Beckenham, by one third, and to dump my commuters at Cannon Street rather than at Charing Cross? What support does my hon. Friend believe my commuters need, and what do the Government need to do to ensure that commuters from Beckenham are able to add to the commercial success of London?

Mr. Field: I am only saddened that my hon. Friend thinks her commuters are being dumped from one part of my constituency, Cannon Street, to another, Charing Cross. There are no dumps in the Cities of London and Westminster. However, my hon. Friend makes a valid point, which I am sure will appear in the "Beckenham Evening Advertiser" and various other local papers in the next week or two.

Today I want to highlight the failings of the Government and London's Mayor in four main areas: crime and disorder, dealing with the threat of terrorist action, transport, and the burden of taxation on London's businesses and residents. Crime and antisocial behaviour are undoubtedly the most critical issues that face London. In every part of the capital it has been confirmed in every survey without exception that too many people, regardless of their background, age or income, do not feel safe on the capital's streets.

That sense of insecurity is justified by much of the evidence. Crime has continued to increase in the four years since Mayor Livingstone's election. One is more likely to be mugged in London than in New York—19 of London's 32 Metropolitan police boroughs are more dangerous than the notorious Bronx district of New York.

Clive Efford (Eltham) (Lab): Is the hon. Gentleman aware that Sir John Stevens has written a note to all mayoral candidates warning them not to misrepresent statistics on crime in London? He highlighted the fact that London is one of the safest regions in the country, according to the latest British crime survey. Is not the hon. Gentleman committing the same crime as his party's mayoral candidate did in the *Evening Standard* and misrepresenting crime figures in London?

Mr. Field: Misrepresentation is a two-way street in this case. One of the statistics in the so-called confidential survey—I understand that it has been leaked to *The Guardian* today and was not due to be published until next week—make it plain that when figures for murder and rape are aggregated with those for other assaults in the violent crime category, the picture looks quite good. However, the number of murders and rapes—the more serious violent crimes—has indeed risen over the past four years. Misrepresentation is very much a two-way street.

Clive Efford: The hon. Gentleman is again guilty of misrepresentation. In the *Evening Standard*, the Conservative mayoral candidate has suggested that crime rates in London are similar to those in New York. The hon. Gentleman referred to murder rates. There are about 1,000 murders a year in New York, but the annual figure has consistently remained at about 200 in London, so the comparison is not consistent.

Mr. Field: Let me make it absolutely clear: overall crime rates in London and New York are not comparable, as they are now far worse in London than in New York, mainly as a result of some of the policies about which I shall speak in some detail later.

Simon Hughes (Southwark, North and Bermondsey) (LD): I should like to confirm the point made by the hon. Member for Eltham (Clive Efford). The Metropolitan police are concerned that the Conservative colleague of the hon. Member for Cities of London and Westminster (Mr. Field) is not giving the truth, the whole truth and nothing but the truth about the London crime figures. Representing things as worse than they are and suggesting that crime generally across London is increasing not only fails to represent the accurate position, but adds to fear of crime, which for many people is just as serious as crime itself.

Mr. Field: The people of London will have their say on this matter in the next few weeks. Whether or not we have more police on the streets, the message from Londoners is absolutely clear: on crime, Labour has let us down.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab) *rose*—

Mr. Field: I give way to my neighbour.

Ms Buck: I am grateful to my neighbour for giving way.

Has the hon. Gentleman had a chance to look at the civic newspaper of our shared borough, the Conservative-controlled borough of Westminster, which said in March:

"Efforts are having a positive impact and we are pleased to report that recently released crime statistics show a significant reduction in a number of categories of crime"?

Mr. Field: As I said, we will see what people have to say over the next seven weeks, during the course of the campaign.

Mr. Andrew Dismore (Hendon) (Lab): Will the hon. Gentleman give way?

Mr. Field: No; I must make some progress.

There has to be another way. The Conservative mayoral candidate, Steve Norris, returned yesterday from a four-day trip to New York, where he met Rudolph Giuliani, the former mayor of New York city,

[Mr. Field]

who has long observed that it is not headline-grabbing crime rates alone that induce the sense of insecurity to which I have referred. Ironically, it is the physical evidence of antisocial behaviour—the sight of graffiti, vandalism and yobbishness on our streets—that has a much greater influence on quality of life for people in the capital. Indeed, antisocial behaviour is now judged to be worse in London than in any other city in the UK.

Paradoxically, the amount spent on policing has never been greater. I accept that, and I also appreciate that we now have some 30,000 uniformed police officers and community support officers here in the capital—the highest number ever. While the costs of policing have escalated to almost £3 billion a year, however, there has been no corresponding reduction in the fear of becoming a victim of crime here in the capital. Detection rates have also fallen to below 15 per cent., after a sustained fall since six years ago, when detection stood at roughly one quarter.

Many of Steve Norris's ideas and recommendations challenge contemporary assumptions about the nature of policing in the UK, and we as Conservatives promise Londoners that under a Tory Mayor, starting on 11 June, there will be a fundamental change in the management and organisation of the police here in the capital.

Mr. Eric Forth (Bromley and Chislehurst) (Con): On that very theme, I hope that my hon. Friend can also reassure those in the outer London boroughs such as Bromley that full attention will be paid to their concerns. Although the overall number of police officers in the metropolitan area may well have increased—we must all welcome that—in my borough of Bromley, the number of police officers is still fewer than in 1997. I therefore hope that we will get a pledge from our mayoral candidate, and indeed from my hon. Friend, that under a Conservative administration and Mayor, the outer London boroughs would receive full and proper attention.

Mr. Field: I entirely agree with my right hon. Friend. The threat of terrorism has increased in my central London constituency, and the number of uniformed police officers has inevitably increased, in my patch above all, since 11 September 2001. The price has had to be paid in the suburbs, which are represented by hon. Members on both sides of the House, and the Conservative mayoral candidate will emphasise that point.

Mr. John Randall (Uxbridge) (Con): Although terrorist targets are in the centre of London, terrorist suspects are being picked up in the suburbs.

Mr. Field: I entirely accept that point. My hon. Friend represents part of Heathrow airport, although I understand that most terrorist suspects are moved across to Paddington Green police station before too long.

One arm of the Government is often blissfully unaware what the other arm is doing. For example, the Department for Culture, Media and Sport saw the Licensing Act 2003 as encouraging all-night activity on our city streets. The widespread deregulation of pubs and other licensed premises was supposed to herald a 24-hour city culture, yet at the same time the Home Office has made much of its eye-catching initiatives, which are, in the main, failures, to clamp down on antisocial behaviour. Do the Government recognise that drunken loutishness and disturbance has skyrocketed as a result of their failure to provide effective policing on the streets in the early hours, along with round the clock public transport to ferry all-night drinkers back to their homes? Many London residents have had their lives turned into hell, not only in the west end in my constituency but in places such as Croydon, Ealing and Romford, and they recognise that Labour has let them down.

From the fate that befell Spain last month, it is clear that the threat of global terrorism is serious and imminent, and nowhere more so than here in the capital. However, the Government strategy appears to be to wait for what they regard as an "inevitable attack" and then—and only then—to act. That cannot be the right way forward. The public have been told almost nothing about the nature of the terrorist threat. There has been virtually no formal training, and the emergency services here in London would be stretched in trying to deal with the aftermath of a major incident.

The Home Secretary has spent much of the past two and a half years introducing an array of new laws to the statute book, undermining many of this country's traditional freedoms. At the same time, he has by his own admission lost control of the immigration system to the extent that tens of thousands of people find their way illegally into this country every year and simply go underground, out of sight of the security services.

Ms Diane Abbott (Hackney, North and Stoke Newington) (Lab): Is the hon. Gentleman seriously suggesting that the Government have adopted a wait and see policy on the terrorist threat, when exercises have been conducted and money has been spent? The efforts of the Mayor, Ministers and the Metropolitan police cannot be described as a "wait and see policy". That is an insult to dedicated professionals.

Mr. Field: It is not an insult. The single exercise was delayed by some six months, and training has been insufficient. Meanwhile, most people take the view, which was recently expressed by the Metropolitan Police Commissioner, that an attack is inevitable.

Mr. Dismore: I am bemused, because at a recent meeting Sir John Stevens said that one in 10 London police officers are now engaged in some form of anti-terrorism work, and we also have 200 extra firefighters specifically for that purpose. Are those not proper preparations?

Mr. Field: The hon. Gentleman fails to understand that it is a question of educating the public. Perhaps 3,000 police are engaged in anti-terrorist activity, but we must educate the public at large, including tourists and people who work in London. In that regard, the policy has been little more than wait and see, and the Government have failed.

John McDonnell (Hayes and Harlington) (Lab): Today's *Metro London* reports an alleged threat to Heathrow airport, and the hon. Member for Uxbridge (Mr. Randall) and I have attended all-party meetings with the Minister to discuss security at Heathrow. We came away reassured about the intensity of the co-operation between Government, Mayor, Metropolitan police and BAA about security arrangements at Heathrow. Indeed, a number of exercises and reports have identified individual problems that have been addressed, even to the point of putting tanks around Heathrow on that occasion. We engage in knockabout when we speak, but it is important to reassure people that Heathrow airport is the safest in the world.

Mr. Field: I appreciate that. Equally, however, there is a distinction between reassurance and complacency, and we must not be complacent about the fact that it may be at risk.

Mr. Dismore: Will the hon. Gentleman give way?

Mr. Field: No, I must make some progress.

At the same time as the Home Secretary has lost control of the immigration system, we have pressed the Government to build up a proper civil contingency reaction force here in London. Although London is the prime UK terrorist target, it is massively short of such a capability and heavily reliant on Territorial Army reservists. And where is the main London TA regiment today? Many of those brave reservists find themselves on duty in Iraq, doing incredibly worthwhile work in Basra—probably during the past 24 hours, given the horrendous events that have taken place. Nevertheless, they leave an enormous gap in London's protective cover.

The Government need to instil confidence in those who live, work and travel to London and more—much more—needs to be done to keep the terrible threat posed by those tenacious terrorists at bay.

Linda Perham (Ilford, North) (Lab): Will the hon. Gentleman give way?

Mr. Field: No, I must make some progress, if the hon. Lady will excuse me.

All too often, the Government talk big about their resolve in the face of terrorism, but pass the responsibility to local authorities without adequate financial resource for contingency, resilience and emergency planning.

Labour has let Londoners down on public transport, which has become ever more overcrowded and unreliable than in May 1997, when the newly elected Government launched with a great fanfare their now defunct 10-year transport strategy. Their continued refusal to fund Crossrail is not simply a London but a national disgrace.

On the whole, then, the Government's has been rather a dismal performance; but Mayor Livingstone, the Labour party's candidate this June, has an even more threadbare record. In his four years as Mayor, he has wasted millions of pounds of Londoners' money on suing the Government in a futile attempt to block the public-private partnership on the London underground. That has resulted in his first term being characterised by the continued rapid deterioration in the capital's tube without any strategy for future investment. At the same time, he has struck a Faustian bargain with Bob Crow and the extremist RMT trade union, which has sought, through repeated industrial action on the tube—I fear that Londoners will see more of that in the hot summer months ahead—to hold London's businesses, commuters and residents to ransom.

There is a widely held myth that the Mayor has been responsible for a fabulously successful transport policy. It is certainly the case that the congestion charge in central London, which was introduced in February 2003, did not lead to the riots on the streets that many might have predicted. However, it is costing immeasurably more to administer than it is bringing in in revenue. Initial projections suggested that Livingstone's tax on London's car owners would raise some £200 million in annual revenues, which Londoners were assured would be invested in improvements to the transport infrastructure in the capital. Instead, in its first full year of operation, the congestion charge has barely broken even, while serious doubts are emerging as to the efficiency with which fines for those who flout the charge are being enforced.

Kate Hoey (Vauxhall) (Lab): I agree with aspects of the hon. Gentleman's remarks about congestion charging, but his own borough of Westminster has not been very pro-car either. Its parking enforcements have been badly handled—so much so that even I had my Mini carried away the other night. It was taken by the rudest possible people, who, when I tried to reason with them because they were towing me away illegally, behaved in a manner that was very unworthy of Westminster council, as I am sure the hon. Gentleman will want to agree.

Mr. Field: I am tempted to emulate my party leader and turn to song. Certainly, I used to like the Beach Boys until earlier this afternoon. Traffic enforcement is not in the hands of Westminster council alone—some of it is hived off. The phrase, "God Only Knows" comes to mind.

In short, the congestion charge is probably unique as the only tax in history that will actually lose money. As for its effect on retail business within the zone, even the Mayor's office will not dispute that it is proving extremely arduous, especially on many small family-run businesses—not, I hasten to add, that it has any great fans among retailers in Oxford street or the Strand. Meanwhile, the Mayor's obsession with subsidising the buses is becoming a financial nightmare, which will cost Londoners dear in further sharply increased council tax bills in the next five years.

Let us consider the cost of Livingstone.

Harry Cohen (Leyton and Wanstead) (Lab): Will the hon. Gentleman give way?

Mr. Field: No, I want to make some progress.

Before the Government try to wash their hands of responsibility for the actions of their preferred mayoral candidate, Londoners should be reminded that the additional layer of London government bureaucracy is a consequence of Labour's election in 1997.

[Mr. Field]

In Ken Livingstone's first full term as Mayor, the Greater London authority precept has risen by an inflation-busting 96 per cent. from £123 for each band D taxpayer in 2000 to the current £241 per annum. What has he done with all the money? It is true that some has gone towards bolstering police numbers in London but no less than £1.5 million a year goes on employing some 19 press officers at City hall. We all thought that the Prime Minister was spin obsessed, but the Mayor spends even more on his propaganda machine. That is before we count the £3.8 million cost of Livingstone's newspaper *The Londoner*, which tells the few London residents who bother to read it what a wonderful job Comrade Ken does on their behalf.

Mr. Dismore: The hon. Gentleman complains about the rises in the precept and says that a small amount has been spent on policing. However, 79 per cent. of the precept increase has been spent on policing London. There are big adverts on behalf of Mr. Jarvis—sorry, Mr. Norris—the Tory candidate for Mayor. How will he fund his proposals for policing without that sort of expenditure on it?

Mr. Field: He has made it clear that it is not simply a question of police numbers but managing and organising the police. That shows the main difference between the two main parties on policing. We shall hear far more about that in the next few weeks of the campaign.

The Mayor has also committed Londoners to paying an additional £20 a year over 12 years to fund the Olympics should the United Kingdom bid be successful. However, as if the cost of providing the Government with a blank cheque for any financial overrun on the Olympics was not bad enough, the biggest black hole appears in the transport account.

According to the Mayor's figures, there is a funding gap of £1 billion a year from the next financial year onwards between what he wants to spend on buses and the aggregated predicted Government grant and all other income sources. The message to Londoners should be clear: more Ken after 10 June will mean more tax from the Prime Minister's hand-picked candidate for Mayor of London.

There are only two reasons for the Government's readmittance of such an inappropriate mayoral candidate to the Labour party. Neither has anything to do with his abilities as London's political figurehead. First, if Ken Livingstone had run as an independent, the official Labour candidate would have been humiliated by coming at best fourth in the mayoral race. Secondly, the split in the Labour vote that his running as an independent would cause was likely to damage many of Labour's Greater London authority candidates, with potentially damaging consequences for Labour in the capital in the next general election.

Surely the Government's failure to grasp the nettle of policy making in the capital cannot be summed up better than by their cynical readmittance of Ken Livingstone to Labour's ranks. From his vulgar criticism of the United States President, the Saudi royal family and the democratically elected Prime Minister of Israel, the Mayor's penchant for grandstanding to extremist opinion does great damage to London's reputation. Although he is often portrayed as a cheeky chappie and an anti-establishment figure, Livingstone is surely not the right voice for London.

The mayoralty is an important public role, which is key to promoting London tourism and business throughout the globe. It also involves a budgetary responsibility of some £7.5 billion a year. Londoners deserve better than someone who, in his demeanour and outbursts, often appears better suited to student union politics. Perhaps that would matter little if the Government did not pass directly to him millions of pounds of annual grant, through the London Development Agency, earmarked for promoting tourism and business in places such as the United States and the middle east. Once more, the Labour Government are letting Londoners down.

I appreciate that many other hon. Members want to contribute to this important debate, but I wish to conclude with a few thoughts about the way in which we might improve our quality of life in our city. The rapid pace of change in life in London will only increase in the years ahead and that will doubtless leave many fearful about the effects of globalisation. I represent a most central inner-London seat—I appreciate that it always raises a wry smile from Labour Members when I refer to my inner-city credentials. However, although Mayfair and Knightsbridge may not be typical inner-city areas, parts of Bayswater, Pimlico and Victoria most certainly are. I find that the desire for security and a sense of urban identity and belonging is even stronger among the residents in my most built-up urban communities. Twenty or so residents' associations and amenity societies thrive in my constituency alone, and I have observed, especially in the last couple of years, how the membership and activity of those bodies has increased. They recognise the importance of preserving historic buildings and of good aesthetic design to their sense of security and well-being.

In dealing with inner-city affairs, the voices of reaction—especially, it has to be said, in my own Conservative party—often hark back to a golden age. I believe, however, that all of us in London who have a passion for our city need to be practical. The real issue is not "Globalisation, yes or no?" but how we can develop, reform and reinvigorate our urban institutions to secure the enduring values of our traditions. In London, we need to resist the temptation to reverse the tide and simply recall how much better life might have been in the past. Instead, we must be optimistic and energetic about life in cities, and adapt to the often exciting, modern globalised world in which we now live.

One of my own local authorities, Westminster city council, has played a leading role in its civic renewal initiative in developing partnerships between residents, police and Government agencies in improving the quality of life of those who live and do business in central London. Its key insight has been to break down the perhaps false dichotomy that has existed in urban policy making between the top-down versus bottom-up analysis of civic participation. It is only right to recognise that, in several of these localised initiatives here in Westminster, the Government have played an important part in providing both financial resource and legislation for projects such as the business

improvement districts, which are already making a significant impact in revitalising the west end as a retail centre.

However, many people in London feel a vague yet uncomfortable state of disconnectedness from the political process. The issues of civic renewal and the restoring and revitalising of community institutions to facilitate a renewed public engagement in our capital go beyond the realms of this debate, but I hope that London Members here will play a part in developing an agenda to improve the quality of living in the capital. I certainly plan to do so.

I love cities, especially my own. Like so many young adults, I chose to come to London, and now consider myself to be one of her sons. The challenge ahead is to make London liveable for its residents and sustainable as a leading global commercial centre. I call on the Minister to assure me that this Government share the vision of what London can and should be. I also ask him to put pressure on his colleagues, in particular the Chancellor of the Exchequer and the Mayor of London, to set their sights on improving the quality of life here. Londoners feel let down by this Government, and London deserves better.

4.42 pm

The Minister for Housing and Planning (Keith Hill): I beg to move, To leave out from "tourism" to the end of the Question, and to add instead thereof:

"welcomes the Government's commitment to London's continuing economic, social and cultural success, and to enhancing its status as a world class city; applauds London's high levels of productivity and success in attracting inward investment that benefits the whole of the UK; recognises that this success is backed by record levels of funding from this Government for education, health, the arts, culture, creative industries, crime prevention, transport and other key public services that have resulted in substantially higher employment, substantially lower unemployment, record police numbers including more community support officers and police on the beat, massive increases in bus services and people using them, with an extra 100 million bus trips and an extra 180 million tube journeys taken a year; applauds the leadership of the Mayor of London, working in partnership with the Government in the key areas of transport, planning, economic development and policing; praises the work of the police and security services in remaining vigilant to keep the capital safe; and condemns outright Opposition attempts to talk down and undermine the continued success of our great capital city."

I congratulate the hon. Member for Cities of London and Westminster (Mr. Field) on what I believe is his maiden appearance at the Dispatch Box. Personally, I thought that he carried it off rather well. His speech was a minor triumph of style over content. I must remind him that he was speaking to a motion and that words are generally supposed to have meaning. The words of this motion are a farrago of nonsense. They talk down our great city, sell London short and deliberately fail to recognise the huge progress made in London in recent years as a result of the excellent work and co-operation between this Labour Government and our Labour Mayor and Labour Assembly Members. That is why I have to advise my hon. Friends to vote against the motion.

Let us look at the motion in more detail. It claims that London's "enviable competitive advantage" is now under threat. What world are the Tories living in? London is a great world city with world-class cultural and sporting resources, world-class universities and a business community that is a key engine of national economic growth. London is renowned for innovation, entrepreneurship, style and dynamism. More than 300 languages are spoken here, reflecting the wonderful diversity and strength of our population. London has more than 200 theatres, 125 dance companies and 395 public libraries. That incredible social and cultural diversity draws skilled workers from all over the world.

Mr. Dismore: Will my right hon. Friend give way?

Keith Hill: Of course I will give way to my hon. Friend, but I must warn hon. Members that, if they will forgive me, I do not intend to take many interventions. In these short debates, it is important that as many Members as possible have the opportunity to speak. I personally aim to speak for not more than 20 minutes.

Mr. Dismore: I very much agree with what my right hon. Friend says about the diverse nature of our city. Can he comment on the views expressed in our local newspapers by Councillor Brian Coleman, a GLA Member for Barnet and Camden, about Middlesex university? He described it with a four-letter word beginning with c because it accepted so many foreign students.

Keith Hill: To be honest, I was not aware of that. I am pleased that I was not aware of such a nauseating comment and wholeheartedly condemn those sentiments, in which I am sure that all decent Members join me.

London's huge economic dynamism means that inner London is by far the richest region of the European Union, with a GDP per head of 260 per cent. of the European Union average. Ten years ago, under the Tories, the per capita GDP of London was less than £12,000. Now, under Labour, it is more than £19,000. In 1992, under the Tories, unemployment in London stood at more than 780,000. Now, under Labour, it is down to 450,000. Since Labour came to power in 1997, unemployment has fallen by more than 40 per cent.

Contrary to Tory claims, London provides a highly competitive environment that encourages innovation and experiment. Its productivity levels are 25 per cent. higher than the national average and closer to American levels than to UK or average European Union levels. London acts as the main gateway for international investment. It is one of the world's top three financial centres, alongside New York and Tokyo, and is by far the largest in Europe. It accounts for 31 per cent. of global foreign exchange turnover, and 48 per cent. of world turnover in foreign equities trading. London's attractiveness to foreign firms is demonstrated by the fact that it has 447 foreign banks—more than any other city in the world.

The motion refers to an "ever increasing tax burden". What on earth can the hon. Member for Cities of London and Westminster mean? There is not a shred of evidence to suggest that London is taxed more heavily than anywhere else in the UK. It is perfectly true that it is enormously prosperous and successful and that its success contributes to the prosperity of the UK as a

[Keith Hill]

whole. As a result of that success, it is, of course, a net contributor to the Exchequer, together with the wider south-east, with the amount estimated at between £7 billion and £17 billion each year. That is an interesting fact to which many of my London colleagues, including Ken Livingstone and, indeed, myself have been known to draw attention from time to time. That net contribution is a consequence of our progressive taxation system, in which the wealthy contribute proportionately more than the poor. We make no apology for that: we are the party of the many, not the few. To set the record straight, I ought to point out that, because of London's needs, public spending in London is among the highest of all UK regions, at 1.2 times the UK average and, in transport, it is 2.75 times the UK average.

In his motion, the hon. Gentleman draws attention to the shortcomings of London's transport system and it would be a foolish politician who sought to deny the stresses and strains of a public transport system that has suffered decades of under-investment and is now striving to cope with the consequences of economic success. But it is pretty rich for a Conservative politician to attempt to lay the blame for London's transport problems on this Government and this London Mayor. Between 1992 and 1997, it was the Conservative party in government that slashed capital investment in London's tube system by no less than half, cutting it massively from £700 million a year to £350 million. It is this Labour Government who are investing £1 billion a year in London's underground system under the public-private partnership, a programme that over the next 15 years will deliver a tube system that is more efficient, more reliable and fit for the 21st century, with, at last, "a decently modern metro", for an underground system that carried almost a billion passengers last year.

This Labour Government have worked with the Mayor to secure a transformation in London's bus services. Since 2000, the Government have more than doubled Transport for London's budget, which has risen from £1.2 billion in 2000-01 to over £2.5 billion in 2003-04. As a result, London bus occupancy is now twice the level of that in other English metropolitan areas, bus use has increased by 30 per cent. since 2000, bus mileage is higher than at any time in 40 years and public satisfaction with London's bus services is at the highest level ever recorded.

I understand that the Liberal Democrat mayoral candidate plans to cut those services. I pay full tribute to Ken Livingstone for his clear recognition that only through a rapid expansion of bus services could London's immediate transport needs be met. I congratulate him on what he has achieved in the past three years in improving London's bus network.

Simon Hughes: *rose*

Keith Hill: I will not give way to the hon. Gentleman. I am certain that he will have his chance to speak and, if I know anything about the hon. Gentleman, he will explain himself at considerable length.

The work that we have done on London's bus network is another excellent example of Whitehall and City hall working together. I also pay full tribute to the Mayor for his courage and vision in introducing the congestion charge, which has been an outstanding success.

Mr. Forth: On a point of order, Madam Deputy Speaker. Is it in order for the Minister, of all people, to cite the alleged brevity of his speech as an excuse to take no interventions? Surely the whole point of a debate in this Chamber is to allow an exchange of views. Is there anything you can do to protect us from a Minister who will not take part in a debate?

Madam Deputy Speaker: The content of the Minister's speech, as with any Member's speech, is his responsibility. He is addressing the motion.

Keith Hill: I should love to take an intervention from the right hon. Gentleman. I did not take one from the Liberal Democrat mayoral candidate because I was sure that he would have his own chance to speak at considerable length in due course.

Mrs. Lait *rose*

Keith Hill: Of course I give way to the hon. Lady.

Mrs. Lait: I thought for a moment that the Minister might have taken me for a Liberal Democrat because I am wearing a yellow jacket. Before he leaves the subject of transport, could he explain why there is a threat of delay to the extension of the east London line?

Keith Hill: I am not an expert on these matters, although as a south London Member I take an interest in them. There are complicated issues relating to both the investment and the alignment of the east London line that I understand are, at least for the time being, impeding further development.

I was paying full tribute to the Mayor for his introduction of congestion charging. As a result of that, congestion in the zone is down by 30 per cent., at its lowest level since the 1980s. There is evidence of a faster reduction in road traffic accidents inside the zone than outside and of a reduction in air pollution as a consequence of the reduction in traffic emissions. The charge is an innovation that has inspired interest and admiration throughout the world, and the support of most Londoners.

While I am in the tribute business, let me also acknowledge the excellent co-operation between the Government and the Mayor in increasing police numbers. In its motion, the Conservative party has the gall to talk of

"rising levels of crime and anti-social behaviour".

Yet this is the party that, between 1992 and 1997, when its current leader was Home Secretary, presided over a decline of well over 1,000 in London police numbers, which fell to 26,500. Now, under the Prime Minister and Ken Livingstone, the Metropolitan police service stands at over 30,000 officers—a record number—and 3,500 of them are funded by the Mayor's budget. The step change programme aims to increase the service to 35,000 officers over the next four years.

Kate Hoey: I thank my hon. Friend and colleague in the London borough of Lambeth for giving way. Everyone in Lambeth welcomes the extra policing in the borough, but does he agree—I am sure that he has been made aware of this in recent meetings with residents' and tenants' associations—that a problem is posed by the number of our local community beat officers who are being moved to central London to guard this and other areas because of the terrorist threat? It is very important that people living in boroughs such as ours are adequately policed despite the terrorist threat and that there should never be hardly any community beat officers in Lambeth, as sometimes happens.

Keith Hill: As my hon. Friend and fellow Lambeth Member knows, we are absolutely at our full complement and establishment of police officers in Lambeth, and both our constituencies benefit extensively from the presence of community support officers, but she is right that there is a strain on police resources as a result of the terrorist threat. That is exactly why the step change programme, which promises to increase the Met's numbers to 35,000 over the next four years, is so critical.

Since 2001, there are 1,000 more police officers on the beat and the Home Office has joint-funded with the Mayor 1,000 police community support officers to provide visible reassurance to Londoners at a time of heightened concerns about terrorist attack. My hon. Friend the Minister for Crime Reduction, Policing and Community Safety will talk more about action against the terrorist threat in due course.

Contrary to the Tory claims, crime rates in London are falling. We have had a 20 per cent. reduction in reported street robberies over the past 12 months. In autumn 2003, burglary in London was at its lowest for 25 years, street crime is down by a third and reported burglary at a 27-year low. Frankly, that is better than New York, so Steve Norris can save the London taxpayer the expense of importing ex-Mayor Giuliani. We have been there, done that and got the T-shirt.

Londoners know, contrary to the assertions of the official Opposition spokesman, that London is a safer city to live in. As MORI's annual London survey shows, the fear of crime is down across a range of indicators.

Londoners also recognise the significant improvements in their public services. In education, since 1997, there has been a real-terms funding increase of £900 per pupil in London's schools and capital investment is up from £81 million in 1997 to more than £500 million today. There are 4,100 extra teachers and 13,200 additional support staff across London. Results in London at primary school level have improved dramatically, with 75 per cent. and 71 per cent. now getting to the required standard in English and Maths—still too low, but a vast improvement—and a rise in GCSE results from 40 per cent. to 49 per cent. achieving five good passes, which is a faster improvement than in the rest of the country. I pay tribute to the Education Minister, my hon. Friend the Member for Enfield, Southgate (Mr. Twigg) for his work on the London challenge with London's most hard-pressed secondary schools.

In the national health service in London, funding increased from £6 billion to £7 billion in just one year, 2002–03—part of a £4 billion increase between 1997 and 2003. Nearly £4 billion is being invested to redevelop and build brand-new hospitals across London. In 2002, there were 2,500 more nurses than a year before, and 350 more GPs in London compared with 1997. Waiting lists for in-patient and out-patient treatment in London have fallen in leaps and bounds.

I am a resident of London and a London Member, as well as the Minister for London, so of course I recognise that London is a city of contrasts between great wealth and, in some areas of our capital city, unacceptable levels of deprivation, but let us be clear: the step change in funding for public services in London since 1997 is bringing huge benefits to London's deprived communities. In addition, 20 London boroughs are covered by local strategic partnerships, supported by more than £400 million of neighbourhood renewal fund resources in the current five years up to 2006. Furthermore, 10 of the Government's 39 flagship new deal for communities partnerships are sited in London boroughs, with access to a collective 10-year budget of more than £525 million to tackle the problems of London's most deprived communities. Yes, the need is great, but so are the resources that this Government are deploying to tackle that need.

Harry Cohen: Picking up on that point, and the point about education that my right hon. Friend made earlier, is he aware that one of the most serious problems for Londoners is the skills gap? Many people in the deprived communities that he has just mentioned need training to be able to get jobs. The Conservatives say that they will match Labour's spending on schools, but not on education as a whole. Surely that would mean a catastrophic cut in skills training programmes, which is just what London and Londoners do not need.

Keith Hill: My hon. Friend is right. The Conservatives claim to have the objectives, but it is also essential to build the means. That is why our work with the London Development Agency and the business community on developing schools and our recent announcement on maintenance allowances for post-16s are so essential to build up those skills in London's work force and population.

Through the Mayor and the London Assembly, this Government gave back to London and Londoners a strong voice and restored democratic city-wide government and strategic leadership to the capital. Ken Livingstone and the London Assembly have achieved much, including the successful introduction of congestion charging, more police on the streets and an increase in bus use. They have worked with Londoners to develop strategies to improve London's environment and cultural facilities and to promote London for business and tourism.

The fact is that London is, and will remain, a great city. We have much to be proud of and we will not have our reputation debased by Tory smears. We know that the picture is not perfect and that is why the Government are working with the Mayor, local authorities and others to reverse the legacy of chronic underinvestment in our public services. Improving public services lies at the heart of Londoners' needs and concerns. That is why we are providing big extra

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funding for health and education and working with the Mayor to improve public transport and the fight against crime. We want to ensure that all Londoners, not least those in our most deprived communities, share a better future and quality of life.

The Government will continue to work to maintain the economic growth and stability, high levels of employment and increased public funding that will ensure a better future for all in London. This Labour Government will take that work forward with Ken Livingstone, our Labour Mayor, for many years to come. The Prime Minister and London's Labour Mayor will stand shoulder to shoulder, delivering for London.

5.2 pm

Simon Hughes (Southwark, North and Bermondsey) (LD): Little would we have expected a year ago to hear that ending.

My party welcomes the debate. When the Conservatives were in power, they were no good at integrated transport, but they would probably regard today as the peak of integrated campaigning. They get their mayoral candidate off to New York for the weekend, they manage to unveil a poster, they put an advert in the evening paper and they hold a debate in the House of Commons. The only trouble is that the premise of their argument about crime is fundamentally flawed, which is rather a pity. However, it is good that we are debating London. As the hon. Member for Cities of London and Westminster (Mr. Field) said, this is a great city.

Mr. Stephen Pound (Ealing, North) (Lab): He did not say that.

Simon Hughes: He did say that. It is a great city, and my party shares that view, although we believe that it could be greater still.

I suppose that I must declare a sort of interest. In a couple of weeks' time when the election campaign starts for the London Mayor and Assembly, I might turn from being a prospective candidate in that election into being a candidate; if so, I shall be very—

Mr. Iain Coleman (Hammersmith and Fulham) (Lab): Will the hon. Gentleman give way?

Simon Hughes: No, not yet. If that transition occurs, I shall be very proud.

I wish to start by establishing the points of agreement. The first part of the Conservative motion is not altered by the Labour amendment or by ours. We all recognise the common values and benefits of this great city: its mix of people, its enterprise, its history, its culture and its diversity. We all share those values, whether we were born here, have moved here, work here or visit here. We would all want to enhance, applaud, welcome and celebrate that.

Like the Labour party, we seek to amend the motion. Most fundamentally, we say that, although London has huge needs and problems, we must be careful not to talk it down. My fundamental complaint about the text and texture of the otherwise good speech of the hon. Member for Cities of London and Westminster—and it applies to his Conservative colleague who is standing in the election—is the danger of talking London down. I always try not to do that, whatever the criticisms, and I hope that my colleagues do not do so either.

I would go further and acknowledge that the reinstated London government and the first, now outgoing, Mayor have done good things for London. Indeed, I have said that to his face. We accepted that congestion charging was a bold and good initiative, and my hon. Friends and I supported it from the outset in Committee and we have continued to support it throughout. We are also glad that the Mayor came round to endorsing the Olympic bid. Some of us argued for it earlier, but he came on board, and we welcome it. We are pleased that there are more buses, although the Minister would not allow me to intervene earlier and it was clear that he was unwilling to answer questions about how they would be paid for. The Mayor has not answered those questions either.

Mr. Coleman *rose*—

Simon Hughes: If the hon. Gentleman can be a little more patient, I will give way in a minute.

We also supported the increased policing—not hugely different from comparable increases in policing in Greater Manchester and other parts of the country—in London. After an initial couple of years without any increases, the Labour government came to realise that increases were necessary. We support that. If my Liberal Democrat colleague had been Mayor over the past four years, she would have done the same—so there is some common ground.

The political history of the past 20 or 30 years is of the Greater London council—first Tory-led, then Labour-led—its abolition by the Tory Government, the Government Office for London under Conservative and Labour control and then the first directly elected Mayor. There has been a history of underfunding, for which the Conservatives should accept significant responsibility, and some fundamental problems.

I shall not make a single quote from any document produced by any political party, and I shall be brief on statistics as it would be possible to quote statistics about London for hours. As the Minister for London will know, the Cabinet Office produced its analytical report on London last July. Its executive summary stated that London

"has high numbers of jobless people and substantial deprivation . . . has a housing market which is under strain and which will come under increasing pressure . . . has a transport infrastructure that has not kept step with the city's developing needs in the last fifty years . . . has public services that face substantial challenges as a result of the city's unique characteristics . . . has a complex system of governance"—

the one set up by the Government—

"that does not easily enable the city to focus on its strategic needs."

When the cross-party Association of London Government surveyed Londoners last autumn, it asked them about their biggest concerns. Crime was at the top; council tax was second; the health service was third; traffic was fourth; and education was fifth. Interestingly, the survey showed that the one concern that had

increased was the level of council tax. In common with the hon. Member for Cities of London and Westminster, I have no doubt that the Mayor of London is responsible for significantly increasing council tax. The increase over the past four years has been huge—greater than in any other authority in England. It is in the order of a 100 per cent. increase, for which the Mayor alone must take responsibility.

Surveys are conducted every year on the quality of life in world cities. This year's survey was produced in March. London was 35th in the league table for world cities and only 11th out of 15 European Union capitals. The Greater London Authority commissioned another interesting survey—again, one that was not influenced or instructed by my party colleagues. A comparison was made between 2000 and 2003 and respondents were asked how satisfied or dissatisfied they were with their neighbourhood as a place to live. What was the change in the satisfaction level? The number of people either totally or fairly satisfied had decreased—not significantly, but it had gone down—in those four years from 83 to 78 per cent. The dissatisfaction level has gone up. When people are asked how satisfied or dissatisfied they are with London as a city to live in, the satisfaction level has fallen from 75 per cent. to 71 per cent., and the dissatisfaction level has increased. The legacy of the four-year mayoral term of the initially independent and now newly new Labour Mayor is that Londoners are not as happy with their lot as they were when he started. He has to take responsibility for that.

One of the key issues is how much money comes into the city. Private enterprise does a huge amount: we are the world's greatest financial centre and we need to continue to be so. As we pointed out in our amendment, we need to have a debate about how much London should contribute to the UK and how much the Government should give to London. I have never argued, in all my time in Parliament, that London should not make a contribution to the rest of the UK. However, there is a case to be made—and all parties submitted their case for London to the Government as part of the comprehensive spending review—that the balance is not right. My party's leader and other colleagues have accepted that we need to renegotiate the UK constitutional financial settlement, post devolution to Scotland and Wales, given the continuing devolution that we hope to see to Northern Ireland, and with regional government on the way in England.

The ballpark figure for the net contribution to the UK economy from London is some £17 billion. The figure should be between nothing and that figure—probably about half. However, nobody suggests that London should not continue to contribute, as a capital city properly should, to the rest of the country.

We have one major disagreement in this area with the current Mayor. He appears to think that all development that wants to come to London and the south-east should be encouraged to do so without let or hindrance. The north-east, the north-west, Scotland and Northern Ireland are crying out for investment, so we need to share the pressure of development. That is why, for example, my hon. Friends the Members for Kingston and Surbiton (Mr. Davey) and for Twickenham (Dr. Cable) have argued for the spreading of the civil service around the UK. That would make some contribution to the economies of the other regions. It is not inconsistent to want the regions to have healthy economies and to want a strong capital city.

We do not need the levels of council tax increase that the Mayor has imposed on Londoners. For example, my colleagues took over the running of the London borough of Southwark from the Labour party two years ago. Services have hugely improved—as all the MORI polls in Southwark show—on a council tax increase of 3.5 per cent. this year. Increases of 22 per cent., 15 per cent., 29 per cent. and 8 per cent.—as imposed by the GLA—are not necessary. Improvements can be made more cheaply.

Ms Buck: Will the hon. Gentleman give way?

Simon Hughes: I greatly respect the hon. Lady's contribution in London and I will give way in a moment. However, I first wish to give a couple of examples of how money could be saved.

City hall now has more people running its press operation than does Downing street, and that is clearly mad and unjustifiable. On new year's eve, for the first time in four years, we had a London celebration, of a sort. After nothing for three years, we had a £1 million firework display. It was paid for from public funds and had no private sector sponsorship. In theory, it was supposed to last for three minutes, but in reality it was less. However, as I know from chairing the Thames festival, one can get a much longer and better firework display for a quarter of that sum. It could also probably have been entirely funded from private sponsorship. The Mayor just does not understand that the money he spends is that of many hard-pressed Londoners, not his. We would do things very differently.

Ms Buck: The hon. Gentleman mentioned services in Southwark. Will he comment on the fact that in both Southwark and Islington services for children—in particular, nurseries—have borne the brunt of major spending cuts, in contravention of the Government's programme to expand child care places? It cannot be claimed that services have been improved and enhanced across the board, as the hon. Gentleman implies.

Simon Hughes: I am happy to debate that point with the hon. Lady at another time and place—[HON. MEMBERS: "Oh!"] No, I deny that spending on children's services and the quality of those services in Southwark have been cut. I do not think that that is true. I know less about Islington, but I can check. I doubt that it is true in that case either. The hon. Lady knows, from both the boroughs that she represents, that when councils are under severe pressure to keep council tax increases to the low single digits, the pressures are enormous. That is why she supported, as I did, the case for London that would give a better funding settlement to all our local authorities. Of course we want more money, including for social services, and I shall join her in arguing that case both for children and the elderly. When we took over in Southwark, we moved a lot of money in the

[Simon Hughes]

social services budget to children's services because they had been badly underfunded, according to the Audit Commission, when Labour was in control.

Mr. Coleman: Will the hon. Gentleman give way?

Simon Hughes: I said that I would give way, and I will.

Mr. Coleman: I grateful to the hon. Gentleman for giving way. May I take him back to 29 January this year, when he told the Jon Gaunt radio programme that, by April—that is, now—he would be second in the polls and closing very quickly on the Mayor? In fact, of course, a further poll taken since shows that he is five points down and 30 percentage points behind the Mayor, who currently has 46 per cent. compared with his 16 per cent. Will he now answer the question that he has consistently refused to answer when asked on the Frost programme and in many other interviews? As it is obvious to anyone who reads any of the polls that he has absolutely no chance whatsoever of winning the mayoral election, what will he advise—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. The hon. Gentleman has had a long run on an intervention. I am tempted to tell him to ask the question that he was allowed to put, briefly.

Mr. Coleman: Thank you, Mr. Deputy Speaker. I apologise.

Will the hon. Gentleman now advise the House what he will tell the few supporters whom he will get on 10 June what they should do with their second vote?

Simon Hughes: On the first half of the hon. Gentleman's long question, I advise him to remember what happened in Brent last autumn and in Bermondsey some years ago—both of which were Labour-held seats. *[Interruption.]*

Mr. Deputy Speaker: Order. The hon. Member for Brent, East (Sarah Teather) should behave herself properly in the Chamber, and not in that manner. She should apologise to the House for what she was doing.

Sarah Teather (Brent, East) (LD): I apologise to the House; it was very inappropriate.

Simon Hughes: I remind the hon. Gentleman to look at the history of Liberal Democrats frequently overtaking the Conservatives and beating Labour. I will happily talk to him about the result on 11 June.

On the second issue, my advice is for people to give us their first preference, and they can choose what they do with their second preference. I hope that the Labour party and others give exactly the same advice to their voters.

Crime and security are hugely important issues. First, I join the Government in the words in their amendment that pay tribute to our security services and the police. On Saturday, I was privileged, as the representative of my party, to join Lady Thatcher, Baroness Scotland and the Metropolitan Police Commissioner at the Yvonne Fletcher 20th anniversary event. That reminded me, if I ever needed reminding, that all police officers can find themselves in the front line and that everyone's life is at risk when in the public service in that way.

There are two halves to the crime and security debate. First, the Mayor has to ensure that the security of London, not just its policing, is enhanced. I do not take the view that the current Mayor, the commissioner and the Government have done nothing, but I do take the view that more could be done. The public could be given more information and those members of the public who want to contribute could be part of a civil emergency volunteer reserve. Business could be engaged more actively in preparing against terrorism, and it would be helpful for the Mayor to have a seconded adviser from MI5 permanently on the mayoral staff.

I have suggested to London Underground that it should not continue to explore the use of mobile phones on deep tube lines until we can be sure that they cannot be abused, as terrorists have done in other European capital cities. I was grateful to London Underground for responding positively to my suggestion.

The most important thing may be to ensure that fanatics and fundamentalists do not lead young members of the minority communities, particularly the Muslim community, astray. We all have a duty to have that dialogue to make sure that they feel fully part of our communities and do not get led into fanaticism, which is a danger with every faith and not just theirs.

We have a very clear view about crime and have argued from these Benches for many years that every bit of London should have good community policing. To put it simply, we say that there should be a community policing guarantee that goes further than the current programme of the outgoing Mayor and the Government. We call it the "four-by-four proposal". There would be four police and four others in all wards, with the person leading it on a four-year contract. There would be a ring-fenced and guaranteed community police service in all wards, and it would not be taken away. Its implementation will start—as the Met tells me, if I am elected—next year and it will be fully implemented over the following three years.

I take a zero-tolerance view of violent crime. That is the priority in London. If gun crime is the real menace, and if the police in an area where gun crime is on the rise and is a real threat want to be armed, they should be able to be armed for a temporary period. If a certain group of the police, such as a territorial support group, feel that they need to be armed for a limited period, they should be able to be armed too. That is the way to protect us from an overbearing argument to arm police generally, which I resist. That is something that the police would rather have, too.

I am afraid to tell the hon. Member for Cities of London and Westminster that I want to refer to his colleague, crime statistics and the way in which the Conservatives are trying to misuse them. We must be careful not to allow the misuse of crime statistics. I understand that they are difficult, but we must have zero tolerance of their misuse too.

I shall not go into great detail, but I will select those things that seem to me to be important. I appreciate—and the Minister knows this—that the latest crime statistics for the year just ended will not be available

until next week, just before the campaign begins. We will then have the latest picture. However, London, I believe, has the second lowest rate of violent crime of the 10 regions in England. The Met, for all sorts of historic reasons, has recorded a higher percentage of crimes than any other police service in England, although police services will soon have a common recording system, which we welcome. I realise that my figures are only recent comparables and I am sure that the Minister will correct me if I am wrong, and I am willing to be corrected. However, my figures show that the percentage of adults who are the victims of violence in London for the last two full years for which figures are available has gone down from 8 per cent. to 5.7 per cent. Indeed, we are not the worst region in England. Yorkshire and Humberside and the south-east have a higher incidence of violent crime. The theft of or from vehicles in London in the last two full years has gone down from 1,472 to 1,205 vehicles per 10,000 households, and that figure is not the highest in England. The figures for the north-west and Yorkshire and Humberside have been higher for both those years than those for London. Burglaries from households in London have gone down from 308 to 284 per 10,000 households. The decline is not huge, but the figure has gone down.

There have been significant drops in those three categories and the fall has been faster than the average fall across England and Wales. London is sixth—not the worst—out of the 10 regions in terms of violent crime per capita; second out of 10 in terms of vehicle crime per capita, whereas it was first; and third in terms of burglary.

There is far too much violent crime and far too much crime. There needs to be far less and the clear-up rate needs to be higher. However, it does nobody any good to exaggerate the figures, because that undermines the work that has been done to add to the number of police, which we support, and the commitment of us all to make sure that the streets of the capital are safer. I hope that, from now on, the Conservative candidate will not misrepresent the figures in this election, because that only adds to the fear of, in particular, the vulnerable, the lonely and the isolated in our capital city.

I have two other one-sentence criticisms. The criticism of the outgoing Mayor is that neighbourhood policing, which has been a Government programme, has not been delivered any more quickly in London than anywhere else, and it could have been. The criticism of the Conservative candidate is that he speaks very good language about dealing with crime, but he puts no additional money on the table, and until we see that his proposals will be paid for people will not believe that there will suddenly be huge numbers of extra police on the streets.

Another big issue is transport—we all know that. There needs to be more walking and cycling. Scooters, motor bikes and taxis ought to be able to use all the bus lanes all the time, and some of those lanes could be used by cars at certain times of the day. We support the congestion charge and, unlike the Conservative candidate, we would not abolish it but, unlike the outgoing Mayor, we would not extend it westwards to Kensington and Chelsea. We would make it much more user-friendly, including allowing people to pay in advance and, instead of clobbering people with a fine if they forget to pay by 10 o'clock that night, we would allow them to pay up until the end of the following day.

I have talked to the London Retail Consortium, whose manifesto launch I attended yesterday. Our proposals to have no charge between Christmas and new year, to give people five charge-free journeys a year and to stop the charge at 5 o'clock are very popular with the consortium, the latter because early evening business would not be nearly as badly affected.

Mr. Randall: I do not want to seem critical, but I have been paying my congestion charge in advance, and if the hon. Gentleman wants a lesson I will see him afterwards.

Simon Hughes: I have been paying mine in advance too, so I do not think that it is a problem, but there are many people who forget to pay, or cannot pay, by the 10 o'clock deadline, and they wake up the next morning to find that they will have to pay £40. They are perfectly law abiding, and that charge is not necessary. We could give them an extra 24 hours' grace; I know that would be popular.

On buses, my argument is simple: of course extra buses are great, and the extra routes are great, but on some of those routes in the middle of the day buses run at a frequency that is not justified by the number of passengers. If the Minister comes with me to Oxford street, or reads what Sir Simon Jenkins wrote about buses in Oxford street, he will realise that at some times of the day one could almost walk the length of that street on the roofs of the buses, which must mean that we are putting too much money into buses. That would be fine if the Mayor had paid for them, but there is a transport deficit of nearly £1 billion. I thought that the Minister might say that that was not a problem because the Government were going to fund it, but I gather that they have not agreed to do so. If they do not fund it, the incoming Mayor, whoever they may be, will have a big difficulty dealing with the legacy of the "spend now, work out how you pay for it later" regime for which Mr. Livingstone has been responsible.

Tube services could usefully run later, but most importantly they could run more reliably. My hon. Friend the Member for Carshalton and Wallington (Tom Brake), who looked after these matters before me, and others including me, think that one way to achieve that is to have extended periods of closure—for example, for weeks in the summer holidays—so that a lot of maintenance such as track relaying and signal work can be done and some of the endemic problems can be dealt with more quickly.

Mr. Randall: Will the hon. Gentleman give way?

Simon Hughes: I will not, if the hon. Gentleman will forgive me.

I echo the concerns expressed this week by two Members with south-east London seats, the hon. Members for Beckenham (Mrs. Lait) and for Orpington (Mr. Horam), that the Government do not appear to recognise that the Strategic Rail Authority's mad plans mean that services for commuters in the borough of Bromley will be reduced from about six an hour to, in places such as Chelsfield, about two in three hours. The

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Mayor should have a say in that, and I hope that the Government will accede to the request that the new Mayor should have some responsibility for commuter trains. In a "PS" to the Minister, if Mr. Livingstone has administered Transport for London so well, how come it always underspends its annual budget and hands money back? Clearly, it cannot be the best-administered part of this capital city.

Another issue that Londoners raise all the time is the fact that they want a cleaner city, and many of us would argue that there are many ways in which that should, and could, have been done.

I have two last points to make. First, whatever good things the outgoing Mayor may have done, he has not done the great social justice things that he should have done. He has abjectly failed to deliver affordable housing for Londoners. Labour and Livingstone last year delivered fewer completed, affordable homes in the social housing sector per year than when Labour took office—fewer than 5,000. We need about 15,000 affordable homes a year, but fewer than 5,000 are available. We need about 30,000 new homes a year, but only about 15,000 are being built, so the policy has been a complete failure, even without taking into consideration the lack of money for decent homes, the repair of council housing and so on. When the Mayor came to office, London did not have the highest unemployment rate of the English regions. It was third in the UK league table, but its unemployment rate is now the highest. If the London Development Agency had done its job properly it would be getting people living in Greater London into the jobs in Greater London, not doing things that did not meet most of its targets.

What should we do next? The Conservatives should stop talking London down and realise that, for their choice of mayoral candidate, who has so many links with people with a financial interest in the running of London Underground, independence is the last word that could be used to describe him. They should explain why, in the constituency of my hon. Friend the Member for Twickenham (Dr. Cable), they circulated the "Richmond upon Thames Borough Herald" which does not even feature pictures of the Conservative candidate on any of its four pages. Indeed, his name is mentioned only once on the back page, and nowhere else. There seems to be a surprising lack of endorsement in a seat that the Conservatives hope to win.

The Labour party should explain why it still cannot tell us what it is going to do about Crossrail, although everyone in London has been asking for a green light on the project for months. It should explain why it cannot allow the east London line extension to go ahead. We were told that it was going to go ahead a few months ago, but the Government have put the brakes on. Labour should explain whether it will give London the comprehensive spending review settlement that all parties have asked for.

We will continue to build up our support and work, winning ground from Labour and the Conservatives, and increase the number of our councillors. There were fewer than 100 in the '70s, between 100 and 200 in the '80s, between 200 and 300 in the '90s, and consistently more than 300 this decade. We have won councils from both Labour and the Conservatives, we have made gains in parliamentary seats, we have increased the number of our Greater London assembly members and Members of the European Parliament, and we have won recent elections, such as the one in the constituency represented by my hon. Friend the Member for Brent, East (Sarah Teather). To answer the hon. Member for Hammersmith and Fulham (Mr. Coleman), we fully expect that over the next few weeks we shall not only overtake the Conservatives but provide again the sort of surprise and boost for London that occurred last autumn. There will be a new assembly and a new Mayor who gives value for money, does not waste the public purse, and serves the people of inner and outer London.

Mr. Pound: On a point of order, Mr. Deputy Speaker. Will you help hon. Members and me by telling us whether we are trespassing from the subject of debate into crude electioneering?

Mr. Deputy Speaker: Order. As the Chair has already ruled at an earlier point today, the content of an hon. Member's speech is not a matter for the Chair.

Simon Hughes: In a few weeks, I can promise the hon. Member for Ealing, North (Mr. Pound) that we will engage in full electioneering. He can rest assured that I am on the last paragraph of my speech.

Some of us are determined to make London an easier and more pleasant city to live and work in, and a more united city of which to be a citizen. We want to make it a city that can win the Olympic bid next year; a city in which we house the homeless and accommodate the badly housed, keep local post offices and chemists instead of closing them, reduce unemployment while increasing skills, education and prosperity—

Andrew Mackinlay (Thurrock) (Lab): God's heaven on earth.

Simon Hughes: Absolutely, I am grateful to the hon. Gentleman. We want to create in the capital city a place that will be regarded as God's heaven on earth, where he, I and the people outside are proud to be, not some of the time but all of the time, and of which we can say that this is not just a great city, a great London but a greater London still.

5.34 pm

Clive Efford (Eltham) (Lab): The issues raised by the hon. Member for Southwark, North and Bermondsey (Simon Hughes) in relation to policing in London sounded very much like step change, and did not reflect any innovation by the Liberals. He said that the precept would not need to be increased by large amounts of money to provide all the wonderful extra services that we would enjoy across London, so presumably they will be funded by a windfall tax from somewhere like the tooth fairy, like most other Liberal policies.

I welcome the hon. Member for Cities of London and Westminster (Mr. Field) to the Front Bench. I think that this is the first occasion when he has spoken from the Front Bench, and I am sure it will not be the last. His speech was full of scaremongering about safety issues, street crime and the anti-terrorism measures that

everyone wants taken to secure London for the future. He made much of the increase in taxes that Londoners have been required to pay over the past few years, but he failed to point out that 85 per cent. of the precept has gone to London's policing, which is why we are seeing such a large increase in the number of police officers across London, and that 4 per cent. of that sum has gone towards increased work on intelligence and to counter terrorism and the threat of terrorism in London. He failed to recognise that much has been done across London.

The British crime survey does not bear out the hon. Gentleman's arguments. The risk of being a victim of crime in London is at its lowest for 20 years. Vehicle crime and domestic burglary are the lowest for 20 years. We have reversed the trend towards an increase in burglary that began in 1993. There are 1,900 police community support officers, and we are on target to introduce 4,000 by 2005. Another Tory myth is the amount of paperwork. In order to reduce the amount of paperwork that police officers must undertake, 1,200 forms in the police service have been made obsolete. That has occurred across a number of police forces, not just in London.

On police numbers, we have passed the 30,000 mark for police officers in London. The Mayor's aim is to increase that to 35,000. A telling figure from the British crime survey—or rather, in an article in *The Economist* of 30 November; I do not want to misrepresent the British crime survey—is that one in 115 employed Londoners will be employed as a serving police officer when we reach that 35,000 target. That is an incredible number, and we are well on the way to achieving the target.

The comparisons that have been made with Rudolph Giuliani in New York are not borne out by experience. In the period from 1991 to 1994, when Giuliani had his biggest success in reducing crime in New York, the Home Secretary of the day was responsible for London's policing. That was the right hon. and learned Member for Folkestone and Hythe (Mr. Howard). The Tories tell us that crime is one of their biggest issues and they put it at the top of their agenda, so one would expect the activities of the Tories to mirror what was going on in New York, but of course it did not. The reason that Giuliani achieved a massive reduction in crime in New York was that he increased the number of police officers, exactly as the Mayor is doing in London now.

Since 1993, the number of police officers in London has gone down consistently. They peaked in 1992 at 28,000 and by 1997, when the then Home Secretary left office, they were down to 26,677, and they continued to fall. The backdrop to that was the fact that a large number of London's police officers who had been recruited in the 1970s were reaching the end of their period of service and approaching retirement. It was not a shock that such a reduction would come about. It was well known and well documented, and something needed to be done to address the enormous reduction in the number of police officers that we faced at that time in London.

Nothing was done, and to add insult to injury, not only was nothing done, but the Home Secretary of the time, the right hon. and learned Member for Folkestone and Hythe, adopted the recommendations of the Sheehy report, which reduced the salary of police officers in London. As a result of reducing the London living allowance, serving officers who came into the force after 1 September 1994 were paid less than officers who had joined the force before that date. That resulted in a massive reduction in the number of police officers. Within six months of the implementation of the report's recommendations, London's police were down by 1,178 officers.

Richard Ottaway (Croydon, South) (Con): Before the hon. Gentleman turns to Liberal Democrat policy, will he confirm that the total figures that he is giving include the community support officers, as those numbers will make quite a difference? Does he recognise that a future Conservative Government would substantially increase the number of policemen on the streets of London? The key point is not just the numbers of policemen on the beat, but what is done with them and the way in which they are organised. There is a great need for reform of the way in which the police operate, and the success of Mayor Giuliani in New York was very much based on targeting specific problems. Does the hon. Gentleman recognise that that is the key to combating crime, and not just police numbers?

Clive Efford: I shall come to that point later. I thought that the hon. Gentleman was going to apologise for reducing the number of police officers in London and for contributing significantly to the rise in crime. The statistics show that that reduction in police officers kicked off an enormous increase in crime across London that continued until 1999, when the rate of the increase started to level off. The level has continued to increase, but the rate of increase has now started to come down. There is a straightforward correlation between the number of police officers and the crime rate. The reduction in the number of police officers in London lead to a crime wave across our capital city, and there is no getting away from that fact.

On scaremongering, the Conservatives' advertisement in today's *Evening Standard* has prompted an unprecedented response from the Commissioner of Police of the Metropolis, who has vehemently denied the claims made in the advertisement and has gone so far as to issue a statement and letters to mayoral candidates demanding that they temper their claims and ensure that they are based on facts, as they are adding to the problem of fear of crime across London.

Let us consider the crime rates. Street robbery is down 20 per cent.; burglary in London is the lowest for 25 years; reported burglary is down to a 27-year low; street crime is down one third; and murder is at 200 a year and has remained steady, despite the claims made by the hon. Member for Cities of London and Westminster. As I said earlier, when Giuliani reduced crime in New York, he reduced it to 1,000 a year, so we are not talking about figures that bear comparison—

Simon Hughes: The murder rate was reduced to 1,000 a year.

Clive Efford: I am grateful to the hon. Gentleman for pointing that out.

[Clive Efford]

The suggestion that the figures bear comparison misleads Londoners and is scaremongering in the extreme. It is an attempt to create a fear of crime that is not justified. Furthermore, I point out to the hon. Member for Cities of London and Westminster that Mr. Norris will have a great deal of difficulty in delivering on the claims that he has published. That suggests that he does not think that he will ever have to deliver on them or that he will ever win the election. The rate of reduction in crime in London will make it difficult for him to halve crime and mirror the achievements of Mr. Giuliani.

This is the first year in which we have had a Mayor in London, and the Mayor's achievements on policing and creating safer communities are considerable. He has increased police numbers to more than 30,000, and that trend is set to continue, but his most significant contribution is the introduction of step change. We have begun to move police officers into the community and to work with local communities to address the fear of crime. In spite of the decrease in those crimes that have been targeted, the one area on which the hon. Member for Cities of London and Westminster is correct is fear of crime, which remains frustratingly high.

Fear of crime is due to antisocial behaviour on our streets, and that is where step change will make a big difference. Our police officers must be seen within their communities, their approach must be intelligence-led and they must be in contact with the local community to identify the minority, who have a disproportionate effect on crime rates and on the fear of crime in our communities, in order to make Londoners feel safer in those communities. Step change is being introduced in 100 wards across London and it will make a significant contribution—we must work with local communities to address the fear of crime. No responsible politician should claim that there is a widespread crime wave across London and that Londoners should justifiably feel under threat.

Linda Perham: My hon. Friend is ably telling us about improvements in policing, police numbers and community support officers. Does he agree that local communities are reassured by the presence of street wardens, which is another Government initiative?

Clive Efford: There are many initiatives, and there also partnerships between local authorities, businesses, communities and others. Strategies to tackle crime and communities have significantly contributed to reducing crime and the fear of crime. We must tackle our constituents' concerns, and the hon. Member for Cities of London and Westminster misrepresented the issue.

The Mayor has done a remarkable job on not only policing and community safety, but transport and other areas. We must all appreciate that London, as the capital city, makes an enormous contribution to Britain as a whole, and that to denigrate our capital city is self-defeating in the extreme. To suggest that our transport network is in a parlous state, that London's streets are not safe and that we will shut down the underground during the main period for tourists is away with the fairies. It is absolutely essential not to overstate the problems that any major city inevitably faces, but the hon. Member for Cities of London and Westminster has done that.

5.48 pm

Mr. John Horam (Orpington) (Con): My hon. Friend the Member for Beckenham (Mrs. Lait) made two excellent interventions, and, typically, my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) intervened on a point of order, so it is entirely appropriate that I, the hon. Member for Orpington, should contribute, thus making a full hand from Bromley.

Bromley is a great borough, and a wholly Conservative borough, which has wished, from time to time, that it were not in London and that it had remained in Kent. It has particularly wished that over the four years—not, as the hon. Member for Eltham (Clive Efford) said, just one year—that we have had a Mayor of London. Millions of residents in outer London pay a fortune into Ken Livingstone's budget and get precious little in return.

I am glad to see my hon. Friends the Members for Uxbridge (Mr. Randall), for Upminster (Angela Watkinson) and for Croydon, South (Richard Ottaway), because I am sure that they agree that this has been a disastrous period of mayoralty for the leafy suburbs. I believe that that alone constitutes a reason for getting rid of this now Labour, formerly independent, Mayor. I think that even my hon. Friend the Member for Cities of London and Westminster (Mr. Field) would agree that he has been above all a zone 1 Mayor, and that the contribution that he has made to the lives of the millions of people in outer London is negligible.

Let me cite the example of crime. Hon. Members have said a lot about crime statistics. I venture into that area with great certainty, because I know for a fact that the number of police in the borough of Bromley is no higher than it was in 1997. We have not benefited in any way from the extra police who have appeared in London as a whole. I do not know where they are, but they certainly have not come to Bromley. As the hon. Member for Eltham said, there is a correlation between crime and police numbers, but there is also a correlation between antisocial behaviour and police numbers. As the Minister pointed out, antisocial behaviour is a growing problem—and it is very evident to local residents, who often care about it more than the terrible crimes that they rarely see committed. Antisocial behaviour and yobbery are seen on a day-to-day basis in suburban areas of London, as well as in the city. Places such as Bromley have no more police to deal with the situation than they had six or seven years ago, which is a tragedy for residents.

According to the figures that my right hon. Friend the Member for West Dorset (Mr. Letwin) gave when he was shadow Home Secretary, the Conservative approach would give 200 extra police to a London borough such as Bromley. Even then, adding an extra 200 to the 450 or so we already have would only give us the same number as there are today in the borough of Lewisham. That is the extent to which my borough is disadvantaged by the current system. I beg the Minister—although it is not his direct responsibility, but that of the Mayor—to bear in mind that some boroughs will continue to get a raw deal as a result of the way in which the financing of policing in London is organised.

Mr. Pound: I am grateful to the hon. Gentleman for giving way to me, although the House usually is not so grateful. As the Member for Ealing, North, the leafiest of the leafy suburbs, I can tell him that we have reason to be grateful, not only because we have more police officers, but because, crucially, we have a say in how many are recruited and how they are deployed. That never happened when we had one Friday morning debate a year on the matter. Will the hon. Gentleman tell me whether he is happy with the existing structure of the Metropolitan Police Authority and would wish to retain it?

Mr. Horam: First, I contest the hon. Gentleman's claim that Ealing is the leafiest of the London suburbs. I am sure that he would agree that the green belt is rather larger in Bromley than it is in Ealing, so we certainly have more trees, and therefore more leaves.

Leaving that aside, I would certainly want to change the structure to some extent. There should be more direct election of police forces—indeed, that is part of our policy—because if an area's policing priorities are decided by the people of that area, they are much more likely to reflect their wishes than if they are decided by some remote bureaucracy in another part of London. If that is what the hon. Gentleman is saying, I agree with him; but let us see it happen on the ground, because it has not happened in any real sense so far.

That deals with crime. The Mayor has a lot to answer for in neglecting the millions of people who live in the outer suburbs of London, and I believe that he will pay dearly for that in the forthcoming election.

Transport is the other big issue in the election and in this debate. No one could seriously deny that transport has been a disaster area for this Government. I fully recognise that the problems caused by the underfunding of London's transport do not go back only seven years, but have antecedents in previous Governments—not only Conservative, but Labour. I do not blame Ken Livingstone, or even Ministers on the Front Bench or Transport Ministers, for that—I blame the Chancellor of the Exchequer. He has been one of London's biggest enemies, despite presiding—luckily for him—over an amazing economy, of which London is the centre, as we all agree.

The Chancellor has displayed a wholly negative approach to financing the London underground in the past four or five years. We wasted much time when simple things could have been done. Labour Members, as well as Conservative and Liberal Democrat Members, have said that what needed to be done to solve, for example, London Underground's problems, was obvious. The Government have stalled for five years, during which we have got almost nowhere. The Labour Chancellor, a Scotsman, has had much to do with the endemic problem.

Ken Livingstone has admitted that things will not get better in the next decade. The London underground has reached such a pass, with, for example, constant closures and maintenance problems, which we all experience in our daily lives, that there can be no significant improvement for a decade. The Mayor has said that and it is a disastrous comment on the Government's performance.

My hon. Friend the Member for Beckenham made an important point about the Strategic Rail Authority plan that is known as the integrated Kent franchise. It is a problem not merely for Kent, but for all the train services that come to Kent through south-east London. As my hon. Friend said, the SRA proposes to cut services to Hayes by one third. In Petts Wood, which is a larger station than Hayes, services would be cut by half. Fifty per cent. of peak hour services will be cut from Petts Wood under SRA proposals. At Chelsfield, which the hon. Member for Southwark, North and Bermondsey (Simon Hughes) mentioned, the SRA proposes cuts in peak hour services of two thirds.

Places such as Petts Wood, Hayes and Chelsfield were built up in the 1930s around the railway stations. That is why they are there. As house prices increase in central London, more people move to Petts Wood, Chelsfield and Hayes because they recognise that those areas have a reliable railway service. However, insecurity has been forced upon them. They do not know what will happen and they are writing in their hundreds to my hon. Friend the Member for Beckenham and me about the proposals. Creating such insecurity in transport is disgraceful. What are people to do if the proposals are accepted? We are not considering overcrowding. If peak services are cut by half, people will not even get on the platforms, let alone the trains. What will such cuts do to house prices in those areas? The position is appalling.

The SRA presented the proposals in an unsatisfactory way. It issued a document that was full of jargon and did not compare the proposals with the current position. No one therefore had a clear view of the comparison. It refused to reveal many of the statistics that lay behind the proposals, so that those affected did not know the information on which they were based. It consulted only local authorities and other stakeholders; it did not consult the passengers, who know from daily experience what the train services are like. However, few passengers were included in the loop or knew anything about the proposals. It is therefore unsurprising that the three-month consultation period has, in practice, become a month. People have taken time to wake up to what would happen under the proposals.

Although I appreciate that it is not her direct responsibility, I tell the Minister for Crime Reduction, Policing and Community Safety, who currently occupies the Front Bench, that my hon. Friend the Member for Beckenham and I intend to fight the SRA proposals all the way down the line. They are impossible proposals and I have written at length to Richard Bowker, the chairman of the body. I warn Ministers that unless they take the matter seriously and reverse the proposals, I shall be down on them like a ton of bricks. The proposals must be ruled out of court; the Government must stop them.

5.59 pm

Linda Perham (Ilford, North) (Lab): London is my city. I was born here, I represent a seat in a London borough and I have lived here all my life. I welcome the Opposition's choice of debate today, but it is a pity that it seems only to be a cloak for beefing up the chances of their mayoral candidate. I do not welcome their carping and whingeing about our great capital, which they did very little to improve during their 18 years in office. Furthermore, the public spending cuts that they propose would certainly not benefit London.

[Linda Perham]

When people who are not Londoners complain about London, my city, it reminds me of a time when I shared a house in Ealing, North some 30 years ago.

Mr. Pound: Not with me!

Linda Perham: Not with my hon. Friend, I hasten to add. My housemates were all from other parts of the country, and if they complained about London, I would say to them, "Why are you here? You've come down here to work and live, and you've been given a job and a home, so don't complain about my city."

The Tory motion has a sweeping moan about the quality of life and, astonishingly, about the insecurity resulting from the threat of terrorist action—a subject that the hon. Member for Cities of London and Westminster (Mr. Field) covered at some length. What place is safe from the threat of terrorist action? Who would have thought, 30 years ago, that Birmingham and Guildford might be targets for terrorism? We had to be ever vigilant, however, during that time, particularly in London, given the threat from the IRA, which we faced for decades.

I pay tribute to the excellent work of the Metropolitan police and the British Transport police and their vigilance against potential terrorism, especially in the light of the recent arrests, one of which took place in my constituency. As has been mentioned, the number of officers working in counter-terrorism, security and protection has been increased by almost 1,000 since 9/11, through the Home Office and the Metropolitan Police Authority.

What is the next thing that the Conservatives complained about? Rising levels of crime and antisocial behaviour. Other hon. Members have talked about the commissioner's statement that London has one of the lowest rates of violent crime and is still one of the safest major cities in the world. As for antisocial behaviour, the Home Secretary has driven through tough measures in recent years to tackle that problem. I do not remember the Conservatives introducing many antisocial behaviour Bills.

Mr. Randall: Does the hon. Lady get more complaints about antisocial behaviour now than she did three or four years ago?

Linda Perham: Complaints about antisocial behaviour are probably on a level, but my point is that this Government have recognised the problem and are introducing measures to tackle it, particularly in relation to nuisance neighbours. They are taking action against the people who cause problems to others. I mentioned street wardens in my intervention on my hon. Friend the Member for Eltham (Clive Efford), and I welcome the step change programme, which will counter some of the problems of officers being called in for duties in central London.

The Conservatives' next whinge was about overcrowded and unreliable transport. That is a result of the decades of under-investment by both Governments that the hon. Member for Orpington (Mr. Horam) mentioned, and of the lack of subsidy from previous Tory Governments. I was never the greatest fan of public-private partnerships, but much-needed investment is now going into the tube. Nor, I must confess, was I ever the greatest fan of our new Labour gain Mayor, but I do salute his success with the congestion charge and the improvements that he has made to bus services, increasing their use by 30 per cent. Closed circuit television has also been installed on buses, and whose safety and cleanliness have also improved.

I chair the all-party group on Crossrail, and I welcome the Mayor's enthusiastic backing for that project.

Simon Hughes: Is it going to happen?

Linda Perham: Well, the Secretary of State has expressed his support and backing for the Crossrail project, but financing is a problem. There is a lot of money involved. At the end of the day, however, the Government have made a commitment to it, and I know that it will be of enormous benefit to London. It will link the key business areas of the City and Canary Wharf to Heathrow, with huge increases in jobs. It will enhance our standing as the best financial district in the world and as one of three global financial centres. It will have a benefit-cost ratio of 1.99:1 and will contribute about £19 billion to the British economy. The regenerative benefits of Crossrail alone include 40,000 new jobs in the Thames gateway, so the regeneration aspect will be a huge boost to the London economy and the economy of the whole country.

There have been six regeneration projects since 1997 in my London borough, two through the London Development Agency, the town centre development through the sustainable communities fund, and the three single regeneration budget projects including a health ladder social inclusion project.

On health, there have been vast improvements to my two local hospitals since 1997. King George hospital in Ilford is now a two-star hospital, which has been improved by a cancer centre and a primary care walk-in centre, which opened this month. At Whipps Cross hospital, in which my hon. Friend the Member for Leyton and Wanstead (Harry Cohen) and I have taken a great interest in recent years, there will be a redevelopment of the whole hospital site worth £331 million, and lots of other improvements including a new renal unit and an upgrading of cardiac services. Last year, primary care services spent £400 million on schemes such as community volunteers, mental health, health improvement and user involvement and regeneration. My local health centre will be improved vastly through a new local improvement finance trust programme. Continuing improvements have taken place in reducing waiting lists and times in primary and secondary health care.

In education, children's services have been transformed, with vastly improved opportunities for parents who want their children to have nursery education at age three and four. The Sure Start scheme, which I hope to get in my area—there is already one in Ilford, South—has been an enormous success. A new museum has also been provided under the new lottery scheme, which is wonderful.

In my experience, the words "failing public services" in the Opposition motion do not apply either London-wide or locally. Services are improving thanks to the

commitment and investment of the Labour Government and the London Mayor, in policing, transport, regeneration, health, education and the whole spectrum of life in London. As far as I am concerned, London is the greatest city in the world. A Labour Government and a Labour Mayor have been good for London. The re-election of a Labour Mayor and a third term for a Labour Government can only mean that things can only get better.

6.8 pm

Angela Watkinson (Upminster) (Con): It is almost impossible to generalise about London, as its 32 component boroughs are so diverse. The London borough of Havering, for example, which includes my constituency of Upminster, is 50 per cent. green belt, and appears to have more in common with our Essex neighbour in Brentwood than with our nearest London neighbours, Dagenham and Redbridge. The difference between outer and inner London boroughs is even more pronounced, in terms of socio-economic profile, environment, density of population and development. Each has its own specific problems and advantages, which is why the provision of public services is such a challenge. Education and health services for the people of Greater London must reflect the widely varying circumstances and range of needs that prevail in all those diverse boroughs.

All-London averages of general health indices are similar to those for the nation as a whole. Of course, that masks the individual differing statistics in individual boroughs. Life expectancy and infant mortality, for example, are worse in Lambeth, Southwark and Newham than in Richmond, Bromley and Kensington and Chelsea. There also seems to be a gender divide in life expectancies, which is greatly accentuated in poorer areas and reflected in the national average. That particular phenomenon has always intrigued me. Women in poorer areas often combine family and domestic responsibilities with several part-time jobs outside the home, often of a fairly arduous nature, over a number of years; yet their life expectancy seems to overcome all the odds. It is a tribute to their survival abilities that somehow they still seem to outlive men. I do not know the explanation, but statistically that seems to be the case.

The demand for health care outstrips the capacity for supply, and always has. It follows that in a densely populated area like London that effect will be exaggerated. Most GPs, for example, are overworked and have significantly more patients on their lists than is recommended by the national health service. Many of the traditional single practitioners are likely to be replaced on retirement by group practices in health centres, as property and staff costs in London are too high for newly qualified GPs to set up in single practice.

As more GPs reach retirement age, recruitment in London will become more and more of a challenge, particularly in outer London boroughs like Upminster, which fits neither the very rural nor the inner-city profile—both of which are particularly attractive to new GPs. Hospitals in London tend to have more staff per head than hospitals elsewhere, because they also treat patients from all over the country; but according to statistics from finished consultancy episodes, which are used as a standard measure of hospital activity, the 37.9 per cent. increase in funding for health care in London has been translated into only a 1 per cent. increase in hospital activity, and waiting times for consultant appointments and operations remain a serious concern for my constituents.

One of the main challenges is increasing the capacity of the health service to enable it to keep pace with ever-increasing demand and expectations. I welcome the Government's aim not just to allow patients to book every hospital appointment and elective admission by 2005, with a choice of convenient date and time, but to allow them to choose the hospital in which they will be treated. London has a natural advantage, in that it has more hospitals and a transport system. Sixty-three per cent. of patients involved in the London patient choice project exercised that option.

It makes absolute common sense to take advantage of the spare capacity in the provision of health care wherever it is—in an NHS trust, a treatment centre or a private hospital, or with a specialist primary care practitioner. It matters little to the patient who the provider is; it is the quality of care that counts. The NHS needs all the help it can get, from wherever it can get it. There are many opportunities for the public and private sectors in London to work together to mutual advantage and, more important, to the benefit of patients in shortening their waiting times.

Whereas health professionals should be free to make clinical decisions, it is the function of Government to create the conditions in which they work and to take a wider strategic view of improving the health of Londoners. Preventive measures play an essential role in reducing demand for health care. For example, London has a higher mortality rate from asthma than England and Wales as a whole, despite having a lower proportion of individuals receiving treatment for asthma. Strategies to improve air quality through engine efficiency, to discourage smoking, to reduce alcohol and drug abuse, to combat obesity and to encourage immunisation take-up all contribute in general to improving public health and quality of life for Londoners, while helping to reduce future demand on the NHS.

Tuberculosis rates have risen consistently in recent years, and new drug-resistant strains have developed in eastern Europe. People coming to this country from some of the accession countries in Europe are more likely to choose London than anywhere else in the country to live and seek work. There will be specific health problems attached to that, and the NHS will have to cope with them as well as with superfluous numbers.

At a time when both A and E departments and GP surgeries are under tremendous pressure from the sheer numbers of patients, the expansion of the role of pharmacists in the NHS is one way—which I know the Government are considering—in which capacity to treat could be increased. It would also be more convenient for patients. Where could be more convenient to access preventive medicines such as smoking cessation, contraceptive or dietary advice than in the high street chemist?

If the relevant professional bodies were receptive to the idea, pharmacists could also prescribe as well as dispense. After all, they have a comprehensive knowledge of prescription drugs and a personal relationship with their regular customers, which makes

[Angela Watkinson]

them ideally suited to play an increased role, and densely populated areas such as London lend themselves to pilot schemes.

I know one pharmacist in my constituency who recognised the sound of a particular cough when two of his regular customers came in to buy cough medicine and advised them to go home and get their gas fire checked—it was found to have dangerously high emission levels, and that piece of advice could have been life saving, which demonstrates the level of personal service that pharmacists already provide and shows how readily their role could be expanded.

The diversity of London boroughs brings challenges in education that match those in health. Havering schools have an excellent reputation and there is fierce competition for places. Indeed, many schools are doing very well, so raising the standard of London's failing schools to the level of the successful ones is a priority. The success of a school rests largely with the head teacher. An inspirational head teacher motivates staff, parents and pupils alike, but it is an uphill struggle in schools where there is little parental interest, a high level of absenteeism, discipline has broken down and disaffected pupils are emboldened by their knowledge of the limitations of the disciplinary measures available, their perceived rights and the threat of litigation. That minority of pupils has a disastrous effect on the education of the rest, who suffer disruption of their lessons and the resulting low morale in their teachers.

Removing from the classroom pupils who are unable or unwilling to behave in an acceptable way is the first essential. Finding the reasons for their behaviour and ways to modify it is a separate and difficult challenge, but it is essential to redirect those disaffected pupils so that they do not leave school unfit for employment, with low self-esteem and unable to interact with other people in a socially acceptable way. These are the very pupils who would benefit from high-quality vocational training. Anyone who lives in London knows how difficult it is to find a plumber, electrician or bricklayer without having to wait for six months. These practical skills are in great demand and can offer more secure employment opportunities than many very popular degrees such as media studies and information technology, which are reaching saturation point, and would not involve the attendant university student debts.

It may be that more flexibility in the curriculum would benefit failing schools. Head teachers might feel that learning and achievement in core subjects could be encouraged in other ways, for example through the introduction of more sport, music or drama. A creative head teacher knows his or her own school and what changes could be tried to help to turn it round. Once a school becomes unpopular and the numbers fall, its funding is affected. This can lead to staff losses and a downward spiral towards unviability.

Recruitment and retention of teachers in London is also affected by high property prices. Outer London boroughs such as Havering have a higher proportion of older, experienced teachers, who are extremely valuable to the school but are at the top of the pay scale, which makes staffing costs very high. Schools often lose newly appointed teachers to inner London, where the additional allowance makes all the difference in meeting the cost of housing in London. Some of my head teachers have travelled as far as New Zealand and South Africa in search of staff, when the normal procedures have failed to attract applicants. Some very enthusiastic young teachers have been found by this rather drastic method and they have been very popular with the children, but the drawback is that they may not stay very long.

There are two areas of concern that affect both health and education equally: sex and drugs education. Rates in London of serious sexual diseases such as HIV/AIDS, chlamydia and hepatitis B have risen dramatically, echoing the rise seen nationwide. Last year, the Health Committee declared itself "appalled" by the crisis in sexual health. Although parental responsibility is the dominant factor in the guidance of children, sex education in schools has a strong influence, and if misguided can do untold damage. The reluctance to moralise and the simple provision of information have in effect condoned sexual promiscuity in some young people. Safe-sex education has ignored abstinence messages and led to many young people becoming sexually active long before they are emotionally mature enough to cope with the consequences. Girls need to be warned of the likely outcome of having sex with a boy who has no interest in getting married or becoming a parent, and who has no income to support a child—*[Interruption.]* I am sorry if hon. Members think that that is amusing.

A teenage girl will find that 24-hour-a-day single motherhood in a free council flat is not the exciting adventure that it might have seemed to her, when her education is brought to an abrupt halt, she can no longer go out shopping or clubbing with her friends and her baby is effectively fatherless. Sex education has often given too much information and too little guidance. This is not a subject on which we can afford to be non-judgmental, as our alarming teenage pregnancy statistics demonstrate. The figures are the highest in Europe.

I take a similar view of drugs education, in that it has relied on the neutral provision of information to young people before they have the maturity of judgment to deal with it. The Home Office website "Frank" is enough to tempt many impressionable young people into experimenting with drugs. I apologise because I have made these points in the House before, but I shall give examples from the "Frank" website:

"If only illegal drugs came in packets with instructions on the outside";

and:

"Give the first drug plenty of time to kick in before taking another one."

There are lots of examples like that, although I shall not go on because I know that time is short.

Drugs education material for use in schools gives more details about illegal drugs, their effects, how they are administered—

Mr. Deputy Speaker: Order. I am sorry to interrupt the hon. Lady, but I think that I need to remind her at this stage that the debate should relate specifically to London.

Angela Watkinson: My apologies, Mr. Deputy Speaker; I was making the point that the drugs problem is worse in London than elsewhere.

It is no good telling young people all about drugs in great detail, then saying, "OK, now you decide." The problem is greater in London than in the country as a whole, although it is greatest in areas such as Lambeth and Lewisham and less bad in more affluent areas such as Richmond and Kingston upon Thames. The Minister will know that I have consistently opposed the Government's policy on the declassification of cannabis and their view on its contribution to the drug problem.

In those respects, education and health in London are inextricably linked. Advice, enforcement, policy and treatment need a co-ordinated strategy if the problems are to be tackled effectively. London is one of the largest and most densely populated cities in the developed world. The people who live in it are its greatest resource, and they deserve the very best public services.

6.23 pm

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): That excellent London journal *Time Out* recently ran a series of articles on the theme of whether London should declare independence. Although I would not go quite that far yet, it had one excellent idea: an anthem for London. Among the candidates were those superb songs, "The Dark Streets of London" by The Pogues and "London Calling" by The Clash. I am glad to see that that dirge by Ralph McTell did not make it into the top 1,000, but my personal favourite reminds me of when I arrived in London in the late 1970s: the Leyton Buzzards', "Saturday Night Beneath the Plastic Palm Trees". It includes those superb lines:

"Dancing to the rhythm of the guns of Navarone,
Found my Mecca near Tottenham Hale station,
I discovered heaven in the Seven Sisters Road".

That is exactly what arriving in north-east London meant to me and, although I have transferred my affections to Ladbroke Grove and the Harrow road since then, I remain very much in love with this city, in all its diversity, mess and creativity.

It is because I love London that I am perfectly happy to argue London's case and point out where we need policies and investment to tackle some of London's problems. We have challenges indeed. Many of those are the challenges of success arising from diversity, rapid population growth, turnover and mobility and the exceptional costs that we face, particularly in housing. Those challenges have made the delivery of public services much harder in London than in almost any other part of the country.

Because I love my city so much, I am always happy to point out that many people are not sharing in the general growth of London's economy and its benefits. The recent figures on below-average income households showed that inner London was losing out, particularly in respect of tackling child poverty. I was disturbed to note that no Conservative Member made any mention of poverty whatever. If we are to transform London, we have to transform it for all Londoners. After 25 years of active political campaigning and representation in London, I have no doubt that only one party is prepared to provide the resources, policies and leadership necessary to rise to the challenges and make the changes for London.

Events over the last few days have amply demonstrated that in respect of policing, crime and safety. The Government have supported the expansion of the number of police officers in recent years with a huge amount of funding. Additional investment of more than £300 million has been made in the past three years alone, and the Mayor has added £184 million raised through the council tax precept. Since 2001, the Conservative group has voted against the budget on every occasion.

Reference has been made to the step change neighbourhood policing scheme, which was launched in Brent a couple of weeks ago and, at the same time, in Queen's Park ward in my own constituency. It represents a very welcome development indeed and the key question is who is going to pay for it and similar expansion under the Conservative or Liberal Democrat plans. Conservative spending plans prioritise health and schools, but say nothing about how to preserve policing budgets. On the day after the launch of step change in Queen's Park, my local newspaper, the *Wood and Vale* quoted Graham Tope, the Lib Dem London Assembly member, as saying that the scheme would prove

"too costly for the capital".

He also said:

"Such a financial burden should not fall on London council taxpayers",

which raises the question of who is going to pay for the Liberal Democrat expansion of police services, as outlined by the hon. Member for Southwark, North and Bermondsey (Simon Hughes). We cannot have a wish list for police resources without a commitment to funding.

Mr. Pound: My hon. Friend knows that about a fortnight ago on a Friday night in Northolt, my constituent, Akberali Mohamedally, was murdered. Thanks to the exemplary work of the borough co-ordinator, Stuart McNair and the borough commander, Martin Bridger, a suspect was arrested within 24 hours. Does my hon. Friend agree that community-based policing is something that we simply cannot afford to go without? We simply have to have it. Talking about paring back at this stage is almost criminal. Labour Members cannot and will not tolerate that.

Ms Buck: I completely agree with my hon. Friend. Community and neighbourhood policing is what people want, and it is paying dividends. As another example, the same local newspaper mentions Deputy Chief Inspector Richard Wood of Marylebone police station, who is responsible for a halving of robbery and theft in the Marylebone division of Westminster. He is quoted as saying:

"I am not being arrogant, but we are solving 33 per cent. of all crime in Marylebone and 20 per cent. of robbery and snatch theft. As far as I know, that's the best record in the Met."

In my home patch, as well as across London, we are seeing a real improvement in detection and clear-up rates.

My hon. Friend the Member for Eltham (Clive Efford) and others provided figures on London-wide reductions in crime, so I shall not repeat them now. However, violent crime is an issue that rightly worries most people. After a particularly horrific drive-by shooting in north Kensington last week, it also worries me a great deal. We should remember that, thanks to the

[Ms Buck]

effectiveness of Operation Trident, gun crime fell by 47 per cent. in 2002–03, which also saw a 6 per cent. rise in detections.

Extraordinary progress has therefore been made in tackling a wide range of offences, including violent crime. My local police and the Metropolitan police generally should be warmly congratulated on the effectiveness of their operations, rather than open to the sort of criticism applied by the Conservative candidate for Mayor. Remarkably, he implies that he will secure improved policing results out of the same or possibly even a reduced budget. How is he going to do it? Supposedly by working with the Met to place crime at the heart of policy. How can he work with the commissioner when his advert today screams out that London is the most violent city in the country, that crime is rising remorselessly—which is untrue—and warns, despicably in my view, that

"your child's journey to school is at risk"?

How despicable is it to frighten children and parents, and their communities, with baseless assumptions drawn from the figures published by the Met? Do the Conservatives honestly believe that slamming the Met's recent record will improve relationships or the delivery of services?

Mr. Dismore: As my hon. Friend will know, Mr. Norris has form in that area. At a Police Federation meeting, he made claims about crime figures and fell out with Sir John, who said that the statistics quoted by Mr. Norris were misleading. Sir John said:

"I'm not going to sit here and listen to those figures. They are from a Tory think-tank, Civitas. Figures from the Met show violent crime is down by 5 per cent."

How can Mr. Norris work with the commissioner when he is constantly at war with him? Or does Mr. Norris intend to sack the Commissioner of Police of the Metropolis like he intends to sack the commissioner of transport for London?

Ms Buck: My hon. Friend is right. I have criticised the Conservative mayoral candidate and challenged some of the figures from Opposition Members, but it would be wrong to say that all Conservatives are critical of Government policy. At a community safety awards ceremony a few weeks ago, the leader of Westminster city council, that flagship Conservative borough, thanked police and council staff for all they were doing in

"bringing down crime and improving our streets".

He also quoted figures that confirm a

"massive 53 per cent. fall in street crime and a 9 per cent. drop in violent crime."

Those figures mean 6,889 fewer victims of crime overall.

The *Westminster Reporter*, produced by the borough's award-winning communications team—which rivals that of the GLA for size and cost—states that

"we are pleased to report a significant reduction in a number of crime categories . . . and a close working relationship with the Met".

That is something that Steve Norris would do well to emulate. The royal borough of Kensington and Chelsea also has its say, with press releases headed, "Streets are safer as police blitz royal borough" and "More police community support officers on patrol in Kensington and Chelsea". At least Conservative boroughs in central London have given a warm welcome to the strategy introduced by the Government and the Mayor.

On crime figures, should the public trust the Metropolitan Police Commissioner, their local boroughs and a Government who have increased police strength from 27,536 in 1997 to more than 30,000 today? We know that one crime is one too many, but a crisis of confidence in policing stoked up by irresponsible comments also damages people's well-being. Instead, we should congratulate the police and praise the Government on the additional investment that has been made to improve the quality of life of Londoners.

6.32 pm

Mr. John Randall (Uxbridge) (Con): To be honest, because of its timing, this debate has not been one of our best debates on London. Labour Members accuse us of overstating the case, but we could accuse them of complacency. I have lived in my area all my life and I know that people think that things have changed dramatically. I am not sure that we can blame any political party for that, but in the past two weeks, and less than a mile from my house, we have seen a tuberculosis outbreak in a local school, terrorist suspects arrested and a bus attacked by a gang of youngsters. That is typical of the experience of many people and they feel a sense of desperation about it. The Government have introduced legislation such as the Anti-social Behaviour Act 2003, but just passing a law does not stop the behaviour.

As the elections draw near, I hope that we can all agree on one thing. London is a diverse capital city, which has always been one of its great strengths. When we go out to campaign in the streets, we must all ensure that racists and the British National party get nowhere and we must not use anything that would make life easier for such people.

6.34 pm

Patrick Mercer (Newark) (Con): It is a pleasure to follow my hon. Friend the Member for Uxbridge (Mr. Randall) in the debate and to echo his words about racism, which all of us need to bear in mind.

Before I go any further, I wish to tell the hon. Member for Ilford, North (Linda Perham), whose speech was extremely interesting, that I think that I am the only non-London Member present and I will do my best not to moan about her city or, indeed, to draw any inimical comparison.

Almost all hon. Members today have spoken, in one form or another, about security, crime and terrorism, on which I intend to major in a moment. The hon. Member for Eltham (Clive Efford) gave an interesting deposition on crime and the policing points were well made. Similarly, my hon. Friend the Member for Orpington (Mr. Horam) came in with an extremely well-put series of points on crime and rail, where he was joined by my hon. Friend the Member for Beckenham (Mrs. Lait). The hon. Member for Regent's Park and Kensington, North (Ms Buck) referred in particular to crime, along with poverty. All those speeches were illuminating, but I shall concentrate on the point on which my hon.

Friend the Member for Cities of London and Westminster (Mr. Field) majored: the interface between crime, security and terrorism.

This morning, a number of people were arrested in Manchester. In my shadow capacity, I would be the first person to emphasise the fact that, of course, terrorism is not simply a problem that will be concentrated around the London area. However, Riyadh was also attacked this morning. In the past two or three years, the major attacks—Washington, New York, Bali, Madrid and, again, Riyadh—have all taken place in capital cities, so the capitals will get it. There is absolutely no doubt that—I think that I am paraphrasing the hon. Member for Belfast, West (Mr. Adams)—we have got to be lucky all the time; the terrorists have only got to be lucky once and, if they can pick off a capital, they will do so.

I do not believe for one moment that it is easy to stop the terrorists getting through. Again, to paraphrase a great socialist, the bomber will always get through—although he was not necessarily talking about terrorist bombers; in that case, it was Nazi bombers. That is a fact: it is almost impossible to stop. There is no doubt that the Government have done certain things, but I should like to underline some ideas that, I hope, will make their efforts more focused and to echo one or two criticisms—they do not necessarily come from the Conservative party, but from other parties—about the way that things are being done at the moment. I hope that the Government will accept what I say as constructive, rather than destructive.

My first point is that we had some vocal interventions, particularly from the Under-Secretary of State for Transport, the hon. Member for Harrow, East (Mr. McNulty), when we were talking about the level of exercising in the emergency services in the capital. There is no doubt that plenty of exercises have taken place in the capital, but to the best of my knowledge, there has been only one thorough field training exercise, to use military parlance: in other words, an exercise done live, on location and involving the emergency services—the blue-light services—in a situation that is as realistic as possible.

Of course I am talking about OSIRIS II, which, strangely, happened on the second anniversary, or thereabouts, of the events of 11 September. Although the Government are to be congratulated on getting on with that exercise, it took them a very long time to get round to doing it. I was there, as was the hon. Gentleman and several other hon. Members who are here today, and it struck me that it was the most basic form of exercise. I would expect to see such an exercise five or six weeks, not 105 or 106 weeks, after a major terrorist incident.

When will Ministers get round to holding an exercise or series of exercises that practise our emergency services when traffic is on the streets, pedestrians are about and the situation is thoroughly realistic? They have not yet done that. It is a little like sending soldiers into action without ever giving them the chance to use live ammunition. Blank ammunition is just fine but, at some stage, we have got to accept the opportunity cost and get on with things. We must say, as our American colleagues do, "I'm sorry, but we are going to interfere with trade and business for the next few hours and physically practise our response." The consequences of people saying in the media that their son, daughter, husband or wife had died because the emergency services had not been given an opportunity to practise would be horrific. If the Government want an example of that, they should examine the Spanish media after the Madrid bombings.

I also draw the Government's attention to a document that has already had a bit of an outing and which is known as "Project Unicorn". Its aim was to study what the commercial sector in London might do to assist the police counter-terrorism efforts. It was commissioned by the Metropolitan police, took a long time to produce and was extremely expensive. Its conclusions, which I note with interest that the Government have yet to publish, make fairly damning reading. The first point is that

> "The Commercial Sector appears to be unanimous in its criticism of the present CT Communications Policy prior to a major incident: they find it outdated, condescending, generally uncoordinated and at times incoherent."

Several Members have already mentioned the need for a proper public information campaign. I note with interest that, during the proceedings on the Civil Contingencies Bill when we brought this idea up, we were completely and totally stonewalled by the Government. We were told that the matter was being dealt with and that we should not seek to scare the pants off the population. The population had to be alert but not alarmed. However, as soon as the Madrid incident occurred, the outstanding work of the police on the underground and the Metropolitan police produced public information campaigns warning people about what might happen, what to look out for and to be alert to exactly the points that we had been making to the Government. I urge Ministers to come back on this point and tell us why a much more coherent policy has not been followed to tell the population what is at stake.

Clive Efford: I refer the hon. Gentleman to the motion that he and his colleagues have tabled for this debate. It does not say anything about the fear of terrorism. The Conservatives appear to lack a policy for London, so should we not get back to the motion and start discussing the issues rather than trying to stir up the fear of terrorism in the way that Conservative Members have throughout the debate?

Patrick Mercer: I point out that I was quoting from a document, the aim of which was to study what the commercial sector in London might do to assist the police in their counter-terrorism efforts. There is an unparalleled opportunity for the people of London to be used as eyes and ears for the security services. That would make terrorism much more difficult.

Project Unicorn says that there is a

> "perceived lack of a central focus for CT in Government which is accentuated by the belief that Government does not always understand the commercial implications of CT . . . For the vast majority of businesses in London this is accentuated by the lack of a coherent Communications Policy and confusing terminology such as 'Resilience' or 'Preparedness'."

I could go on, but I will not. However, it is crucial that London stops trying to glue together this jigsaw of counter-terrorist efforts, listens to the points that the Metropolitan police are making and tries to start to use the private and commercial sectors in particular. It

[Patrick Mercer]

should try to use all the security guards, who are already halfway trained in such skills, and to enrol people to fight the battle alongside them.

I wish to pick up a point that I heard being made, rather surprisingly, by the hon. Member for Southwark, North and Bermondsey (Simon Hughes). We should look much more imaginatively at raising something like an emergency volunteer reserve whereby we use the skills, abilities and motivation of individuals to help the Government, as cheaply as possible, to prepare physically for an attack that we have been told, rightly or wrongly, is inevitable.

The report goes on to make points about, in particular, the lack of understanding of the chemical, biological and radiological threat to London. It says:

"To the public at large the CBRN threat is undoubtedly the most frightening aspect of 'the new terrorism', but it also the one that Government says the least about. It is little surprise therefore that the media fills the vacuum and the public assume the worst. Whilst the more astute commercial security directors have produced their own CBRN guidelines and contingencies, they are loth, in the absence of any official direction, to promulgate them."

I say to the Minister for Crime Reduction, Policing and Community Safety, please can we look at that advice, which comes from a wholly objective source, and do something about it? Let us see the report published and a campaign for public information and training put in place.

My hon. Friend the Member for Cities of London and Westminster has already mentioned the civil contingencies reaction force. That very slender force was the only answer that the Government came up with relatively quickly to try to produce more muscle after 11 September. It never reached its 7,000 operational target, but—I do not want to be churlish about this—it is better than nothing. The force exists and can be called on.

The Ministry of Defence has told us that the most effective of the 14 civil contingencies reaction forces is that founded by the London Regiment. Yet the London Regiment—not all of it, but two companies—has been called up and is serving in Iraq. I wonder how many soldiers from London were involved in the four explosions in Basra this morning. Why were they there? Why were they not in Bermondsey, where they should be, doing their job? Has the Minister raised that with the MOD? Has she made it clear that London, above all areas, needs to have forces that will prevent threat from turning into reality? If that does not happen, I very much regret that the political consequences that we saw after the Madrid attacks may well come to pass in this country.

6.47 pm

The Minister for Crime Reduction, Policing and Community Safety (Ms Hazel Blears): As a northerner, I am delighted to have the opportunity to wind up this debate. Like the hon. Member for Uxbridge (Mr. Randall), I have heard excellent contributions on a range of issues from Members with constituencies right across London, and my knowledge of the city has been dramatically enhanced by listening to the debate. The debate has highlighted London's position.

We have heard a bit of an own goal from the Opposition, and I wonder just how in touch with his constituency the hon. Member for Cities of London and Westminster (Mr. Field) is. The leader of Westminster city council comes to see me regularly to tell me how well the crime figures are doing in his area, how the council has tackled antisocial behaviour and how it has used all the new powers provided by the Government dramatically to reduce crime in Leicester square over the past few months. Yet the hon. Gentleman spent the whole of his contribution telling us how policing is not working, crime is out of control and antisocial behaviour is a problem. If he talks to officers on his doorstep he will find that things are getting a great deal better.

I want to restate our Government's commitment to London's continuing economic, social and cultural success and to the way in which it is enhancing its status as a world-class city. It is crucial to me, in my part of the country, that London continues to do well, that it is a magnet for inward investment, that it drives the economy of the rest of the country and that it helps to ensure that we have record numbers of people in work throughout Britain. As many Members have said, we also now have record police numbers, including the new community support officers, and more police officers on the beat. There has also been a massive increase in bus services throughout the capital and in the number of people using them. There is a range of things in London of which we can be proud.

Following the references to the Beach Boys and the Pogues this afternoon, I am grateful that the hon. Gentleman and my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) did not join together on one issue, and that was in singing the proposed London anthem. However, every Member who spoke conveyed a genuine sense of pride in representing London.

My hon. Friend the Member for Ilford, North (Linda Perham) made an excellent speech in which she outlined action by the Metropolitan police on antisocial behaviour and discussed the step change programme. She conveyed her own pride in being a Londoner and highlighted the fact that the Tory motion was—I hesitate to use these words—a long whinge that talked London down and lacked self-confidence. There was no London pride among the Conservatives.

My hon. Friend the Member for Eltham (Clive Efford) provided an analysis of support for policing, and praised the work of community support officers, who are on the beat, day in, day out. They are not distracted from their work, establish relationships with local people, and are making an impact in my hon. Friend's community.

There was an interesting competition between the hon. Member for Orpington (Mr. Horam) and my hon. Friend the Member for Ealing, North (Mr. Pound) about which was the leafiest borough in London. I am not in a position to decide the issue, but I can tell them both that the deployment of police resources in London is an operational matter for the police. Resources will be directed to the areas of greatest need, but they will know that the introduction of the step change programme will result in 100 new teams of officers across London. In every single borough there will be three teams of police officers and community support officers dedicated to

local neighbourhood reassurance policing, which is what local people have told us they want. Wherever people are in London—in a leafy borough or an inner-city area—they will get better policing and better reassurance.

Mr. Horam: The hon. Lady made the point that we will get teams throughout London boroughs, but only three wards out of 30 in a typical borough will benefit. What will happen in the other 27?

Ms Blears: The hon. Gentleman wants more, although we have obviously made an extremely good start. His party opposed the precept in the budget of £184 million extra for policing. He cannot have his cake and eat it—he cannot have extra police officers unless he is prepared to find the money for them.

The hon. Member for Upminster (Angela Watkinson) spoke about the health service and education. The health service in London, as in the rest of the country, is improving enormously as a result of Government decisions to increase investment in the NHS, slash waiting times, increase choice and make sure that people across the capital can get better health services in future. I urge her to re-examine her party's policy on the patients' passport, which, far from being a passport, would be an exit visa from the national health service and would not lead to improvements in services for local people.

I am afraid that I was disappointed by the contribution of the hon. Member for Southwark, North and Bermondsey (Simon Hughes). He praised crime reduction in London, and I was grateful to him for going through the figures. As he said, the latest figures will not be available until next week, but for some years they have shown that London is safer place in which to live and work and for businesses to operate in. We are making genuine progress, and I was grateful to the hon. Gentleman for his remarks. However, on antisocial behaviour, he has an extremely poor record. His party voted against the Third Reading of the Anti-social Behaviour Bill, and in that debate he said that

"we must ask ourselves whether, if we were in government, we would want the Bill on the statute book, and the answer is no".—[*Official Report*, 24 June 2003; Vol. 407, c. 991.]

That comment will come to haunt the hon. Gentleman because, in typical Liberal Democrat fashion, not all his councillors share his view, and hold different opinions in different areas of London. One power in the Anti-social Behaviour Bill to which the hon. Gentleman took particular exception was the power to disperse people who were intimidating and harassing local people. There have been huge problems on the Butts Farm estate in Feltham, including stalking, intimidation, threats to kill and abusive and threatening language, often targeted on vulnerable residents. It was decided to use the dispersal powers in Feltham, and a Liberal Democrat councillor said:

"This will have a benefit for the law-abiding majority of youth and residents. . . They have nothing to fear . . . but the people who commit anti-social behaviour have."

The hon. Gentleman takes one view; his councillors take another view. That is a familiar situation among Liberal Democrats.

Simon Hughes: The Minister would not dare pretend that there is never a difference between the Labour Front Bench team and any Labour member anywhere in the country. Does she agree that things are often much better when there is a partnership? Will she commend my borough, run by Liberal Democrats, which the other day was given by her colleague the Minister a beacon award for community safety for the measures we implement on the ground, which are the best in London and the best in the country?

Ms Blears: I understand that the foundations for the partnership, which takes a long time to mature, were laid when the council was under Labour control, but I am delighted to pay tribute to local authorities throughout the country and across London that are working hard in their community safety partnerships. I understand that about £30 million has gone into those partnerships over the past year in order to make that significant difference for us.

I want to highlight the success in reducing street crime across London—a 21 per cent. reduction in robbery, and 11,000 fewer victims. Sometimes we forget the human cost when we speak about numbers and percentages, and 11,000 fewer people were robbed in London as a result of the action taken by the Metropolitan police and their partners. I am also delighted that youth crime is down 7 per cent. in the past year alone. Our young people are the citizens of the future, and it is vital that they are able to live in a safe community. We speak a great deal about young people and antisocial behaviour, but quite often young people are the victims of crime as well. The vast majority of our young people are good, decent young people who make a positive contribution to our community.

Many hon. Members mentioned the record numbers of police in our capital, about which I am delighted. The Conservatives spoke about an extra 40,000 police officers, but they have gone very quiet about that in recent months. Since they found they could not fund that as well as the fantasy island asylum policy, we have heard little from them. Today we heard from the Opposition that they are interested not in extra police numbers, but in how they are deployed. The Labour Government, however, have a record of extra police numbers across London and extra community support officers.

I shall deal with the issues raised by the hon. Member for Newark (Patrick Mercer) about resilience and preparedness in London. The local response capability is one of our key building blocks. That is why it is so important that at the centre we keep in touch with the locality and with London about preparedness. I can tell the hon. Gentleman that regional resilience teams are in place in every Government office. In future, the Government offices will be much better organised and in a much better position to tackle not just the terrorist threat, but any of the civilian threats that we face.

But the hon. Gentleman is right. The threat from terrorism remains real and serious. It is a worldwide issue. It is not unique to the UK. It will be with us for the long term. That is why it is vital that we plan properly. I am delighted to be able to tell him that we are putting an extra £61 million into the Metropolitan police service next year to help it counter the terrorist threat. Since September 2001 we have taken a range of measures to

[Ms Blears]

strengthen our anti-terrorism legislation, to make sure that people cannot hide behind the immigration and refugee protections, to proscribe terrorist organisations and to increase the funding not just for the Government offices in London but for the fire service, which for the first time has all its staff trained on CBRN.

The hon. Gentleman mentioned the exercises that have taken place. I can tell him that hundreds of exercises have taken place across London. They take place weekly. The exercise that he highlighted, OSIRIS II, is only the most visible exercise, but we have had three major command and control exercises, also connected with the military, making sure that we keep in constant contact with them. The hon. Gentleman raised the issue of the business community. The business community is totally engaged with our preparations and is part of our structure. He spoke about the need for public information—

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose in his place and claimed to move,* That the Question be now put.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 143, Noes 308.

Division No. 135] **[6:59 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burnside, David
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Gibb, Nick *(Bognor Regis)*
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Tredinnick, David
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Ayes:
Gregory Barker and
Mr. Peter Atkinson

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*

Curtis-Thomas, Mrs Claire
Dalyell, Tam
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Noes:
Jim Fitzpatrick and
Paul Clark

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 302, Noes 169.

Division No. 136] **[7:14 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Benn, rh Hilary

Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ennis, Jeff *(Barnsley E)*
Etherington, Bill
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Heppell, John
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Irranca-Davies, Huw
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Kidney, David
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McFall, John
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meale, Alan *(Mansfield)*
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Morley, Elliot
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Hara, Edward
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prescott, rh John
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Betty *(Conwy)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wood, Mike *(Batley)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Wright, David *(Telford)*
Wyatt, Derek

Tellers for the Ayes:
Paul Clark and
Jim Fitzpatrick

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Bacon, Richard
Baker, Norman
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burnett, John
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clifton-Brown, Geoffrey
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dorrell, rh Stephen
Doughty, Sue
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Hancock, Mike
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hogg, rh Douglas
Holmes, Paul
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paterson, Owen
Pickles, Eric
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Gregory Barker and
Mr. Peter Atkinson

Question accordingly agreed to.

Main Question, as amended, put and agreed to.

Resolved,

That this House takes pride in London's heritage and status as a leading global capital city; notes that its outstanding success over many centuries has depended upon its rich mix of people, innovation and energy; further notes that it is an international leader in financial services, the arts, media, higher education, medicine and scientific research and tourism; welcomes the Government's commitment to London's continuing economic, social and cultural success, and to enhancing its status as a world class city; applauds London's high levels of productivity and success in attracting inward investment that benefits the whole of the UK; recognises that this success is backed by record levels of funding from this Government for education, health, the arts, culture, creative industries, crime prevention, transport and other key public services that have resulted in substantially higher employment, substantially lower unemployment, record police numbers including more community support officers and police on the beat, massive increases in bus services and people using them, with an extra 100 million bus trips and an extra 180 million Tube journeys taken a year; applauds the leadership of the Mayor of London, working in partnership with the Government in the key areas of transport, planning, economic development and policing; praises the work of the police and security services in remaining vigilant to keep the capital safe; and condemns outright Opposition attempts to talk down and undermine the continued success of our great capital city.

DEFERRED DIVISIONS

Motion made and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003].

That at this day's sitting, the Orders of the House of 28th June 2001 and 6th November 2003 relating to deferred Divisions shall not apply to the Motion in the name of Mr Ben Bradshaw relating to Protection of Animals during Transport.—*[Mr. Jim Murphy.]*

Question agreed to.

PROTECTION OF ANIMALS DURING TRANSPORT

Motion made and Question put forthwith, pursuant to Standing Order No. 119 (European Standing Committees),

That this House takes note of European Documents No. 7969/01 and ADD1, Report from the Commission and draft Regulation on the ventilation in road vehicles, carrying livestock on long journeys and No. 11794/03, Commission Communications and

draft Regulation on the protection of animals during transport and related operations and amending Directives 64/432/EEC and 93/119/EEC; and supports the Government's objectives of seeking a significant improvement in animal welfare during transport and better enforcement of those rules throughout the European Union.—*[Mr. Jim Murphy.]*

Question agreed to.

Laryngectomy

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Jim Murphy.]*

7.27 pm

Mr. Tom Clarke (Coatbridge and Chryston): The catalyst for this debate can be traced back to a letter that I received from the Lanarkshire Speakeasy group. Contained in the letter was a poignant plea for support for people who had developed cancer of the larynx and ultimately had to have a laryngectomy. The letter was signed by Ann Muir, of whom I will say more later.

My principal aim tonight is to highlight the plight of laryngectomees, and in particular how they are treated in relation to applying for disability living allowance. There is a genuine belief in the group that they are not being treated fairly. I look forward to the response of my hon. Friend the Minister, and I welcome her presence.

In terms of local government boundaries, the group encompasses North and South Lanarkshire councils, which have a population of 628,000 people. It is a voluntary group whose purpose is to offer hope and encouragement to laryngectomees—people who have had their voice box removed due to cancer of the larynx—and to families and carers. Its prime objective is to ensure that all members, of whom there are approximately 100, are included in all aspects of community and social activities. One of its most significant achievements is to encourage people back into society after radical surgery, as laryngectomees often withdraw from contact outside their own family circles. The secretary of the group, Ann Muir, is an outstanding person, possessed of an amazing fighting spirit. I believe that there is no praise too high for this remarkable woman.

Let me explain to the House what laryngectomy is all about. Ann Muir has told me of her own experience. Often people are unaware that they may have a problem until certain symptoms become evident. They include hoarseness or change in the normal voice lasting for more than three weeks, breathlessness or difficulty in breathing, difficulty in swallowing, a cough or chest infection and a swelling in the neck. After a family doctor has been consulted, a series of tests will be carried out to check a patient's general health and confirm or rule out a cancer diagnosis.

The lowest point for any patient is the simple shock of being told "You have cancer." It is at that point that every cancer patient knows what may be facing him or her. Ann underwent radium treatment for six weeks on 33 separate occasions in order to avoid a laryngectomy. A special mask was made for her, and she was bolted on to a table for treatment. Despite Ann's bravery, she admitted that that was a most frightening experience. The larynx, or voice box, has three main functions: to allow the air that we breathe to reach our lungs, to protect the lungs by closing when we swallow food or drink, and to project our voices when the vocal cords vibrate.

As the radiation treatment was insufficient, Ann was told that she must have a laryngectomy. Cancer of the larynx is quite rare, affecting fewer than 3,000 people each year in the United Kingdom. More men than women develop it, usually after the age of 50—although

only the other day I was talking to a woman whose partner, aged just 43, has just had a laryngectomy.

A total laryngectomy is an operation to remove the larynx completely. Just think what that must be like. Following the operation, breathing and communicating will be done very differently. Patients are so medicated for the first four to five days that they are completely confused. Ann said that at that stage she saw herself in a mirror. Visitors would say that she was looking well; Ann's response was that if she was looking well, heaven knows what she would look like when she was ill.

One week after the operation, a patient's face and neck are massively swollen. There are holes in the neck and tubes coming out everywhere, with pain control the only salvation. Ann's granddaughter visited her and said "Gran, I don't like those. They look like teeth in your neck." The youngster was not to know that the metal stitches and the clamps were to hold Ann's head together.

For surgical voice restoration, a catheter was inserted through a small hole in the back of Ann's trachea. The catheter keeps the hole open so that the voice valve can be put in place later. Once all that has been overcome, the next phase—that of learning to talk—begins. Removal of the larynx means that talking can no longer happen naturally, and the way in which a person breathes has been altered permanently. When that process is complete, the real task of rebuilding the person's life truly begins.

Mr. Huw Edwards (Monmouth) (Lab): I am sure that my right hon. Friend will want to join me in paying tribute to those medical specialists who perform this procedure, including those at the Singleton hospital in Swansea who treated my father four years ago, when he was 83. He is alive and well, and speaking well, following that operation.

Mr. Clarke: I am extremely grateful to my hon. Friend for that timely intervention. His high regard for the medical profession is widely shared by those with experience of this condition.

The pain, suffering and inconvenience of all that I have just described inevitably lead to a permanent life change. Families have to make adjustments to help a person cope. There is the psychological impact of coming through such a traumatic experience, all the time thinking that one could have died.

In my discussions with Ann, I also met another laryngectomee, Bill Wright, who is the chair of the Lanarkshire Speakeasy group. What struck me was the love and devotion of his wife Ellen, who explained that since his laryngectomy she has never had a proper night's sleep. Without complaint, she constantly lies awake listening to her husband breathing, with great difficulty, during the small hours of the morning.

In preparation for this debate, I consulted various bodies, not least the Department for Work and Pensions office in my constituency. I had a meeting with Mr. David Collie, who is my main point of contact on all DWP matters. Two other representatives from the disability benefit centre were at the meeting. The purpose of the consultation was to establish what the DWP provides in terms of service to constituents. At the conclusion of my speech, I will return to the pre-eminent role that the DWP should perform on this issue. For now, I record my thanks for the Department's co-operation both nationally and locally so far.

Assessing a disability living allowance form in the first place is not as easy as one might think. For example, my local DWP office does not have a DLA application form available. Filling in such a form or forms would be an ordeal for most people, never mind a person who has just undergone major surgery. Someone said to me, "You would need to be a Philadelphia lawyer to cope."

The fact is that there are two sets of explanatory notes accompanying two forms. DLA 1A section 1 has 68 questions, with 141 options. DLA 1A section 2 has 159 questions, with 188 options. Is all this really necessary? When DLA was first introduced, a DLA form was available in the Benefits Agency offices. A member of staff used to spend an hour or longer helping people to fill in the form. That staffing resource is simply not available in today's restructured offices. Before somebody points out that all a person needs to do is telephone for assistance, I remind the House that we are talking about laryngectomees—people who do not find it easy to talk, and certainly not for as long as it would take to complete the DLA forms.

Why does it have to be a paper application? Are there no alternatives that take into consideration the person's needs and disabilities? Moreover, when one finally gets round to completing the forms, we are entitled to ask how they are dealt with. In the office that processes the applications, there are trained decision makers, with supervisors to keep them right and even doctors available if they need to consult on any medical matters. The Department of Work and Pensions has all the resources to hand, and all its needs are covered in full. But what about the client? Inevitably, tonight I want to focus precisely on those clients.

Is it any wonder that when Ann Muir was starting up her voluntary group and visited every person in Lanarkshire who had experienced a laryngectomy, she was appalled at the standard of neglect that she discovered? I have no wish to exaggerate the position; there was not neglect in every home. However, there was sufficient evidence of such neglect in more instances than I believe should have been the case. It cannot be right that when a person has suffered all that is involved, they then arrive at such an unacceptable stage.

A new study on the problems faced by people affected by cancer when assessing benefits in Northern Ireland has revealed that many lose out on the financial support to which they are entitled. The report "Benefits Access for People Affected by Cancer in Northern Ireland" is the result of a project undertaken jointly by Macmillan Cancer Relief and the Northern Ireland Social Security Agency. Interviews with patients, carers, health and social care professionals, agency staff and other advice centre workers helped to identify the main barriers that people affected by cancer face when attempting to access benefits.

Heather Monteverde of Macmillan said that the outcome of the report confirmed what Macmillan had been hearing from patients for years. She said:

"Our experience has told us that financial concerns are second only to physical pain as a cause of stress for people with cancer and their carers. We're delighted that the Social Security Agency has worked with us on this project to get a clear picture of the problem. We now look forward to the implementation of the recommendations."

[Mr. Clarke]

She concluded:

"By working together, we can ensure that people affected by cancer get the benefits advice and support they so clearly need."

In my view, Heather is absolutely right.

What do I want to see on the ground for people who have had a laryngectomy and others with cancer? I want to see the DWP take a leading role in bringing together health, local government and other agencies to analyse the scale of the problem. I want to see joined-up government in action for the people who need it. I want cancer patients to be made aware of what benefits they are entitled to claim. I want experts such as welfare rights officers to help to complete those labyrinthine application forms.

Jim Sheridan (West Renfrewshire) (Lab): It is right that during this debate we focus on the individuals and the financial implications for them, but does my right hon. Friend also accept that organisations such as Macmillan Cancer Relief struggle day in, day out to supply their service? It is now time for the Government to consider tax exemptions for such organisations.

Mr. Clarke: I am grateful to my hon. Friend. I am sure that the Chancellor and his colleagues in the Treasury will take his important point on board.

I want cancer victims to have automatic representation to tribunals. Again, the best people to do that would be welfare rights officers. I want an end to cancer patients and their families worrying about coping, and I trust that our debate has made a helpful contribution to that.

I conclude with a quote from Mr. Forth, who was interviewed for the Northern Ireland report. He said:

"People with cancer shouldn't have to fight for benefits, when all effort is in fighting cancer itself."

7.45 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): I begin by congratulating my right hon. Friend the Member for Coatbridge and Chryston (Mr. Clarke) on securing the debate and on putting his points in way that we have all appreciated. I also pass on my thanks and admiration to Ann Muir, Bill Wright and other constituents of my right hon. Friend who run Lanarkshire Speakeasy. I do not believe that any Minister who deals with these issues could find any way of replacing the sort of work that Ann and Bill do in their local communities. We have national systems, but the sort of work done by volunteers in local communities is irreplaceable. I pass on my thanks for the work that they do. They have also given my right hon. Friend valuable information to help with his preparation for the debate. There is no better way for Members to find out what it is really like than to talk to people in their own constituencies.

Laryngectomy is indeed the severe and radical procedure that my right hon. Friend has graphically illustrated. There is no doubt—the Department does not dispute it—that many of those who have undergone it will be eligible for disability living allowance. One of the consequences of laryngectomy is total loss of speech, although voice production can, as my right hon. Friend and my hon. Friend the Member for Monmouth (Mr. Edwards) explained, be reacquired.

Disability living allowance is a tax-free, non-contributory and non-means-tested benefit, the purpose of which is to provide a contribution towards the extra costs faced by severely disabled people as a result of their disabilities. Entitlement to the allowance, as my right hon. Friend is well aware, is not linked to a specific diagnosis of particular disabling conditions. It is not a medicalised benefit in that sense. It is based on the requirements of people with disabling conditions for additional care or mobility help, so it is a very individually based benefit, depending on the effects of a disabling condition rather than its diagnosis. However, there is no doubt about the fact that people who have undergone laryngectomy qualify for the benefit on the same basis as any other disabled people—in other words, they have to meet the entitlement conditions.

DLA has a care component and a mobility component, and the care component is most relevant to the particular condition. The care component has three rates. There is a higher rate for people who are so physically or mentally disabled that they require from another person any of the following: frequent attention throughout the day in connection with their bodily functions; continual supervision throughout the day in order to avoid substantial danger to themselves or others; prolonged or repeated attention at night in connection with their bodily functions; or watching over for a prolonged period or at frequent intervals at night in order to avoid substantial danger to themselves or others. There is a middle rate for people who have those needs during the day or at night, and a lower rate for people who require attention in connection with their bodily functions for a significant portion of the day, or who cannot prepare a cooked main meal for themselves if they have the ingredients.

Whether or not those entitlement conditions are met on individual claims is determined by decision makers on the basis of the facts of the case. The forms to which my right hon. Friend drew attention are there by way of self-reporting packs, which are designed to enable our decision makers to understand the particular needs of any individual. I recognise and have frequently said that forms of the length and complexity illustrated by my right hon. Friend can undoubtedly prove a barrier to people applying. However, help is available. It is not the case that our staff will not assist. Our increasingly sophisticated information technology, which the Department has recently acquired, enables staff to present individuals with a much shorter form, based on their individual needs as determined by questions from staff to elicit which sections of the form are most relevant. That is usually done through telephone helplines, but I take on board my right hon. Friend's point that those who have had laryngectomies cannot be expected to answer reams of questions on the phone. It would not be comfortable or indeed possible for many of them to do so.

The Department is committed to making its services accessible. Indeed, we are required to do so under the Disability Discrimination Act 1995. If clients have difficulty with communication, as many people with laryngectomies clearly do, we will make appropriate arrangements to ensure that they can access our services

properly. Those arrangements may include home visits or other methods, but it is not in doubt that the Department is committed to ensuring that everybody who might benefit from our services has access to them. I would be more than happy to discuss with my right hon. Friend's constituents the ways in which that can be achieved in their area or how we could do it better. The point that my right hon. Friend made about access is very important. The last thing we want is for people to worry about how they can let us know about their requirements and we have got much better at providing an individual service tailored to those who wish to apply to us.

However, not everybody who applies will succeed. People's needs vary, not only based on their diagnosis but based on other factors. I am not saying whether those who have had laryngectomies are likely to succeed or fail, because applications will be decided on individual assessments by decision makers. My right hon. Friend is correct to say that staff in the Department—the decisions makers—have access to doctors and advice to ensure that they sufficiently understand the implications of laryngectomy to make proper decisions about the applications received. The Disability Living Allowance Advisory Board also provides guidance—it was last updated in 1999—that gets across the seriousness of such cases and the care that someone who has had a laryngectomy may need.

I hope that there is no excuse for our decision makers getting decisions wrong in a vast array of cases. I would expect them to get the decisions right more often than they get them wrong. However, I take on board my right hon. Friend's point that it is important that clients themselves and those who wish to apply can do so in any way that they find comfortable and helpful, and it is certainly our intention to ensure that they can do so.

To respond to some of my right hon. Friend's other points about bringing together agencies and joined-up government, all of us in government aspire to making central Government services more accessible locally and more meaningful to the individuals who are trying to gain access to them. As he made it clear, they have enough difficulties in their lives, in dealing with laryngectomy and the health implications of living with cancer, so they should not have to negotiate the obstacle course that they can face in their dealings with various Departments and local government—and who knows which other type of local public service they can come across? We do our best to ensure that such things are improved.

I do not pretend that we have achieved perfection no hon. Member would believe me if I tried to suggest that we had—but, none the less, we recognise that it is important that our services exist for the benefit not of my staff or anyone else's staff in a different Department, but of our customers and clients. We are for ever trying to find new ways to ensure that people such as those to whom my right hon. Friend has drawn our attention today have every opportunity to get what they need from us. We are committed to ensuring that those who are entitled to such benefits receive them speedily and in a way that is relevant to them.

I agree with my right hon. Friend that more information is required. We can always do better in that respect. There is often fear among disabled people and those who have acquired a disability or who are living with cancer or another serious condition, and they want to concentrate on getting better and on living with their condition, not on trying to work out the finances. We understand that we always need better information about where individuals can find the relevant help.

On some of my right hon. Friend's other points I realise that time is escaping us—I am more than happy to write to him to ensure that I deal with any issue that I have not covered. I assure him that those who are living with laryngectomy have just as much entitlement to disability living allowance as anyone else and that we are not just administrators of the benefit. We are committed to ensuring that those who are entitled can gain access to their entitlement.

My right hon. Friend drew the attention of the House to the forms that are used, and we are committed to reforming the way in which those forms work in a way that helps those who may have an entitlement to claim properly and to pass the information on to us. We are more than happy, where necessary—it clearly is necessary in some cases—to make proper arrangements to enable people to complete those forms in a way that is comfortable and useful to them. May I finish by saying how grateful I am to my right hon. Friend for raising this important matter on the Adjournment today?

Question put and agreed to.

Adjourned accordingly at four minutes to Eight o'clock.

House of Commons

Thursday 22 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

PRIVATE BUSINESS

LONDON LOCAL AUTHORITIES BILL *[Lords]*

Lords Reason for disagreeing to one of the Commons amendments, considered

Resolved,

That the Commons do not insist on their Amendment to which the Lords have disagreed.—*[Siobhain McDonagh.]*

Oral Answers to Questions

ENVIRONMENT, FOOD AND RURAL AFFAIRS

The Secretary of State was asked—

Rights of Way (Mechanically Propelled Vehicles)

1. **John Mann** (Bassetlaw) (Lab): What conclusions she has drawn from the consultation on the use of mechanically propelled vehicles on rights of way.
[167002]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): First, as you are aware, Mr. Speaker, my right hon. Friend the Secretary of State has had to go to Luxembourg for a special Agriculture Council meeting, which is why she is not able to be with us this morning. I am pleased to say that there has been a successful outcome, and I have placed copies of her press statement in the Vote Office for the convenience of Members.

Secondly, it might be convenient for Members if I draw attention to the written statement confirming the three area arrangements for the single farm payment made by my right hon. Friend this morning.

In response to our consultation on the use of mechanised vehicles on rights of way, we received over 15,000 letters and e-mails, which are being analysed. Views on the main issues are strong but divided. I shall do all that I can to build a consensus on the way forward, but with such strength of opinion it is clear that leadership and action are required from the Government.

John Mann: I am all in favour of strong leadership and action from the Government. A significant number of Members have articulated their views on an early-day motion that I tabled. In the consultation, will the Minister take good note of the fact that many of those who are complaining are doing so about something on which the Government are not consulting? The issue is whether there is unrestricted, unbridled new access to new rights of way, rather than the placing of restrictions on people's perfectly rational and reasonable pastimes. In considering that, will the Minister—

Mr. Speaker: Order. That is rather a long question. Perhaps this is an Adjournment debate subject.

Alun Michael: I take the point that my hon. Friend makes. Many pieces of disinformation have been put around about the consultation. Issues such as whether use by horses 200 years ago should lead to the use of particular tracks by mechanised vehicles are serious, and unnecessary fears have been caused by the sort of disinformation to which my hon. Friend refers. We shall certainly consider all the experience and all the comments that have come in, in trying to design a way forward that is sensible, protects rights of way and protects the interests of all.

Mr. Robert Key (Salisbury) (Con): Does the Minister agree that no one should accuse either him or those of us who have made representations on behalf of our constituents of acting with haste or being unreasonable? I spent an afternoon with the Southern Counties Off Road club and had a two-hour meeting with the Wiltshire Trail Riders Fellowship, as well as consulting every parish council, before making my representations to the Minister. My conclusion that it is unreasonable to carry on as we are is widely shared.

Alun Michael: I am happy to respond positively to what the hon. Gentleman says. I met representatives of the users of mechanised vehicles a couple of weeks ago after the end of the consultation, as I promised that I would, and I urged them to be part of the solution rather than part of the problem. There are many responsible users who do not want to go somewhere that would cause damage, or to damage the interests of others, but there are others who take a different attitude. It is important to engage responsible users, rather than their responding to the sort of disinformation to which my hon. Friend the Member for Bassetlaw (John Mann) referred a few moments ago.

Mr. Harry Barnes (North-East Derbyshire) (Lab): The infamous Grimsell lane is in my constituency, and the decision made in that case seems to have extended the legal loopholes that are described in the early-day motion tabled by my hon. Friend the Member for Bassetlaw (John Mann). Today, I have received a letter from a constituent who refers to eight lanes in the area that are now being extensively used by motorcycles that did not use them in the past. There is also a perverse decision in connection with bridleway 54 at Walton, which I have put in front of my right hon. Friend for his response. We need a situation in which the danger, noise and rutting that has been created by some misuse in the area is controlled.

Alun Michael: I am happy to look at individual examples, and I know that my hon. Friend has taken a considerable interest in the topic over a period of time. It is worth saying that traffic restriction orders can be used.

For example, in places such as the Ridgeway where those have not been used in the past, there is now co-operation between local authorities to make use of seasonal restriction orders. We need to get the right response for any particular lane or right of way. I am very pleased that so many Members are engaged in wanting to achieve the right way forward.

Dairy Farming

2. **Mr. Adrian Flook** (Taunton) (Con): If she will make a statement on the effect of single farm payments on dairy farmers. [167004]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): The Government took the decision to include dairy payments in the single farm payment from 2005. As a result of earlier reforms, the dairy sector was running behind those covered in the 2003 reform, and this has made the position more complicated. There will be a net reduction in the support for dairy. Within that, some of the more intensive dairy farmers will receive less than they currently do, and some of the smaller, less intensive farmers will receive more. The eight-year transitional period should give time for dairy and other sectors to adjust.

Mr. Flook: Under the single farm payment, dairy farmers in Somerset who currently get £350 per hectare will receive only £220. Given that they get only 17p per litre for milk that costs them 20p per litre to produce, does the Minister agree that that spells disaster for Somerset's dairy farmers?

Mr. Bradshaw: No, I do not. The amount that dairy farmers currently receive depends, of course, on their stock densities. It is not just the flat rate payment that will bring the dairy industry closer to the market, thereby helping it to become more profitable and market oriented, rather than subsidy oriented; the measures that we have introduced—not least the one announced today by my right hon. Friend the Secretary of State—and the adjustments to the areas will prove helpful to the hon. Gentleman's constituents.

Mr. Michael Clapham (Barnsley, West and Penistone) (Lab): A dairy farmer in my constituency whom I met last week farms an area of land 55 per cent. of which is categorised as disadvantaged, yet he has a herd of 170 cows and a thriving business. However, when the new payments are applied he may well receive far less than that received by farmers six miles away, who farm good land. It seems perverse that a man who has built up a sustainable business should lose out because his farm happens to be situated on what is called disadvantaged land. Will my hon. Friend look seriously at how we can help such farmers, and consider an appeals procedure?

Mr. Bradshaw: That is exactly why my right hon. Friend the Secretary of State announced a change in the boundaries as originally proposed in February. When my hon. Friend studies them, he will realise that they will help the very dairy farmer he mentions.

Mr. David Cameron (Witney) (Con): During a recent meeting in Witney, the National Farmers Union pointed out to me that because of the different regimes that will exist in Scotland, Wales and England, Scottish and Welsh dairy farmers could buy a market in milk quota. Does the Minister share the NFU's concern that that could lead to an even greater reduction in dairy production in England, and if so, what does he propose to do about it?

Mr. Bradshaw: I certainly accept that such a thing is possible. It is the result of devolution, and of Scotland and Wales having taken different decisions on the implementation of common agricultural policy reform—but we still believe that our decision to implement it on a flat rate basis is the right one for England. We are aware of quota moving over the border, but to judge by the reports we have received so far, that will not be a serious problem.

David Taylor (North-West Leicestershire) (Lab/Co-op): Has the Secretary of State responded to the letter of 19 March from the Dairy Industry Association Ltd. on this topic? It points out the paramount need for dairy farmers to restructure their businesses in order to survive in the new commercial environment created by a reduction in support, and it fears that—even in the light of today's announcement on the new areas—sub-moorland farmers in severely disadvantaged areas will struggle to survive in their traditional way.

Mr. Bradshaw: I am afraid that I cannot say whether the Secretary of State has yet to respond to that letter, but in today's announcement she certainly took on board the concerns expressed by the dairy industry. Indeed, the changes announced today were supported by the dairy industry and by virtually all sectors of the agriculture industry. However, that is not all that the Government are doing to help the industry. As my hon. Friend probably knows, my noble Friend who speaks for the Government in the other place chairs the dairy supply chain forum, which is working with the dairy industry to try to do exactly what my hon. Friend wants: to make sure that the industry has a healthy and secure future, but one that is market oriented, not subsidy oriented.

Andrew George (St. Ives) (LD): Is the Minister prepared to admit that because his Department has treated the House as a notice board rather than a debating Chamber, crucial issues of scrutiny have not been completed? Substantial issues affecting dairy farmers, tenant farmers and others have been unresolved, so the Government have had to back pedal and make today's statement—a written statement about severely disadvantaged areas.

In a written answer of 17 March, *Hansard* column 279, the Minister's colleague said that all the assessments that I had asked the Government to publish would be produced in a document "shortly", but it is now 10 weeks since that answer. Does the Minister admit that those assessments and the statement were made without any proper assessment at all?

Mr. Bradshaw: No, I do not, and it sounds as though the hon. Gentleman, who is usually more reasonable in these matters, is accusing the Government of having listened to the concerns of the industry—which is

exactly what we have done. It would be fair to say that many people within the industry had not expected the Government to adopt a flat rate payment for the implementation of CAP reform and were unready to consider the consequences of such an implementation. It was precisely after the announcement in February that concerns were raised by the industry. We have taken them into account and made an announcement to Parliament at the earliest opportunity—today.

Horse Passports

3. **Mr. Roger Gale** (North Thanet) (Con): What representations she has received on horse passports. [167005]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): The Government have received a range of representations about horse passports. Some have been over-simplistic, opposing horse passports altogether—though they are a legal requirement—and others, particularly among the horse industry, have been constructive and have endorsed our approach of working with the industry to seize the opportunity to create a comprehensive horse database.

Mr. Gale: The Minister is aware that horses and ponies are kept in great swathes of the UK where the veterinary and other infrastructure is insufficient to satisfy the demands of the new bureaucracy. There are growing concerns on the one hand about the export of live equines for slaughter, and on the other about the imposition of a bureaucracy whose demands people have no reasonable way of meeting.

Alun Michael: The hon. Gentleman mixes two issues, the first of which is horse passports. Introducing the passport system and putting in place the necessary work to ensure that all horses have passports is a major issue. We are aware of that and we are talking to the industry about how best to ease the pressure. The second issue is the export of live animals for slaughter, which we have no intention of encouraging. The Under-Secretary and I have worked hard with the industry and animal welfare organisations, and Britain is taking a lead in ensuring, first, that we do not create a business in live horse exports and, secondly, that the welfare of animals in transport is protected and improved.

Richard Ottaway (Croydon, South) (Con): There is a link between the two issues of live exports and passports because a continental abattoir will not accept horses without a passport. The Minister must realise that. A million horse owners are going to have to pay up to £50 to have a compulsory ID card, all to pay for a huge DEFRA database that will be a bureaucratic nightmare. Does the Minister accept that the best way to protect our horses is to withdraw his regulations, stand up to the EU and be the Minister for the horse, not for Brussels?

Alun Michael: I welcome the hon. Gentleman to his new duties. I hope that when he has played himself in by listening to the industry and understanding the issues, we can have more intelligent questions. We have no intention of creating what he described as a huge DEFRA database. Instead of leading a bureaucratic approach to the implementation of any such database, we are working with the industry and it will be industry-owned. In the fullness of time, I hope that Conservative Members will realise that they are losing their audience in the horse industry, whose people are increasingly recognising that it is this side of the House that is interested in the future of the horse and the industry, and that the Conservatives are doing them no favours.

Cider Orchards

4. **Mr. David Heathcoat-Amory** (Wells) (Con): What representations she has received on the exclusion of cider orchards from the proposed area payments under the mid-term review of the common agricultural policy. [167006]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): This matter was the subject of an Adjournment debate on Tuesday, led by the hon. Member for Somerton and Frome (Mr. Heath). Some commentators feared that our orchards would be grubbed up in order to qualify for the new single payment. As such applications would qualify only for the new flat rate element, the financial benefits would be small, and I therefore believe the fears to be misplaced. We are working with the industry to make sure that traditional orchards and biodiversity are not damaged by the new arrangements.

Mr. Heathcoat-Amory: Is the Minister aware that Somerset's cider orchards are a vital asset, for the cider that they produce, for their appearance—especially at this time of year—and because they provide a habitat for many interesting species of insects, birds and so on? Those orchards miss out on the new area payments unless they are grubbed up and returned to agricultural use. Why is that? Contrary to what the Minister just said, there is a clear economic incentive to take the trees away and return the land to ordinary agricultural use. Why is he persisting in a scheme that is unfair to apple growers, and also a clear threat to the diversity and beauty of our environment? That is something about which his Department ought to be more concerned.

Alun Michael: There seems to be a clear trend today—Conservative Members who are not up to speed on the issues about which they ask questions. I recommend that the right hon. Gentleman read the interesting exchanges in the Adjournment debate held only two days ago. He made no distinction between commercial cider orchards and more traditional orchards, and he did not refer to stewardship, which provides more financial support to many traditional orchards than would be available through the flat rate element in the new single payment. I suggest that the right hon. Gentleman gets to grip with the facts.

Hugh Robertson (Faversham and Mid-Kent) (Con): In common with other growers, cider apple producers are heavily dependent on legal labour, provided under the student agricultural workers scheme, to harvest their crops. What steps are the Government taking to ensure that the students who come from Romania and Bulgaria

every year will arrive in time to harvest summer fruit in May and June, and that they do not get caught up in immigration chaos?

Alun Michael: I am not going to stray into areas that are appropriate for the Home Office and other Departments, but the hon. Gentleman will be aware that the Government are fully conscious of the need for seasonal workers to carry out the sort of activity that he describes. We will respond to a private Member's Bill shortly, but we want to encourage legal seasonal working and to discourage those who operate illegally. In that context, we understand the importance of the students and those who come through the avenues that the hon. Gentleman describes.

Farm Subsidies

5. **Matthew Green** (Ludlow) (LD): What discussions she has had on her proposals for single farm payments in respect of farmers in severely disadvantaged areas. [167007]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): My right hon. Friend the Secretary of State has had discussions with, and received representations from, a wide range of interests on this subject. As a result, and as my right hon. Friend the Minister for Rural Affairs and Local Environmental Quality noted earlier, she made a written statement to the House this morning. It changes the boundaries for the single farm payment from two regions—severely disadvantaged areas and non-SDA—to moorland within SDAs, the rest of SDAs, and non-SDA. That change has the support of all the main interested organisations, including the NFU, the Country Land and Business Association, the National Beef Association, the National Sheep Association, the Tenant Farmers Association, the dairy producers, and organisations such as the National Trust, the Royal Society for the Protection of Birds, and the Association of National Park Authorities.

Matthew Green: For once, I want to congratulate the Government on listening to farming organisations. I am grateful that they have taken a rational and sensible decision in this matter. I also congratulate the farming organisations that have managed to get together to speak with one voice for the industry. In particular, the NFU in my area did a wonderful job in keeping SDA farmers closely informed and aware of developments.

I turn the Minister's attention to the final paragraph of the Secretary of State's written statement. It states:

"I have therefore asked my officials to consider how the next round of rural development programming (from 2007 onwards) can better reflect the needs of upland communities".

That is potentially more—

Hon. Members: Get on with it.

Mr. Speaker: Order. I am not going to allow long supplementary questions.

Mr. Bradshaw: I think that the hon. Gentleman may be referring to the concerns of some moorland farmers who may lose out as a result of the adjustment made today. He is absolutely right to draw attention to that, and to the Government's very serious response to those problems. He is right that my right hon. Friend the Secretary of State has outlined a number of ways in which the Government will address some of the problems that poorer hill farmers might face in due course.

Paddy Tipping (Sherwood) (Lab): I very much welcome the Secretary of State's announcement this morning and the fact that she has listened to the consensus view of the farming industry. However, there is another consensus: the whole sector wants those payments to be made in 2005. Many of us have real concerns about the Rural Payments Agency, which is undergoing a big programme of change at present. Is the Minister confident that payments will be made on time next year?

Mr. Bradshaw: My hon. Friend is right to say that it is a challenging time scale, but we are confident that we can meet it and every effort will be made to ensure that we do so.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Why will farmers in Parwich in my constituency be paid at two different levels?

Mr. Bradshaw: That is the inevitable consequence of having area-based payments and three different regions. If the hon. Gentleman has a better idea, perhaps he would let us have it.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Although we welcome the announcement today, have not the four weeks that the Government have spent considering the industry's proposal further reduced the time available to set up the new arrangements? I share the concern expressed by the hon. Member for Sherwood (Paddy Tipping). There is real concern that the Rural Payments Agency will be unable to cope. Does the Minister understand that those concerns have been heightened by the delays this year, which have meant that some IACS—integrated administration and control scheme—forms have only just arrived, giving farmers only three weeks to complete and submit them in order to meet the deadline?

Mr. Bradshaw: As I said in reply to my hon. Friend the Member for Sherwood (Paddy Tipping), we are confident that the payments will be made in time. Over the next two weeks, the Government will write to every farmer and farming business in the country to explain how we have decided to implement CAP reform. The payments will be made, starting next year, as the Government proposed.

Sewage Tanks (Odour Pollution)

6. **Dr. Vincent Cable** (Twickenham) (LD): When she proposes to issue guidance on the environmental standards required of water companies in respect of odour pollution from sewage tanks. [167008]

The Minister for the Environment (Mr. Elliot Morley): We plan to consult on a code of practice on odour from sewage treatment plants this summer, and to publish it by the end of the year.

Dr. Cable: I thank the Minister for that reply. Following the useful meeting between his colleague, Lord Whitty, and the hon. Member for Brentford and Isleworth (Ann Keen), myself and our constituents, and given the legal ruling that water companies will be prosecuted for odour emission, does the Minister agree that it is urgent that those companies are set a timetable for converting their sewage plants to prevent odour emission, along the lines of modern plants such as those in Reading?

Mr. Morley: We recognise that in certain parts of the country there have been long-standing problems with sewage treatment plants and the hon. Gentleman has drawn the attention of my Department to one of them. He is right that there is legislation, under the Environmental Protection Act 1990, to take action against odour nuisance. The idea behind the code of practice is to ensure that all sewage treatment companies have a list of measures that can be taken to mitigate the problem—of course, if they do not, they run the risk of prosecution. In some cases, that may mean capital investment, but not in others; that is a matter for the companies to put into their business plans and to put to the regulator.

Mr. Mark Francois (Rayleigh) (Con): May I encourage the Minister to crack on with this as soon as possible? The issue has caused considerable concern in my constituency, especially around the Stambridge sewage works, operated by Anglian Water Services Ltd., where there has been much controversy between local residents and the company. To be fair, Anglian Water has tried to improve the situation, but the sooner clear guidance is issued, the better it will be for everybody.

Mr. Morley: I can reassure the hon. Gentleman that it is our intention to issue guidance as soon as possible this summer. I am sure that it will help with some of the problems. To be fair to many sewage treatment companies, they recognise the need to address particular localised problems.

Carbon Dioxide Emissions

7. **Mr. Simon Burns** (West Chelmsford) (Con): If she will make a statement on the recently released figures on carbon dioxide emissions. [167009]

The Minister for the Environment (Mr. Elliot Morley): Carbon dioxide emissions for 2003 are provisionally estimated at about 152.5 million tonnes of carbon, about 7 per cent. lower than in 1990. Emissions increased by 1.5 per cent. between 2002 and 2003. The increase was due largely to the greater use of coal for electricity generation and a decrease in net imports of electricity from the continent.

Mr. Burns: I am very grateful to the Minister for that reply, although he has not given the full picture. Does he accept that in two of the last three years emissions have increased and are now only 7 per cent. below 1990 levels? Bearing in mind that the Government signed up to the Kyoto commitment of a 12.5 per cent. reduction and that they even went beyond that, off their own bat, to set a 20 per cent. reduction by 2010, do they not fear that defeat is staring them in the face?

Mr. Morley: No, I do not. The hon. Gentleman has mixed up two figures. The Kyoto agreement is on greenhouses gases, but he is talking about CO_2. The 2003 figures on greenhouse gases show that we were 14 per cent. below the 1990 level. The Kyoto target is 12.5 per cent. We are not complacent about the stabilisation on CO_2 but our figures are one of the best results of any country, and I should have thought that the hon. Gentleman would acknowledge that.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): My hon. Friend will be interested to know that on 20 May there will be a demonstration in Parliament of a hydrogen-powered car. It will be a few years before the technology is realisable, but in the meantime will he encourage Departments to look carefully at the Environment Agency research that shows that a British-built Vauxhall powered by LPG is among the cleanest vehicles on the road? Should not the Government take a lead by buying such vehicles?

Mr. Morley: My hon. Friend is aware that the Government car fleet has a number of LPG-powered vehicles, which offer certain advantages. Indeed, their great strength is their effect on air quality. To reduce greenhouse gases we must look at new technologies, including hydrogen fuel cells and clean technologies. We need international co-operation, which is why we have been talking to Japan and, on research and development, to the United States. We recently set up REEEP—the renewable energy and energy efficiency partnership—at the instigation of the UK, although the secretariat is now based in Austria. The idea is to bring together best practice, new technologies and ideas on an international basis so that we can share them and establish the use of new technologies, along with caps on greenhouse emissions, to reduce CO_2 and greenhouse gases generally.

Norman Baker (Lewes) (LD): Does the Minister accept that he has no chance of meeting his CO_2 emission reduction targets unless the Government get a grip on the transport sector, which is in free fall? We now have the highest level of carbon dioxide emissions from road transport since 1970; there is a projected 25 per cent. increase in road traffic between now and 2010, according to the Department for Transport; and there is a projected doubling of emissions from aircraft between 1990 and 2010. What is the Government's policy on demand management of transport, or is it simply hand wringing?

Mr. Morley: The hon. Gentleman's view is too negative. I do not underestimate the challenge posed by

the growth in car ownership and use and, indeed, the growth in air transport. We must address those serious issues and we must tackle air transport internationally. I am optimistic that we can make progress in the European Union on carbon trading by bringing air transport within the EU emissions trading scheme, and we will press the Commission for such an inclusion. As for road transport, we need continued investment in public transport, the policy on which has been outlined in the transport White Paper. Cars are becoming cleaner, emissions are going down and CO_2 has fallen in the past few years. I repeat that I do not want to be complacent and we need to make further progress, particularly on CO_2. There are various ways of doing so—there is not a single solution—and we must explore all the options.

Ms Joan Walley (Stoke-on-Trent, North) (Lab): It is clear that the Government are doing an enormous amount, particularly as they have chosen global warming as the theme for their presidency of the G8 next year. In the light of a report issued today by the Office of Science and Technology on the extent of flooding problems and their effects on our Victorian sewerage system, it is not time that my hon. Friend had urgent talks with the Environment Agency and environmental health officers to see what investment needs to be made now to deal with the effects of global warming?

Mr. Morley: My hon. Friend makes a good point. We have been talking about progress on the reduction of greenhouse gases, and she has demonstrated that global warming has consequences. The foresight report on flooding, which was launched today by Professor Sir David King, the chief scientist, looks at a number of scenarios linked to different rates of economic growth. It examines enormous implications such as rising sea levels, river flooding and sewerage flooding after downpours. There are cost implications, so we have increased spending on coastal defence to £500 million a year and in the past three years we have funded 385 different coast and river protection schemes. It is likely that there will be implications for further spending as a result of such reports. The report demonstrates that there is no cost-free option for dealing with climate change. To try to ignore the consequences of climate change would have enormous consequences for our economy and our country, and internationally. That is the message that we must get across.

Miss Anne McIntosh (Vale of York) (Con): Does the Minister share our disappointment that carbon dioxide emissions have increased, not decreased? In the transport sector since 1990, they have increased by as much as 4.5 per cent.—before the Government embark on their airport expansion plan. Why have the Government decided to exclude aviation from their emissions trading plan? Why do they now accept that the errors in their national allocation plan were so grave that they have had to delay it? Do they also share the deep concerns expressed by the Sustainable Development Commission that they are not on course to meet their own reduction targets by 2010?

Mr. Morley: The hon. Lady cannot have it both ways. When we debated the national allocation plan, she was at pains to point out the worries about the effects on industry. Now she criticises us for the progress that we are making on reducing CO_2 emissions. We must be consistent, because these are serious issues. The reason why the national allocation plan has been delayed, which is true, is that it was a draft plan and we are trying to take into account the concerns of industry. We are trying to get our modelling right. We are determined not just to meet our Kyoto target, which we have met, but to go beyond that and achieve our commitment to a 20 per cent. reduction in greenhouse gases by 2010 and ultimately 60 per cent. by 2050. That is setting the pace globally and internationally, which is important for our country. I am not complacent about the challenges that that brings or the measures that we must take. I have already said that we must make a start on aviation by bringing it into EU emissions trading and controls, because the current exemption cannot go on.

Mr. Michael Jack (Fylde) (Con): Following the recent debate in the House on biodiesel after the Select Committee's report, the Minister will be aware of the contribution that that fuel can make to carbon dioxide reduction. He will also be aware that a cost-free way of trying to encourage a UK biodiesel industry was proposed in that debate and in the Energy Bill debate in another place. What do the Government intend to do to get a UK oil seed rape-based biodiesel industry off the ground?

Mr. Morley: The right hon. Gentleman knows that, apart from the 20p per litre subsidy on biofuels, there is a range of other subsidies, such as that for growing biofuels on set-aside land under the common agricultural policy regime. I agree that there is a role for biofuels, both bioethanol and biodiesel. We are reviewing the effects that the measures have had. They have certainly had a great effect on the reuse of vegetable oils and their conversion into biodiesel. That is helpful, and I should like to see it developed further. We shall keep the matter under review.

Hunting

8. **Shona McIsaac** (Cleethorpes) (Lab): What recent progress has been made in relation to a ban on hunting with dogs. [167010]

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): A clear commitment has been given to the House that the issue of hunting with dogs will be dealt with during the life of this Parliament.

Shona McIsaac: As this democratically elected House has expressed its will on the matter on a number of occasions, does my right hon. Friend agree that we can conclude the matter swiftly and that we could deal with all stages of a reintroduced Bill in one sitting day?

Alun Michael: I agree that the views of the House have been made clear. She knows as well as I do how announcements are made about how the future business of the House will be dealt with. I hear what she says. The commitment to which I referred was made at the time of

the Queen's Speech and reinforced as recently as 7 January. I hope that that gives her sufficient confidence about the way in which we will deal with the issue.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): In view of what the Minister has just said, could he predict when this Parliament might end?

Alun Michael: I ask the hon. Gentleman to consider how the business of this House is dealt with. I am sure that he has sufficient knowledge to make predictions of his own.

Mr. Dennis Skinner (Bolsover) (Lab): Does the Minister accept that, when he says, "in this Parliament", the next Session of Parliament could be a relatively short one? There are fewer than 20 parliamentary weeks in this Session. For the life of me, I cannot understand why, if a big conversation is launched in the Labour party, and in almost every single discussion the banning of fox hunting in this Session of Parliament rears its head, the matter is not being dealt with. Get on with it. The Prime Minister dealt with the European problem the other day; let us settle this one as well.

Alun Michael: In some of the big conversations in which I have taken part in rural areas, fox hunting has not come up as a major issue. People are concerned about big issues to do with employment, education, jobs and the economy. Nevertheless, this is an important issue that needs to be dealt with. That is why an assurance has been given that it will be dealt with in this Parliament. I assure my hon. Friend that the question of how long remains in this Parliament has been fully considered.

David Winnick (Walsall, North) (Lab): Is my right hon. Friend aware that there would be bitter disappointment among the large majority of Labour Members and the majority of people in the country if, in this Parliament—the second with a strong Labour majority in the House of Commons—there is no ban on this barbaric sport? Is it not time for this Government to have the courage to say to the House of Lords, "We will not accept your veto; the elected Chamber will decide", and to make sure in this Parliament, before the general election, that there is a ban, which I hope the Tories will challenge in the general election?

Alun Michael: I am indeed aware of the passion that this issue raises and the views of my hon. Friend and many colleagues. That is why a commitment has been made that the issue will indeed be dealt with during the life of this Parliament. I suggest that a measured view should be taken of this issue. It needs to be dealt with and people have passionate views about it, and that is why it will be dealt with in the course of this Parliament.

Fishing Licences

9. **Mr. David Amess** (Southend, West) (Con): How many registered fishing licences have been revoked since 2001; and if she will make a statement. [167011]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): None. If for any reason a licence becomes invalid, the holder of the licence will usually retain an entitlement to apply for a further licence, which must be made within three years of the entitlement first arising.

Mr. Amess: I believe that the Minister recognises how important the fishing and cockling industry is to my constituents in Leigh-on-Sea in Essex. I think that he also realises that local families feel under increasing pressure in terms of the catch that they can take as a result of changes from Europe. Will he agree to meet a small delegation of those concerned to discuss changes in the licensing and registration of vessels?

Mr. Bradshaw: Yes, I would be happy to receive a delegation. He will be aware that the cockling and shellfish industry in this country is doing extremely well at the moment. Recent figures show that incomes have doubled. As he knows, problems with North sea cod stocks may have affected some of his local fishermen, but I shall be happy to receive a delegation if he wants to bring one.

GM Crops

10. **Joan Ruddock** (Lewisham, Deptford) (Lab): If she will support a European marketing consent for sweetcorn from genetically modified maize line Bt 11. [167014]

The Minister for the Environment (Mr. Elliot Morley): The Government are accepting the advice that there are no reasons not to support the application by Syngenta for approval under the European novel foods regulations for sweetcorn from genetically modified maize line Bt11.

Joan Ruddock: Is my hon. Friend aware that the Belgian Government, the French Government and the Austrian Government have raised serious concerns about the scientific testing of this sweetcorn, which is designed for human consumption, and its safety? How can he support the marketing of this product when it has been tested under outdated and inadequate novel foods regulation, despite the fact that a much more rigorous testing regime has just become law in the EU?

Mr. Morley: I understand that the application complies with the more rigorous rules introduced by the EU, but I will check that point because I have a great deal of respect for my hon. Friend, who takes a great interest in the matter. A number of countries have raised concerns about the maize, but those points do not all concern testing and food safety. The range of issues includes traceability and labelling, and we sympathise with those concerns. The concerns raised by the Advisory Committee on Novel Foods and Processes were put to the lead authority, and they were answered in full to the committee's satisfaction. The maize has been approved for food use in the EU since 1998 and the Food Standards Agency and the Advisory Committee on Novel Foods and Processes believe that their concerns have been answered satisfactorily.

Mr. Henry Bellingham (North-West Norfolk) (Con): Is the Minister aware that various farm-scale trials were

conducted in my constituency and that the industry's response was mixed? Many organic farmers are dead against GM crops. Does he agree that it is vital to implement a proper compensation scheme to cover possible damage to crops grown by non-GM farmers?

Mr. Morley: That was one of the Agriculture and Environment Biotechnology Commission's recommendations and we accept it. We have made it clear that we intend to consult on the shape of a compensation scheme. I understand that a further question has been tabled on that point, which will give an opportunity to go into the matter in more detail.

Bovine TB

11. **Mr. George Osborne** (Tatton) (Con): When he last met farmers' representatives to discuss the problem of tuberculosis in cattle. [167015]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Ministers regularly meet farmers and their representatives and bovine TB often features in those discussions. I recently received a delegation of Gloucestershire farmers, as well as visiting a farm affected by TB in my home county, Devon. Farmers have also been represented at each of the regional TB strategy workshops, which we are holding as part of the consultation on the review of the TB strategy.

Mr. Osborne: If the Minister came to Cheshire, he would know that dairy farmers there want the Government to stop dragging their feet and get a grip on the bovine TB problem. Can he predict when a policy will be implemented, and whether it will take Professor Godfray's findings into account?

Mr. Bradshaw: The policy is being reviewed and we will take those findings into account. We are listening, not least to a delegation from Cheshire that advocated a number of extra measures, such as pre-movement and post-movement testing, to prevent the spread of TB to areas that currently have a relatively low level of infection, such as Cheshire. We are consulting on those measures and my officials would be pleased to receive ideas or representations from either the hon. Gentleman or representatives of the farming industry in his constituency.

Mr. James Plaskitt (Warwick and Leamington) (Lab): Last week, I discussed that exact problem with Warwickshire farmers, who are concerned about the risks and the slow progress towards a solution. Is the Minister confident that adequate veterinary resources are in place to deliver pre-movement testing in a timely and cost-effective way?

Mr. Bradshaw: Yes. The level of testing increases all the time. We have overcome the post-foot and mouth backlog and the level of testing is higher than that before foot and mouth.

Sir Nicholas Winterton (Macclesfield) (Con): Bovine TB is extremely serious—it is taken very seriously in dairy areas of the United Kingdom—and I fully support the views expressed by my hon. Friend the Member for Tatton (Mr. Osborne). A number of farmers in my constituency are becoming increasingly concerned about when the Government review will be concluded and when the Government will make recommendations for action. Will the Minister state the cost of bovine TB?

Mr. Bradshaw: In the past year, bovine TB cost the taxpayer £74 million. The cost includes not only compensation, which is about half that figure, but the substantial sums that the Government commit to research into vaccines and to the badger culling trials. We recognise that the problem is incredibly serious for the farming industry—the difficulty is that there are no magic wand solutions, as some in this House and the media seem to think.

Mr. Owen Paterson (North Shropshire) (Con): I think that the farmer whom the Minister mentioned is Mr. Tony Yewdall from Devon, who is in despair today as he awaits the results of Monday's tuberculin test. He has lost 48 of his pedigree Guernsey cattle. He effectively runs a closed herd, and has brought in only three animals in the past year. He has experienced a very large increase in his badger population and wrote to the Minister asking for a licence to remove or have badgers removed under section 10(2)(a) of the Protection of Badgers Act 1992, which was passed by the last Conservative Government to stop the disgusting practice of badger baiting. The Minister kindly replied to him, saying that he would not issue licences

"except in truly exceptional circumstances"—

Mr. Speaker: Order. I will not allow such a long supplementary. It is unfair to the House—there are other Members. Let the Minister try to answer.

Mr. Bradshaw: I did indeed spend about half a day with Mr. Yewdall and his family and we examined every possible way of avoiding culling his cattle before they calved. I recognised that it was a very distressing experience for him. I have to say, however, that the very strong, unanimous veterinary advice that I received said that it would set a dangerous precedent to make an exception in this case and that it would make further infection on his farm and on neighbouring farms worse.

If the hon. Gentleman has changed Conservative party policy, as he has been quoted in some of the media as having done, so that the Conservative party would now license individual farmers to cull badgers, he should come clean and say so.

GM Crops

12. **Mr. Peter Luff** (Mid-Worcestershire) (Con): If she will make a statement on her policy on assigning legal liability relating to the planting of genetically modified crops. [167017]

The Minister for the Environment (Mr. Elliot Morley): The Government recognise that the commercial growing of GM crops raises issues of legal liability. We have made it clear that we will consult stakeholders on options for providing compensation for any economic

losses suffered by non-GM farmers through no fault of their own. We are also considering the issue of liability for environmental damage.

Mr. Luff: I am grateful for that helpful response, but why did the Government engage in a shallow procedural trick to stop the vote on the Bill introduced by my hon. Friend the Member for Bexhill and Battle (Gregory Barker)? I accept that they wanted to oppose it, but surely a debate would have been helpful. I understand that there is the prospect in the near future of a debate in Government time on GM crops. If such a debate takes place, will the Minister address the issues at much greater length than he can during a parliamentary question and answer?

Mr. Morley: I can certainly confirm that a commitment was given that there would be an opportunity for a debate on GM crops in Government time, and that commitment is being honoured. I look forward to that debate, which will give all Members an opportunity to raise whatever aspect of the issue they choose.

US Warships (Disposal)

13. **Alan Simpson** (Nottingham, South) (Lab): If she will make a statement on responsibility for the US ghost ships in the UK. [167019]

The Minister for the Environment (Mr. Elliot Morley): Four US ships are currently docked in Hartlepool. We understand that the company concerned intends to submit the necessary applications for planning permission and a waste management licence for the Graythorp site for the dismantling of the vessels, which would need to be considered by the relevant authorities. In the meantime, dismantling work on the ships is prevented and they are subject to regular inspection by the authorities.

Alan Simpson: The Minister will remember that, when he gave evidence before the Select Committee on Environment, Food and Rural Affairs during our inquiry into ghost ships, there arose the question of the point at which the legal liability for those ships would fall on the UK. In his evidence, he said that the clock was ticking under the 180-day rule, which meant that the UK would assume liability for the ships on 19 May. He also told the Committee that he would seek clarification with the EU as to whether the new 365-day regulations would come in before the weather window opened. Finally, he assured us that when the weather window opened, the ships would be returned.

Can the Minister tell the House—

Mr. Speaker: Order. I think that the Minister has enough to go on.

Mr. Morley: I have checked the situation under the Organisation for Economic Co-operation and Development rules and the EU rules, and the 365-day rule is the relevant one. The ships are stored safely at Hartlepool and are regularly inspected. My hon. Friend will be aware that, following a meeting of the non-governmental organisations, I have agreed to put in place an overall strategy for dealing with recycling ships in the UK. The ownership of the ships and liability rests with Able UK and MARAD—the US Maritime Administration—and the regulator is the Environment Agency, in which I have the utmost confidence. The weather window for the return of the ships is, realistically, around the end of May. However, I do not want to duck the issue. I emphasise to my hon. Friend that we should consider the best environmental option, which, in my view, is to recycle them on site. Of course, that requires the necessary legal and environmental permissions. If they cannot be recycled on site, the next best option is to recycle them in the United Kingdom or the European Union. If that cannot be done, they will have to be returned. However, if we are concerned about environmental outcomes—I hope that hon. Members are—the best environmental option is to recycle on site.

Incinerators (Transport of Waste)

15. **Bob Russell** (Colchester) (LD): What guidance she gives to local authorities on the transport of waste to incinerators. [167021]

The Minister for the Environment (Mr. Elliot Morley): Section 34 of the Environmental Protection Act 1990 requires transport of controlled waste to be carried out by an authorised person in accordance with the waste duty of care code. Waste collection authorities are authorised persons for this purpose. The waste duty of care code of practice of 1996 provides guidance to everyone who handles controlled waste, including its transportation.

Bob Russell: I am grateful to the Minister for that reply, as far it went. Does he agree that the proximity principle needs to tightened so that waste is not carried long distances, and certainly not more than 10 miles? Does he also agree that, if local authorities want their waste incinerated, they should have incinerators in their backyard, thus ensuring that London's rubbish is not carted 60 miles to a proposed incinerator in Colchester?

Mr. Morley: I understand the hon. Gentleman's point. Of course it is desirable to deal with waste as near as possible to its source. However, he knows that getting permission for incineration capacity is difficult. If the Liberal Democrats now support the provision of incineration capacity when that is the best environmental option, it might make matters easier.

Carbon Dioxide Emissions

16. **Mr. Simon Thomas** (Ceredigion) (PC): What proportion of the increase in carbon dioxide emissions in 2003 was due to *(a)* an increase in energy consumption and *(b)* an increase in aviation fuel consumption. [167022]

The Minister for the Environment (Mr. Elliot Morley): The increase can largely be accounted for by higher energy consumption, with the increase in power station emissions being partly offset by lower emissions from residential energy use, transportation and industrial energy use. The share of domestic aviation cannot yet be separately identified within transportation.

Mr. Thomas: Earlier, the Minister said that the Government had a good story to tell on the matter. By

accident or design, that is partly true. However, are not the Government about to lose their pole position in Europe? The worrying decline in the reduction of CO_2 emissions needs to be reversed. Will he assure hon. Members that the submission that he is preparing under the EU emissions trading directive will not retreat from the aims and objectives that were set out in the initial consultation, especially the 5.8 per cent. reduction that is expected from the industrial sector?

Mr. Morley: I assure the hon. Gentleman that we will stick to the targets and objectives in the energy White Paper. When setting a cap, we must take account of current circumstances and modelling. We have already set it at 16.4 per cent. in the national allocation plan. We are discussing that with industry, but our intention is to reach 20 per cent. by 2010. We have made better progress on our Kyoto commitments, as I have outlined to hon. Members. I am confident that, once we get the European emissions trading scheme up and running, British industry will do better than the trajectory that we are setting for it and that we will reach the 20 per cent. target. However, we have said that we will make necessary adjustments in 2007 or 2008 to achieve it.

Mr. Bob Blizzard (Waveney) (Lab): Does my hon. Friend agree that CO_2 capture and storage in depleted undersea oilfields, which is permissible under the OSPAR convention, would make an important contribution to carbon reduction? Since that has been recognised in a recently published Department of Trade and Industry report, will he support further work on the proposal so that it can become part of the Government's carbon abatement technology programme?

Mr. Morley: It is important that we consider all the options in relation to reducing greenhouse gases and CO_2. That will include increasing the amount of renewables—to which the Government are committed, following the energy White Paper—and clean fuel technology. We also need to look at carbon sequestration. I do not see that as a long-term solution, but it might be useful in the medium term. We would have to assess its environmental impact in some detail and we will. Nevertheless, it is an option, and we should give serious consideration to it.

Fisheries (Scotland)

17. **Mr. Michael Weir** (Angus) (SNP): What recent discussions she has had with Scottish fishermen's organisations regarding the effect on the Scottish fishing industry of the European fishing agreement. [167023]

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I have regular meetings with members of the Scottish fishing industry and met them recently in Edinburgh at the launch of the Prime Minister's strategy unit report on the future of the fishing industry. I also recently received a delegation that included the hon. Gentleman, at which time he raised a number of issues relevant to the fishing industry in Scotland that I hope have been resolved to his satisfaction.

Mr. Weir: I thank the Minister for his answer. Certainly, some of the issues have been resolved. The changes in the map are welcome, although the draconian new enforcement measures are perhaps not quite so welcome. Issues regarding days at sea have yet to be resolved. The Minister will recall that, in European Standing Committee A, he indicated that he was still discussing that issue with Europe. Does he share the view of Ross Finnie, the Scottish fishing Minister, who said on his return to work yesterday that he was horribly disappointed at the time Europe was taking to deal with the issue? Can the Under-Secretary give us an idea of when these matters will be dealt with?

Mr. Bradshaw: We will certainly make the representations that the hon. Gentleman would like us to make in regard to those fishermen with haddock permits spending more time at sea. The wheels of the Commission sometimes do not move as fast as we would like, but we will certainly try to make them move as quickly as they can.

Business of the House

12.31 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 26 APRIL—Remaining stages of the Justice (Northern Ireland) Bill *[Lords]*.

TUESDAY 27 APRIL—Progress on consideration in Committee of the Finance Bill.

WEDNESDAY 28 APRIL—Conclusion of consideration in Committee of the Finance Bill.

THURSDAY 29 APRIL—If necessary, consideration of Lords amendments followed by Opposition half-day [7th allotted day] (Part 2). There will be a half-day debate entitled "The failure of the Government to protect the UK from animal and plant diseases" on an Opposition motion.

FRIDAY 30 APRIL—Private Members' Bills.

The provisional business for the following week will be:

MONDAY 3 MAY—The House will not be sitting.

TUESDAY 4 MAY—Consideration in Committee and remaining stages of the Scottish Parliament (Constituencies) Bill.

WEDNESDAY 5 MAY—Opposition half-day [10th allotted day] (Part 1). There will be a half-day debate on an Opposition motion, subject to be announced, followed by a motion to approve a money resolution on the Christmas Day (Trading) Bill, followed by a debate on genetically modified crops on a motion for the Adjournment of the House.

THURSDAY 6 MAY—Remaining stages of the Armed Forces (Pensions and Compensation) Bill.

I should also like to inform the House that the business in Westminster Hall for May will be:

THURSDAY 6 MAY—Debate on the report from the Transport Committee on ports.

THURSDAY 13 MAY—Debate on poverty and south Asia.

THURSDAY 20 MAY—Debate on the report from the Foreign Affairs Committee on foreign policy aspects of the war against terrorism.

THURSDAY 27 MAY—Debate on the report from the Constitutional Affairs Committee on judicial appointments and a Supreme Court (Court of Final Appeal).

Mr. Heald: I thank the Leader of the House for the business. I have one or two questions for him—a sort of tidying-up exercise, really. He will remember last year describing the European constitution as a "tidying-up exercise", and he went on to say:

"I think those who are starting off on a campaign for a referendum might as well put away their placards and stop wasting their money because we are not going to do it."

Now that the Prime Minister has slapped him down, engaged reverse gear and is to have a referendum, would he agree that it is his job to bring it on? Or is his head as firmly in the sand as that of the Foreign Secretary, who said today that the referendum might never happen?

The Leader of the House can be assured of our full co-operation, so may we have the necessary Bill for the referendum within the next two weeks? Does he agree that the constitution that the Government negotiate cannot be changed by this House, so there is no need for lengthy debate before we have a referendum? Is it not right that if the British people say no in the referendum, that will be the end of the constitution, or does he take the view that he would simply keep asking until the people get it right? Is not the correct approach to accept the verdict of the people? If they vote yes, so be it. We would accept such a result. If they vote no, there should be no constitution. Why cannot the Government accept that?

Will an oral statement be made next week about local authority finances? May we have a debate on the Floor of the House before any capping occurs?

On Northern Ireland, may I draw the Leader of the House's attention to early-day motion 1011, which refers to the worrying recent monitoring report?

[That this House notes with great concern the report of the Independent Monitoring Commission; and calls upon the Government to make parliamentary time available for the House to reconsider the facilities made available by the House authorities to Sinn Fein members.]

What time can he make available for a debate on that?

Finally, the Foreign Secretary has promised a debate on the desperate situation in Zimbabwe. The English cricket board needs clear advice from the Government against a tour. When can we have that debate, and when can we have the advice?

Mr. Hain: I thank the shadow Leader of the House for his inspiring series of questions, for which I am most grateful.

The Government have made clear our position on the tour to Zimbabwe. It is a matter, however, for the English cricket authorities to decide —

Mr. Simon Thomas (Ceredigion) (PC): And Wales.

Mr. Hain: Indeed, the English and Wales cricket authorities must decide. Glamorgan players qualify for the English team, in a welcome sign of unity of the United Kingdom. The situation has changed significantly in recent times, however. An open letter has been signed by 13 white players in the Zimbabwean side, including the former captain, Heath Streak, which says:

"There has, in our view, been racial and ethnic discrimination in the selection of the national team."

That seems to put the issue in a different perspective. It is not simply a question of appeasing a despot, the brutal tyrant Robert Mugabe, but an issue about sport. That takes me back to when I was in the picture, more than 30 years ago—[HON. MEMBERS: "Digging up pitches."] No, I never dug up any cricket pitches. I ran on them and sat down on them to stop apartheid tours, for which Nelson Mandela thanked me, as, I guess, would most Members of the House.

With the England cricket tour to Zimbabwe, we are faced with a different situation, which is that the Zimbabwean team, according to the former captain and 12 other white players, appears to be rigged in a discriminatory way, on racial lines. That puts the issue

[Mr. Hain]

in an entirely different category. I also note that the Australian leg spinner Stuart MacGill has refused to take part, and I would expect many English cricketers to refuse to take part, too. If they did, I would be with them all the way.

On the question of the European Union constitution, about which the shadow Leader of the House helpfully and generous quoted all sorts of things that I had been saying last year, may I paraphrase Churchill by saying that there is no better diet than eating one's own words? That is precisely what the Prime Minister, I, the Foreign Secretary and a number of others have been doing these past few days. *[Interruption]* No, it is very appetising.

The serious point, which I know that the shadow Leader of the House will want me to make, as he asked his question in his customary serious fashion, is that we took the view quite properly, as did many Members on both sides of the House, that the House of Commons was the proper forum to ratify such treaties, as has been done previously, subject to line by line scrutiny. It was clear from the public opposition, however, that that position was not sustainable. The Prime Minister and the Government have therefore responded to public opinion and opinion in the House, and have decided to call a referendum, for which we deserve credit. That is the issue.

The hon. Gentleman asked a number of subsidiary questions. In particular, he asked whether we would have a referendum Bill within two weeks. What an absurd question for someone who aspires to be the Leader of the House of Commons to ask! We do not even have a settled constitutional treaty yet. How could we have a referendum on something that has not even been finally negotiated, let alone agreed in a final signing ceremony by all member states? What an absurd proposition. Moreover, if the hon. Gentleman is at all serious about aspiring to be Leader of the House, he must know that a Bill of that kind could not possibly be drafted within days. We should get real on this question.

Effectively, the hon. Gentleman has said that there should be a pre-legislative referendum. That is the new official position of the Conservative party.

Mr. Simon Thomas: What about Wales?

Mr. Hain: I shall come to Wales in a moment.

Only a few years ago, the Leader of the Opposition said:

"A pre-legislative referendum is designed to pre-empt parliamentary debate. It is not a new device. The device was the hallmark of continental dictatorships between the wars."—[*Official Report*, 21 May 1997; Vol. 294, c. 736.]

Let us consider what the constitutional treaty might look like. It will be a document with nearly 500 pages, nearly 500 clauses and nearly 100,000 words. Ought not such a document to be scrutinised in detail by this Parliament before being put to the people? This is a very different proposition from that of 1997, when we asked the people of Wales and Scotland whether they agreed with the principle of a Scottish Parliament or a Welsh Assembly. What we are talking about now is bringing together a series of past European treaties—three quarters of the new constitutional treaty will consist of them, if it is agreed—and enabling the House to examine the treaty in great detail before inviting the people of Britain to make a decision. That is the logical way to proceed, and the way we intend to proceed.

The Prime Minister has already answered the question about what would happen in the event of a "no" vote, but let me add this. We will work very hard to persuade the country of our case. If we agree to a constitutional treaty in the first place, it will only be on the basis of its being in Britain's national interests, and on the basis that all our key interests in respect of a veto on taxation, foreign policy, defence and the rest—matters that the Foreign Secretary has put before the House repeatedly—have been satisfied. If they are not satisfied, we will not agree to the treaty. If they are, we will believe—we do believe—that it will be in the country's interests, and will therefore make the case in the expectation of winning the argument and winning it in the national interest.

There will be a statement on local authority finance next Thursday, when Members will have an opportunity to question the Minister of State about capping.

The hon. Gentleman asked about Northern Ireland. As he will know, the Independent Monitoring Commission's first report has raised serious issues. He will recall that on Tuesday the Secretary of State for Northern Ireland made a statement to the House, saying that the Government were minded to act in line with the IMC's own recommendation that we consider withholding financial assistance from Sinn Fein and the Progressive Unionist party in the Northern Ireland Assembly. I think the hon. Gentleman will agree with that—and I think that I have answered all his questions fully and frankly.

Mr. Paul Tyler (North Cornwall) (LD): May I tell the Leader of the House how much pleasure it gives me, and my Liberal Democrat colleagues, to hear him reverting to the radical instincts of his liberal youth? I hope he may be able to extend that to other issues besides Zimbabwe.

Does the right hon. Gentleman accept that we have at least been entirely consistent about the need for referendums on major issues relating to constitutional relationships with Europe? That applies not least to the Maastricht treaty; I recall that only a small number of Conservatives joined us in the Division Lobbies then.

Will the right hon. Gentleman confirm that the motions on today's Order Paper relate to House rather than Government matters, and that there will therefore be a free vote with no question of his seeking to dragoon his payroll colleagues into the Lobbies in the event of a Division?

May I remind the right hon. Gentleman that we have still not heard a proper statement on the Government's proposals, or non-proposals, for House of Lords reform? He will recall that on 18 March, when I asked him when there would be a statement, he said:

"I ask the hon. Gentleman, in the nicest way, to contain himself on this matter. When we are ready to say how we are proceeding on the House of Lords questions, we will do so. An announcement will be made and he will need to wait until then."—[*Official Report*, 18 March 2004; Vol. 419, c. 453.]

As it happens, the very next morning, the Secretary of State for Constitutional Affairs made the announcement on the "Today" programme. Is not that an extraordinary disrespect for Parliament?

There is a written statement on House of Lords reform on the Order Paper today. When will we get an opportunity to hear exactly what the Government now intend and to question the appropriate Ministers? Is it not extraordinary that, apparently, in that response today, the Government ask for a wide-ranging debate but do not give us, Members of Parliament, an opportunity to debate the issue? When does the Leader of the House expect that to happen? Seven years' work—the royal commission, the White Paper, the Public Administration Committee, the Joint Committee—has been torn up overnight by the Cabinet without any response or debate in Parliament. What does he intend to do, as the defender of House of Commons rights, to ensure that that situation does not continue?

Mr. Hain: On the question of a referendum, the hon. Gentleman invites me to accept the proposition that the Liberal Democrats are totally consistent. As all my right hon. and hon. Friends will confirm, the Liberal Democrats will say one thing to one part of Britain and another thing to another part, to gain opportunistic advantage, so the idea of being consistent is a novel proposition from any Liberal Democrat which I regret to say I am not prepared to accept.

The debate on the security screen, which we will shortly undertake, will be a completely free vote. There will be no dragooning of anyone into the Chamber. It is a matter for the House. As I will make clear this afternoon, the decision on it was taken without consulting the Prime Minister or the Cabinet—I expressly did not consult either the Prime Minister or the Cabinet.

I have noticed the hon. Gentleman's amendment. I do not wish to anticipate the debate, but since he has raised the matter, I would point out that it raises very serious issues. I am clear where I stand on it. If he and other hon. Members wish to avoid the responsibility that I have had to undertake, that is a matter for them; but I will spell out clearly the consequences of taking that action, which could be very serious indeed, based on the security advice that I have been given by the director general of the security services.

On House of Lords reform, the hon. Gentleman says that the Government are showing disrespect for Parliament. Disrespect for the House of Commons has been shown repeatedly over the past year or two, up the corridor, by Conservative Members of the House of Lords, who have consistently defied the will of the House of Commons and sought to mobilise their majority with hereditaries to overturn the elected decisions of the Commons. That is where disrespect is being shown.

In regard to consultation and the rest of it, as the hon. Gentleman says, a written statement has been made today, which refers to the responses to the consultation that the Lord Chancellor, the Secretary of State for Constitutional Affairs, undertook. I would have thought that the hon. Gentleman welcomed that. There will be an opportunity to debate these matters. I give him that guarantee. The Government are determined to move forward on the issue in terms of composition, the powers of the Lords, and the reform of its procedures, too.

Mr. Harry Barnes (North-East Derbyshire) (Lab): The reason for discussing the first report of the Independent Monitoring Commission on matters in Northern Ireland is that it would give us an opportunity to influence the Government's response to the report. Some of us feel that its financial provisions are inadequate. Some of us even feel that early-day motion 1011 does not go far enough. For example—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I am sorry to interrupt the hon. Gentleman. He is getting us off to a bad start. This is questions, not statements. I ask all Members, a great many of whom are trying to catch my eye, to ask short questions, and we will have, I hope, brief answers.

Mr. Barnes: May we have a debate on the report of the Independent Monitoring Commission in order that a number of tougher measures could be brought forward? I do not think that there is an opportunity to say what those are at the moment, but there are a good number of them.

Mr. Hain: I appreciate the points that my hon. Friend has made and his long interest in and expertise on the issue. It was an independent report. It is important that we have time to consider it. He will have the opportunity to raise any specific points at oral questions next Wednesday and, of course, he is free to apply for a debate at any time.

Mr. Bernard Jenkin (North Essex) (Con): May I remind the leader of the House of what the Prime Minister said on Tuesday about the referendum on the European constitution?

"Parliament should debate it in detail and decide upon it. Then, let the people have the final say."—[*Official Report*, 20 April 2004; Vol. 420, c. 157.]

I invite the Leader to introduce at the earliest opportunity the legislation for elected regional assemblies so that it can be debated and decided upon before the people decide; or is it just a matter of expediency which way the Government play these matters?

Mr. Hain: No. As I have explained, there is a clear distinction between the two. [HON. MEMBERS: "Oh!"] Indeed; before "ums" and "ahs" come from Opposition Members, I repeat what I have said. The question as to whether people in the north-east, north-west and Yorkshire and Humberside want an elected regional assembly or not is an issue of principle. A Bill will be published in the summer that can be subject to pre-legislative scrutiny and will be available to people voting in the referendums so that they can see what they will get. That is an issue of principle: do people want something or not? The constitutional treaty is an issue of substance. We are bringing together previous treaties for which the hon. Gentleman's Government—and, I suspect, he himself—voted. Some three quarters of the clauses in the new treaty are taken from existing treaties

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and brought together in a new form. In addition, there are new reforming and modernising measures to cope with enlargement. It is a big issue that is not about whether we join the EU or are in or out of it; or perhaps it is. Maybe that is what this is really about for some Opposition Members.

We will have detailed scrutiny of the new draft constitutional treaty and about whether it is acceptable to the British people. Before we put it to the vote, the British people will expect 100,000 words, 500 pages and 500 articles to be scrutinised in detail by the hon. Gentleman and all of us before they know what they are being invited to vote upon. That is different from whether one wants a regional assembly or not.

Ms Julia Drown (South Swindon) (Lab): May we have a debate on how to create real choice in maternity services? A number of women in my constituency choose to give birth in the nearest midwife-led unit, which is in Malmesbury outside the primary care trust boundary. The unit is threatened with closure. May we have a debate on how we deliver, maintain and expand choice for women and on how we advertise services, as it is not just a question of looking at crude financial statistics that do not show the quality of service?

Mr. Hain: I understand my hon. Friend's point. Choice is absolutely crucial, especially to expectant mothers. There is a debate in my constituency about a decision to go to a midwife-led unit because of a shortage of consultants, so I am well aware of the issue. Actually, where it has happened elsewhere—in Caerphilly, for example, where it was subject to huge protest at the time—it has proved hugely successful and has been welcomed by women in particular. I recognise the point that she has made, and my right hon. Friend the Secretary of State for Health will note it carefully.

Mr. Nigel Evans (Ribble Valley) (Con): Will the Leader of the House confirm that the Cabinet was not consulted prior to Tuesday's statement on the constitutional referendum, and that if there is no collective decision there should be no collective responsibility? Members of the Cabinet will therefore be able to campaign on whichever side of the referendum they wish. Is not the fact that no collective decision was made another blow to democracy and another reason why the *Daily Express* has decided to quit supporting the Labour party and to support the Conservatives, to restore faith in our democracy?

Mr. Deputy Speaker: Order. I did not see a great connection between the hon. Gentleman's question and next week's business. I hope that the Leader of the House will answer briefly.

Mr. Hain: There is no connection at all, Mr. Deputy Speaker.

Richard Burden (Birmingham, Northfield) (Lab): Will the Leader of the House arrange for an early debate on fascism and the far right? I ask that, given the reported invitation over the coming days by the fascist British National party to Jean-Marie Le Pen to speak in the west midlands. Does he agree that Le Pen's racist and anti-Semitic outbursts are well known in France, and that we do not want the kind of racism, discord and disharmony that is spread by Le Pen and perpetuated by the BNP in the west midlands or, indeed, this whole country?

Mr. Hain: Jean-Marie Le Pen is trying to exercise his right to free speech here; something he would not be able to do under the fascist, racist regimes that he supports. It is disturbing that he has been invited and all of us in this Chamber must redouble our efforts to ensure that neo-Nazis such as Le Pen get out of this country and take their hideous racist and anti-Semitic ideas with them.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I once again appeal to the House for questions that relate, at least to some degree, to next week's business; otherwise, we are simply distorting the occasion.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Will the Leader of the House be prepared to come back to the House next week to clarify what was said in this House on 20 April by the hon. Member for Clydesdale (Mr. Hood), the Chairman of our eminent European Scrutiny Committee, about the referendum Bill? He said that

"full and proper parliamentary scrutiny will be applied to the Bill before any referendum."

A few moments later, the Prime Minister said that

"given that the constitutional treaty is a 300 page document"—

the Prime Minister's version must be different from the Leader of the House's one—

"it is surely right and better that the public have their say after an informed debate in the House in which we can thrash out some of the issues."—[*Official Report*, 20 April 2004; Vol. 470, c. 163.]

I am asking the Leader to come back next week, as it would allow him to confirm that the constitution will be on a "take it or leave it" basis and that this House will have no opportunity to amend it. If we are to be given a 300 or 500-page document and told to take it or leave it, will he elaborate on what form he expects our debates, deliberations and scrutiny to take?

Mr. Hain: The document is 500 pages with the protocols, which I would expect the Commons to want to look at as well. The actual draft constitutional treaty is in the form that the Prime Minister described. The right hon. Gentleman, with his long experience in the House, knows that this constitutional treaty will be treated exactly like all the other treaties that have been brought before the House. A Bill will be introduced to give ratification effect—subject to a referendum in this instance—to the treaty, with the Committee stages held on the Floor of the House.

Hugh Bayley (City of York) (Lab): Is my right hon. Friend aware that Terry's of York, which has been making chocolate in my constituency for almost 240 years, announced this week that it intends to close, with

the loss of 316 jobs? Those jobs will go to accession members of the EU from eastern Europe, Sweden and Belgium. Despite the fact that we are still getting inward investment, does my right hon. Friend share my concern at the loss of manufacturing jobs from this country? Will he express my concern to the Secretary of State for Trade and Industry? Will there be an opportunity shortly for this House to debate our country's industrial policy?

Mr. Hain: My hon. Friend has that opportunity regularly at Trade and Industry and Treasury questions, and he has the opportunity to raise his specific constituency issue in this House through the normal channels. I understand the point; it is a serious situation and a body blow to his constituency. I saw the context in which this is taking place during a visit to China as Secretary of State for Wales. Manufacturing is fleeing to China from all over the world because engineering wages can be as low as 60p an hour. There is no way we can compete with that kind of low labour cost, except by going up the added-value chain and increasing our investment in skills and science to deliver added-value manufacturing. That is the future for the British economy, as it is for my hon. Friend's constituency. Of course, unlike in the 1980s and 1990s, his constituents will be able to apply for jobs, because there are more jobs being generated in the British economy than ever before.

Mr. Roy Beggs (East Antrim) (UUP): Will the Leader acknowledge the responsibility of the United Kingdom as a guarantor power in Cyprus? May we have an early debate in the House on Cyprus, a debate that might lead to an inquiry into the role of Alvaro de Soto—the Peruvian special representative of the UN Secretary-General for Cyprus—and the reasons for his perceived sympathetic bias towards the Greek Cypriots to the disadvantage of the Turkish Cypriots?

Mr. Hain: I must deprecate, in the gentlest possible way, the hon. Gentleman's remarks. I know Mr. de Soto from my time as Europe Minister, and he is an expert and highly experienced United Nations representative who has done a fantastic job. If the situation were really as the hon. Gentleman describes it, it would be interesting to know why the Turkish Cypriots were anticipated to vote in favour in the coming referendum and why there was some scepticism among the Greek Cypriots. I myself hope—I hope that the whole House shares this view—that both Greek and Turkish Cypriots will vote yes to having a future for their country in the European Union.

Keith Vaz (Leicester, East) (Lab): I welcome my right hon. Friend's commitment that any referendum on the constitution will look at the wider issue of Britain's involvement in Europe and the work that has been done and the progress made in the past seven years. However, may we have an early statement on how that will affect the Government's commitment to a referendum on the euro? Are we now to assume that there will definitely not be a referendum on the euro during this Parliament, or is there a possibility of a referendum on the euro before the referendum on the constitution if the economic tests are met? May we have an early statement on that?

Mr. Hain: I cannot promise my hon. Friend an early statement on that matter, although I pay tribute to his long advocacy of Britain's entry into the euro, a policy that I respect, and for which he has gained respect. I remind him that the Chancellor announced at the Budget only last month what the situation on the euro was. We will call a referendum if and when the economic circumstances are right, but not before. Given that the Chancellor announced that policy only last month, I do not anticipate another early statement—certainly not next week.

Mr. Andrew Mackay (Bracknell) (Con): Can the Leader of the House allay my fears that the Prime Minister set an unfortunate precedent yesterday when he said that as and when he loses the EU constitution referendum he will come back to this House, and that further questions will be put and referendums held until he gets a yes vote? Can the Leader of the House assure us that if he loses the vote on the screen today, he will not come back next week with a further motion to try to reverse the decision that we take this afternoon?

Mr. Hain: I have a lot of respect for the right hon. Gentleman as a parliamentarian, but he must not misrepresent what the Prime Minister said. If he looks at *Hansard*, he will find confirmation that what he has just said bears no resemblance to what the Prime Minister said. We will work hard for a yes vote if we have an agreed constitutional treaty to put to the people of Britain after it has passed through this House. That is our position, because we think that that will be in the national interest. We are not going into a referendum expecting to lose it, and we will fight and work hard to persuade people of our case. It is therefore extremely premature to anticipate any other result.

On the security screen, I repeat what I said to the hon. Member for North Cornwall (Mr. Tyler) earlier. The House must decide on that, and although the right hon. Member for Bracknell (Mr. Mackay) probably takes a different view from mine, there would be serious consequences if the House decided not to proceed with the introduction of a permanent screen. When the right hon. Gentleman hears what I have to say this afternoon about the clear advice from the head of MI5, he will be clear, as I am, that I am willing to accept my responsibilities on the matter. The issue will be whether he is prepared to do the same.

Andrew Mackinlay (Thurrock) (Lab): Has the Leader of the House noticed that there is no parliamentary dimension to the state visit of President Kwasniewski of Poland? May we have a statement on policies relating to state visits? I gently remind the Leader of the House that in the lifetime of this Labour Government, no head of state has made a state visit and addressed both Houses of Parliament and the Royal Gallery. That is wrong. That should happen, but the practice has been eroded because of the political initiative of having the President of China and George Bush to visit here, although that did not appeal to many parliamentarians. May we return to the situation in which state visits are for the Crown, Parliament and people, so that Parliament can welcome those people without being sidelined by such political initiatives?

Mr. Hain: I certainly should not want to see Parliament sidelined, and as a reputable parliamentarian, my hon.

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Friend would quickly trip me up if that were to happen. I shall certainly bear his points in mind and discuss them with my right hon. Friend the Foreign Secretary and others, to see where that leaves us.

Mr. Peter Lilley (Hitchin and Harpenden) (Con): May we have an early debate next week on changes to the constitution? I do not mean those that are proposed to be dealt with by a referendum, but the change introduced unilaterally by the Prime Minister: namely the apparent abolition of Cabinet government. In that debate, may we have an answer to the question posed by my hon. Friend the Member for Ribble Valley (Mr. Evans) on whether the Cabinet was consulted? If it was not, are its members bound by the decision that they did not collectively take, or are they still collectively bound by the previous reverse decision that they had taken? May we have those matters cleared up, or are we to believe that members of the Cabinet are simply the meaningless ciphers that they have long appeared to be to many Opposition Members?

Mr. Hain: The right hon. Gentleman will be relieved to know that, having just attended the Cabinet this morning, I can assure him that Cabinet government is alive, well and flourishing, and that that matter was discussed this morning, introduced by the Prime Minister—

Mr. Forth: This morning!

Mr. Hain: Yes, at this morning's meeting the Prime Minister discussed that matter. I was consulted on the decision, as were other members of the Cabinet, so the right hon. Member for Hitchin and Harpenden (Mr. Lilley) can be reassured on the matter.

Kate Hoey (Vauxhall) (Lab): I appreciate the remarks that the Leader of the House has made on Zimbabwe, but will he answer the question of when we will have a debate on it in Government time? I thought that that commitment had been given, and it is important that we have the debate soon, especially given that the England and Wales Cricket Board will meet the Government on 4 May to discuss Zimbabwe's tour and its visit to this country, during which it will play at the Oval in my constituency. In view of the deportation of the distinguished sports journalist Mihir Bose from Zimbabwe this week, while he was covering a cricket match, will the Leader of the House try to use his influence on the issue, on which I know that he feels strongly, to hold a proper, full debate as soon as possible?

Mr. Hain: I acknowledge my hon. Friend's consistent record on this matter, on which we share the same view. I also share her condemnation of the deportation of Mihir Bose, who is a fine cricket correspondent.

On whether there should be a debate before or after 4 May, we should await the meeting between the cricket authorities and Ministers, and see what transpires after that. I do not think that the Government's position will change. This is a decision for the cricket authorities, not for the Government, although the Foreign Office and others have given the cricket authorities the advice that they have sought.

Mr. Simon Thomas (Ceredigion) (PC): Will the Leader of the House amend the business for next Thursday, when we are due to debate in Westminster Hall the report of the International Development Committee on the humanitarian situation in the west bank and the Gaza strip, so that, rather than debating that albeit important report, we can debate the foreign policy aspects of what is now happening in Israel and the occupied territories? There have been some worrying changes and pronouncements from the American side over what have been called the new realities on the ground in Palestine. That has huge implications for not only next week's debate but the foreign policy aspects of the Government's position. Would it not therefore be appropriate for next Thursday to be taken over by a debate in the Chamber on the Government's policy on Israel and the occupied territories?

Mr. Hain: I appreciate the hon. Gentleman's point, and interest in that issue is widely, if not unanimously, shared across the House. I am sure that he will take every opportunity available, while staying strictly in order, to raise the points that he wishes to raise on that matter, because the humanitarian situation reflects the foreign policy failures that there have been multilaterally and internationally in the attempt to resolve the desperate situation of the Palestinians and their relationship with the state of Israel.

Glenda Jackson (Hampstead and Highgate) (Lab): When will this House debate in Government time the situation in Iraq? The Prime Minister has said that we have a military and political strategy, and no criticism can be laid against British troops, who continue to conduct themselves with great courage, discipline and dedication. However, it was this House that committed those troops to a war, albeit on a false prospectus. Surely we have a duty to examine precisely what the political strategy is, to ensure that it gives those troops the proper support, and that it can perhaps begin to deliver to the Iraqi people some of those promises so glibly—and at the moment, so emptily—made.

Mr. Hain: Despite recognising my hon. Friend's position on Iraq—it is a principled and honest one, but so is the Prime Minister's and the Government's, as she will doubtless agree, even though it differs from hers—I do not accept it. Her reference to glibness is not worthy of her. The Prime Minister made a statement on Iraq on Monday. She had the opportunity to question him then, and there will be further such opportunities. It is a very difficult situation, but she will recognise that everything is being done to try to contain the terrorist attempt to destabilise Iraq's democratic progress.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Leader of the House say whether he is shortly to publish the Government's response to the Procedure Committee report on debate procedures, the role of the Speaker and private Members' Bills, and their response to its report on resolutions relating to access to this House, which are normally passed at the beginning of every parliamentary

Session? Will he find an early opportunity to debate those important reports? The hon. Member for North-East Derbyshire (Mr. Barnes) mentioned the Independent Monitoring Commission. May we have an early debate on that issue? Perhaps that would enable this House to withdraw the lavish facilities and resources currently made available to Sinn Fein. It is unacceptable to have one rule for the Northern Ireland Assembly and another for this place.

Mr. Hain: As the hon. Gentleman knows, this question was raised with the Secretary of State for Northern Ireland only the other day, and as I made clear to my hon. Friend the Member for North-East Derbyshire (Mr. Barnes), there will be an opportunity to raise it next week during Northern Ireland questions. The hon. Gentleman will be pleased to know that I shall respond very soon, on the Government's behalf, to the Procedure Committee's report on debate procedures. He has repeatedly reminded me of the absence of such a response, as he is entitled to do. The question of public disorder surrounding the House is much more tricky. We are consulting on whether time-consuming legislation is needed, or whether other ways of dealing with the problem can be found. We shall respond to the hon. Gentleman, his Committee and the whole House as soon as we can.

Mr. Ian Cawsey (Brigg and Goole) (Lab): Will my right hon. Friend find time for a debate next week on local authorities' ethical handling of planning and development? Only yesterday, the *Scunthorpe Telegraph* broke the story that a business in the area seeking a large and controversial expansion on prime agricultural land, against the interests and views of local people and the parish council, has made a £5,000 donation to the council's ruling Tory group. It is staggering to note that in the council leader's opinion his colleagues need to take advice as to whether they can determine this matter. I doubt whether anybody locally is any doubt as to what should be done. Can the House find time to debate these matters, and to make it clear that planning should be in the interests of the local area? It should not be a question of "he who pays the piper calls the tune".

Mr. Hain: Given my hon. Friend's description of the situation, the only response that I can give is to congratulate him and the *Scunthorpe Telegraph* on bringing this scandal to Commons' attention. I hope that the local communities recognise the seriousness of the situation. Planning decisions should not be subject to political donations; rather, they should be taken according to planning law and according to the interests of local people.

Mr. Andrew Robathan (Blaby) (Con): Yesterday, the US Congress heard evidence about the Iraqi oil for food programme and about a list of 270 non-Iraqi names who allegedly benefited from Saddam Hussein's largesse by corrupting that scheme. Will the Leader of the House arrange for a statement next week on the implications of the programme for Britain, and in particular for the one British subject named on that list—it is on the internet and available to anybody—so that a criminal investigation can take place and his former friend the hon. Member for Glasgow, Kelvin (Mr. Galloway) can have his name cleared?

Mr. Hain: Frankly, I am not sure that those two matters are related, although they might be. As a former Minister with responsibility for Iraq, I remember evidence consistently being produced of Saddam's manipulating the oil for food programme, smuggling out oil and getting hundreds of millions of dollars in revenue—if not billions—to sustain his despotic regime. That is one reason why the situation that had continued for years was not sustainable, and I know that the hon. Gentleman agrees with that view. This is a serious allegation and the Government, along with the United Nations' authorities, will doubtless want to investigate it urgently and to see what transpires.

David Cairns (Greenock and Inverclyde) (Lab): As part of the general debate on Europe, will we have time for a specific debate on the comments of EU Commission President Romano Prodi, who said that, should Scotland or Wales leave the United Kingdom, they would also automatically leave the EU and have to re-apply for membership, with no guarantee whatsoever of being re-admitted? So is it not true that Scotland and Wales are better off within the United Kingdom, and that the separatists who peddle the myth of independence in Europe run the risk of doing irreparable damage to the Scottish and Welsh economies and people?

Mr. Hain: Absolutely, and if I can get an early debate on that issue, I will be happy to do so. As my hon. Friend rightly confirms, the EU Commission President has made it crystal clear that if Wales and Scotland became independent, as the Scottish and Welsh nationalists advocate, they would immediately forfeit membership of the European Union. That would leave them outside the biggest and richest single market in the industrial world and would bring bankruptcy upon them. The people of Wales ought to know about the futility of that independent strategy.

Rev. Martin Smyth (Belfast, South) (UUP): I am still waiting for a response from the Northern Ireland Office that I was supposed to receive by 26 March. Next Monday is 26 April. Is it possible that the office is on a go-slow, thereby keeping pace with those of its civil service colleagues who are protesting about bad wages, or is it just inept?

Mr. Hain: The Northern Ireland Office is certainly not inept, and I am sure that, on reflection, the hon. Gentleman does not really allege that. My right hon. Friend the Secretary of State for Northern Ireland has been extremely busy in recent weeks dealing with the many critical issues with which the hon. Gentleman is very familiar. Now that he has made the point about his correspondence, the office will be well aware of it.

Mr. Wayne David (Caerphilly) (Lab): May we have a debate on the recent remarks by Sir John Kerr, who, as Members will know, is a retired senior British diplomat and was the secretary-general on the Convention on the Future of Europe? He said that

[Mr. Wayne David]

"the convention on the future of Europe had no mandate to lay the foundation of a state, and it did not."

It drafted a constitutional treaty for Europe, not a constitution for Britain. Does the Leader of the House agree with that view?

Mr. Hain: I completely agree with it. Sir John Kerr was a very highly regarded diplomat and permanent secretary to the Foreign Office—I worked with him as a Foreign Office Minister—and he served the Convention on the Future of Europe with great distinction, and I doubt whether we would have successfully drawn up the draft text were it not for his expertise. We should therefore take very seriously the points that he makes, one of which is that this is a constitutional treaty for the whole of Europe. If Britain decided that it wanted to opt out of that treaty, there would be very serious consequences. That would be especially true if the current Leader of the Opposition were in government, and was unwilling to renegotiate or to try to find a way forward to satisfy any criticisms that might have been expressed in a referendum campaign. The reality is that if he were unwilling to discuss such matters, in effect, Britain would be opting out of Europe and out of the new constitutional treaty.

Mr. Peter Luff (Mid-Worcestershire) (Con): May we have an early statement on the steps that the Government are taking to ensure that the valour and skill of servicemen past and present are properly recognised through the efficient and timely distribution of medals? Is the Leader of the House aware of the deep concern that exists in my constituency and elsewhere at the announcement this week of the closure of the Droitwich Spa medal office, at the busiest time in its history? It is having to cope with many applications for the Suez, or GSM canal-zone, medal, and the increasing number of Iraq medals. Its closure could compromise the efficient distribution of those medals.

Mr. Hain: I am very concerned to hear about that. I am sure that the Ministry of Defence and the other Government authorities will want to take close note of what the hon. Gentleman has said and address the problem urgently.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Will my right hon. Friend arrange for an early debate on the important issue of bus deregulation outside London? Since its inception there has been a constant fall in bus passenger mileage, and unfortunately that fall has continued since 1997. Having given 42 days' notice, a bus company such as First Mainline, which is in my constituency, is able to withdraw a service to the people of Mosborough. As a result, many hundreds of people, including pensioners, are cut off from their local supermarket, and locally elected representatives have no say whatsoever in the taking of such action.

Mr. Hain: My hon. Friend will have the chance to apply for such a debate. I am concerned to hear about what he said, as will be the Secretary of State for Transport, not least because the Government have provided more subsidies for bus services than ever before. That is a policy that we intend to stick to. Should the Opposition gain power, that funding would, of course, be reneged upon, because they are determined to cut transport budgets in the first two years of their period of office.

Richard Younger-Ross (Teignbridge) (LD): Will the Leader of the House ensure that we have a debate on a matter that should be of grave concern to us all? The publication of the Disability Rights Commission report, "The Web: Access and Inclusion for Disabled People" showed that 86 per cent. of websites were not accessible to disabled people and the majority of the rest were only partially accessible. If we cannot have a debate on that matter, will the Leader of the House ensure that a statement is made on disabled people's access to Government websites?

Mr. Hain: That is a very good point, which I have not heard before, and I am sure that the relevant Minister will want to reflect carefully on what the hon. Gentleman said. I am not sure whether the issue could be dealt with through the forthcoming disability rights Bill, to which the Government are committed, and which will be subject to pre-legislative scrutiny. The hon. Gentleman has certainly provided a well-made point that has been well taken.

Dr. Brian Iddon (Bolton, South-East) (Lab): May I welcome the Government's announcement on Monday that education maintenance allowances worth £30 a week are to be rolled out nationally from this September? Bolton was one of the 55 pilot local authorities that trialled EMAs: it found increased participation in post-16 education and improved attendance by those who were enrolled. May we soon have a debate on this excellent Government initiative?

Mr. Hain: If it were possible and Government business allowed it, I would be happy to arrange such a debate, although my hon. Friend could apply for a private Members' debate in the usual way. I agree that it is a fantastic policy, which will provide real hope and opportunity to thousands of youngsters who are now denied those prospects by leaving school early. As he said, the pilots have shown that the staying on rate is much higher, which is why I find it extraordinary that the Conservative Opposition describe it as a gimmick. My hon. Friend would agree that Conservative Members should be told that his constituents who have benefited from the policy describe it as life opportunity, not a gimmick. The Conservatives should be reminded of that at the next general election.

David Burnside (South Antrim) (UUP): Northern Ireland questions next Wednesday will not give Members the opportunity to debate or vote on equality of facilities for all hon. Members of the House. Following the £120,000 fine levied on Sinn Fein in the Assembly, which was authorised by the Secretary of State for Northern Ireland, surely we should have a full debate and an opportunity to vote on the £500,000 allocated by the House last year to two members of the army council—Martin McGuinness and Gerry Adams—and their colleagues. They should have no

facilities or finance from the House until they come in and swear or affirm an oath of loyalty as other right hon. and hon. Members of the House do.

Mr. Hain: As the hon. Gentleman knows, the independent report referred not only to Sinn Fein, as he pointed out, but to the Progressive Unionist party—

David Burnside: It does not have Members here.

Mr. Hain: I acknowledge that that party is not represented here, as the hon. Gentleman said. He has made his point.

Chris Bryant (Rhondda) (Lab): May we have an urgent debate—preferably instead of one of the footling Opposition day debates over the next fortnight—on the precise consequences of the UK voting against the constitutional treaty? Is it not the case that if we voted against it, any Government—Conservative or Labour—would have to start renegotiating another treaty with EU colleagues? If that Government chose to adopt a line and could not persuade a single other European country to accept it, and then decided to act unilaterally, it would consign Britain to the sidelines of Europe, which would be bad for our economy and our country's future.

Mr. Hain: Indeed, which is why I would welcome the opportunity to have a debate. I invite the shadow Leader of the House to table an Opposition motion on the subject in order to defend his party's policy on that matter. The consequence would be exactly as my hon. Friend says. If we went into a referendum on the basis of rejecting the whole idea of bringing together the existing European treaties into a single constitutional treaty, we would be left saying to the other 24 member states that they should walk away and do their own thing. If that happened, we would be left outside, on a ticket out of the European Union. That is the Opposition's policy, and they will be reminded of it in the coming months running up to the referendum.

John Mann (Bassetlaw) (Lab): Following this morning's revelation that an estimated £30 million—perhaps much more—has been deducted by solicitors in various guises from miners' compensation, may we have an urgent debate or statement next week? We should discuss, in particular, whether the Government ever envisaged that miners, their widows and families should receive anything less than 100 per cent. of their industrial injury compensation.

Mr. Hain: As a former energy Minister, I can be absolutely clear that it was always expressly understood that, under the terms of the court judgment and the Government's compensation scheme, the costs of legal fees incurred would be borne by the scheme, not by miners themselves, retired miners or their families. Unless a separate agreement has been negotiated—as in the case of the National Union of Miners in Nottinghamshire—and such an express agreement falls within the scheme, what my hon. Friend mentioned is unacceptable and, I would suggest, falls outside the rules of the scheme. No miners should have their compensation docked in that way by unscrupulous solicitors.

BILL PRESENTED

Age-related Payments

Mr. Secretary Smith, supported by the Prime Minister, Mr. Secretary Prescott, Mr. Chancellor of the Exchequer, Mr. Secretary Blunkett, Mr. Secretary Darling, Mr. Secretary Murphy, Mr. Peter Hain and Mr. Malcolm Wicks, presented (under Standing Order No. 50 (Procedure upon bills whose main object is to create a charge upon the public revenue)) a Bill to make provision for payments by the Secretary of State to persons over the age of 70; and to enable provision to be made for payments by the Secretary of State to persons over the age of 60. And the same was read the First time; and ordered to be read a Second time on Friday 23 April, and to be printed. Explanatory notes to be printed [Bill 92].

Points of Order

1.27 pm

Mr. Gerald Howarth (Aldershot) (Con): On a point of order, Mr. Speaker. I am grateful to you for allowing me to raise a point of order in advance of the debate. The debate that we are about to commence is on an extremely serious issue: the erection of a screen, separating us from our constituents and our electorates, which has cost £500,000. We have no papers on it. The Government tell us that it is such a serious issue—the security position being so demanding—that the screen had to be erected in advance of the House having an opportunity to debate the matter.

I do not see how we can have a proper debate and discuss the serious issues that have to be addressed without being able to meet in private. Some of the points that I would want to raise in an attempt to assess the balance of risk and the nature of the threat that we face in the Chamber might, if given wider currency, only play into the hands of our enemies.

I seek your guidance, Mr. Speaker, believing that there is a case for the House to meet in private to debate the issues, provided that we can be assured that Members attending—as I look around, I see mostly responsible right hon. and hon. Members—would not reveal any sensitive information; otherwise, I fear that if we asked the Leader or Deputy Leader of the House to explain the security advice given to the authorities, on which we are invited to rely, they would say simply that they could not provide that information because it was too sensitive. In that case, how could we have a proper debate? Before I formally move that the House sit in private, it might be helpful if other right hon. and hon. Members shared their views on the matter.

Mr. Speaker: Before any hon. Member rises to speak, I remind the hon. Gentleman that a memorandum is available in the Vote Office. Also, I must correct him in one respect: it was not the Government who brought this matter forward, but the House of Commons Commission, of which I am Chairman. I remind the House that I made a statement on this matter. One of the purposes of the temporary screen is to allow the public to be present, while affording us the protection that we desire. It is entirely up to the House as to whether it meets in private. The hon. Gentleman will know that I must put any motion to that effect before the House immediately. However, he will recall that not so long ago I had to clear the Public Gallery for a day because of misbehaviour. That was a sad day, for me and for the House.

Mrs. Angela Browning (Tiverton and Honiton) (Con): Further to that point of order, Mr. Speaker. I agree with my hon. Friend the Member for Aldershot (Mr. Howarth): the present circumstances of the terrorist threat are different from any previously experienced in our country's history. This is a very different scenario. There are questions to which I want detailed answers, but it is not appropriate for me to ask them, or to require the Leader of the House to answer them, in an open forum. We may feel that our democracy is under challenge, but the security available to hon. Members, the staff of the House and visiting members of the public must have primacy.

Several hon. Members *rose—*

Mr. Speaker: I call the Leader of the House.

The Leader of the House of Commons (Mr. Peter Hain): I am grateful, Mr. Speaker, and I hope that what I have to say will help the hon. Members for Aldershot (Mr. Howarth) and for Tiverton and Honiton (Mrs. Browning). As they both know, this matter went before the House of Commons Commission. As I hope to explain shortly, it was also referred to senior Privy Councillors. The consensus to go ahead was reached on an all-party basis. I shall certainly aim to answer as many questions as I can, and I will make very clear, in graphic terms, the security advice that we received. I think that that should be done in open session. It is important both that people understand why the House is taking this decision, and that the House has the opportunity to explain matters to the public. We should not shut them out.

Mr. Oliver Heald (North-East Hertfordshire) (Con): Further to the point of order, Mr. Speaker. First, I confirm that the Commission decided the matter. The shadow Cabinet was not consulted, and neither was the Cabinet, I believe. The matter was dealt with on an all-party basis in the Commission. Secondly, I agree that, given the interest that people have in this matter, we should hold our debate in such a way that they are able to know the arguments being deployed.

Several hon. Members *rose—*

Mr. Speaker: Order. I am reluctant to take further points of order on this matter. If certain hon. Members feel that we should meet in private, the best way to proceed is to settle the matter now; otherwise, we are in danger of pursuing the debate by means of points of order.

Mr. Howarth: May I first thank you, Mr. Speaker, for correcting me and advising that this is not a Government but a House of Commons Commission matter? As my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said, it has been discussed by a very small number of hon. Members. Therefore, to assist the House and expedite the debate, I propose that we sit in private. We should be able to speak freely, without fear of betraying information that should not be in the public domain.

I beg to move, That the House sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (motion to sit in private):—

The House divided: Ayes 15, Noes 211.

Division No. 137] **[1:34 pm**

AYES

Amess, David	Gale, Roger *(N Thanet)*
Baths, Tony	Gray, James *(N Wilts)*
Browning, Mrs Angela	Hendry, Charles
Chope, Christopher	Robathan, Andrew
Evans, Nigel	Spicer, Sir Michael

Spink, Bob *(Castle Point)*
Stanley, rh Sir John
Turner, Andrew *(Isle of Wight)*
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Ayes:
Mr. Eric Forth and
Mr. Gerald Howarth

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Anderson, Janet *(Rossendale & Darwen)*
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bailey, Adrian
Barker, Gregory
Barnes, Harry
Barrett, John
Bayley, Hugh
Beggs, Roy *(E Antrim)*
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blizzard, Bob
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bryant, Chris
Burden, Richard
Burnside, David
Burstow, Paul
Byers, rh Stephen
Cairns, David
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Clarke, Tony *(Northampton S)*
Clifton-Brown, Geoffrey
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cranston, Ross
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Djanogly, Jonathan
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Foster, Don *(Bath)*
Francois, Mark
George, Andrew *(St. Ives)*
Gibson, Dr. Ian
Gilroy, Linda
Goggins, Paul
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hague, rh William
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hamilton, David *(Midlothian)*
Hancock, Mike
Hanson, David
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heathcoat-Amory, rh David
Hendrick, Mark
Heppell, John
Hermon, Lady
Hill, Keith *(Streatham)*
Hoey, Kate *(Vauxhall)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Simon *(Southwark N)*
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keetch, Paul
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Knight, Jim *(S Dorset)*
Laing, Mrs Eleanor
Lamb, Norman
Laws, David *(Yeovil)*
Lazarowicz, Mark
Linton, Martin
Llwyd, Elfyn
Loughton, Tim
Love, Andrew
Luff, Peter *(M-Worcs)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McFall, John
McIntosh, Miss Anne
McIsaac, Shona
Mackay, rh Andrew
McKechin, Ann
Mackinlay, Andrew
Maclean, rh David
McLoughlin, Patrick
McWilliam, John
Mallaber, Judy
Mann, John *(Bassetlaw)*
Maples, John
Marshall-Andrews, Robert
Martlew, Eric
May, Mrs Theresa
Merron, Gillian
Moore, Michael
Morgan, Julie
Morley, Elliot
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murrison, Dr. Andrew
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Stephen *(Eddisbury)*
O'Hara, Edward
Organ, Diana
Pickles, Eric
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Prisk, Mark *(Hertford)*
Prosser, Gwyn
Pugh, Dr. John
Quinn, Lawrie
Randall, John
Reid, Alan *(Argyll & Bute)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, John *(Glasgow Anniesland)*
Ross, Ernie *(Dundee W)*
Russell, Bob *(Colchester)*
Ryan, Joan *(Enfield N)*
Sanders, Adrian
Sarwar, Mohammad
Sedgemore, Brian
Selous, Andrew
Shaw, Jonathan
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Soley, Clive
Spring, Richard
Steen, Anthony
Stewart, Ian *(Eccles)*
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Swayne, Desmond
Swire, Hugo *(E Devon)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Tipping, Paddy
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Vaz, Keith *(Leicester E)*
Vis, Dr. Rudi
Ward, Claire
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Willetts, David
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Paul Clark and
Charlotte Atkins

Question accordingly negatived.

Mr. Eric Forth (Bromley and Chislehurst) (Con): On a point of order, Mr. Speaker. You may not be aware that during the Division, Whips from both sides of the House were seeking to organise, instruct and guide Members on how to vote. As I thought that we had already established that this was strictly a House of Commons matter, is there anything you can do, Mr. Speaker, to protect innocent MPs from being badgered by Government and Opposition Whips on a House of Commons matter? Surely, something must be done to protect the House and its Members from such gratuitous intervention.

Mr. Patrick McLoughlin (West Derbyshire) (Con) *rose—*

Mr. Speaker: Let me reply to the right hon. Member for Bromley and Chislehurst (Mr. Forth).

The right hon. Gentleman is right: it is a House of Commons matter, but Whips like to tell people what to do—that is the nature of the beast. I can assure him that they were acting in a private capacity.

Mr. McLoughlin: Further to that point of order, Mr. Speaker. Do you think that, as one of the intentions of

[Mr. McLoughlin]

the vote was to ensure that the debate gets no publicity at all, had we moved to sit in private it would have got more publicity?

Mr. Speaker: The hon. Gentleman may have a point.

Sir Menzies Campbell (North-East Fife) (LD): Further to that point of order, Mr. Speaker. If Whips were acting in a personal capacity, should that not result in a deduction of one day's salary in respect of all those who receive public funds?

Hon. Members: Hear, hear.

Mr. Speaker: Order. When I was in engineering, there was a practice called quartering workers—but that was not a day's salary.

Mrs. Browning: Further to that point of order, Mr. Speaker. I was acting as a Whip in a personal capacity, so does that mean I will get paid?

Mr. Speaker: That is not a matter for the Chair.

Mr. Andrew Mackay (Bracknell) (Con): Further to the serious and genuine point of order made by my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), Mr. Speaker. When I voted in the No Lobby, two Government Whips were at the desk telling us when the next votes were likely to be. In such circumstances, it is important that, when the Leader of the House moves the motion, he again assures us that the vote is genuinely free—I did not have that impression when I was going through the Lobby.

Mr. Speaker: Not even I know when the next vote is likely to be, so perhaps a Whip will tell me, as I shall have to come back to the Chair.

Security Screen

1.48 pm

The Leader of the House of Commons (Mr. Peter Hain): I beg to move,

That this House approves the installation of a permanent security screen between the Chamber and the Strangers' Gallery.

Mr. Speaker: I reiterate that I have agreed that both amendments will be considered.

Mr. Hain: First, I shall respond to some of the points that have been made. I confirm that copies of an explanatory memorandum are available in the Vote Office; it includes a photograph showing what the new permanent screen would look like, and I think that Members will find it unobtrusive. I assure the right hon. Member for Bracknell (Mr. Mackay) that the vote will genuinely be a free one, and there is no Government policy on the matter.

Mr. Andrew Mackay (Bracknell) (Con): Tell your Whips.

Mr. Hain: The orderly business of the House, in the event of a surprise motion such as the one that was moved earlier, is a different matter.

Mr. Gerald Howarth (Aldershot) (Con): I hope that the Leader of the House is not going to suggest that the piece of paper available from the Vote Office provides a basis for a proper discussion in the House. It contains a description of the visual impact, ventilation and acoustics, and some poor-quality pictures, but it is not fair to suggest that it is a basis on which we can assess the nature of the risk that precipitated advice from the security services and warranted extraordinarily swift action by the Leader of the House and the Commission in advance of a debate in the House. The public need to know that we do not have the information before us. That document is not information.

Mr. Hain: The hon. Gentleman may not think that the information is adequate, but to say that it is not information is simply incorrect. I think that the pictures are rather good, and show the situation quite clearly.

Mr. Howarth *rose—*

Mr. Hain: No, I shall not take any more interventions, as I should like to explain the background. The hon. Gentleman may find that helpful in understanding the seriousness of the situation in which we find ourselves.

Two motions on House business are before us this afternoon. The first deals with security, and the second, which will be moved by my hon. Friend the Deputy Leader of the House, deals with the welcome that we give our visitors. For the first time, there will be a proper reception facility that makes our visitors feel at home in their Parliament.

The temporary security screen that Members can see at the front of Strangers Gallery has been installed with the agreement of the House of Commons Commission in the light of clear security advice at the highest level. The House will appreciate that it is difficult to debate

that advice in a way that does not endanger our security, but I can give the factors that did not contribute to the decision. The decision was not made to shield the House from the protest shouts that we have experienced from time to time, most recently over Iraq, which can still be heard through the glass. To those who say that the screen is about protecting senior Ministers, I point out that the Prime Minister and other individuals are already subject to extensive security protection.

The installation of the screen is about protecting the whole Chamber—the very centre of our democracy—from terrorist attack. Terrorists use a range of weapons undreamt of a few years ago, many of which are not always apparent or easily detected, and we have to respond to that changed threat. We cherish the accessible relationship that we enjoy with our electors, which is a vital part of our democratic life. Indeed, we are reinforcing it with the better reception facilities that are the subject of the second motion. Over the years, however, we have had to introduce successive security procedures, including searches on entry and, more recently, armed police guards. None of those measures was subject to the formal approval of the House, but the present measure rightly is.

Acting on clear intelligence, which she explained to me, the director general of the Security Service made an unequivocal recommendation that the screen be installed. I felt that I had a duty to bring that matter to you, Mr. Speaker, and to fellow members of the House of Commons Commission. The House would expect no less. Commission members received the same background and recommendations from the director general and considered the matter in great detail and at great length, as did the Serjeant at Arms. Consultations were held on Privy Council terms with senior Members of the House. This was not, I stress, a decision lightly taken.

Mr. Siôn Simon (Birmingham, Erdington) (Lab): Instead of installing a screen, why do we not take guns from people before they come in?

Mr. Hain: Guns would already be taken from visitors under the normal security procedures. It is not possible to bring a gun into the Chamber or the House—at least, not without a serious breach of security—as security procedures are in place. We are talking not about guns but about other terrorist threats to our security.

Mr. Nigel Evans (Ribble Valley) (Con): What consultation has the Leader of the House had with other Parliaments? I remember that there was a shooting once in the Spanish Parliament in Madrid, but I do not believe that there is a screen there. I do not believe that the United States Congress has a glass screen either.

Mr. Hain: Congress, I believe, and certainly Capitol hill, were recently subject to serious anthrax attack. When the hon. Gentleman hears what I am about to say, he will understand that that is the sort of thing that is involved. He will know that the Dail has a security screen.

Mr. Mackay: It is the only one with a screen.

Mr. Hain: That may well be the case, but let us make some progress—*[Interruption.]*

Mr. Speaker: Order. Let the Leader of the House of the House speak. Members will have an opportunity to rebut his argument later.

Mr. Hain: Thank you, Mr. Speaker.

Claire Ward (Watford) (Lab): I understand that the risk is not so much from guns being brought into the Strangers Gallery but from chemical or biological weapons, as I am sure that my right hon. Friend will agree. Can he explain how we would increase security if we cannot stop somebody bringing chemical weapons into the Parliament building? The screen may prevent people from throwing things from the Gallery into the Chamber, but if our security outside the Chamber is not sufficient, it will not prevent them from using them anywhere else in the building. In addition to putting up a security screen what is being done to increase and improve security in the rest of Parliament?

Mr. Hain: It is to address such matters that, as I shall explain, a major comprehensive security review will shortly be carried out by the security services and the Metropolitan police commissioner. The fact that everything cannot be addressed at the same time does not mean that we should not reduce the risk in the Chamber, the heart of our democracy. I shall explain in a moment how progress has been made on that issue, but first I must make it clear that I did not consult the Prime Minister or the Cabinet on the decision. This was, and still is, a matter for the House, not the Government.

I regret the need for the screen, but I believe that it is necessary and in the best interests of our democracy. To ignore the advice that we received would have been irresponsible, putting at risk not only Members but our staff, visitors and the very functioning of our parliamentary democracy. I congratulate those responsible for installing and overseeing installation of the temporary screen over the Easter recess. Its swift and efficient installation has meant that we have been able to maintain, unbroken, our cherished tradition of public access to our proceedings.

Judy Mallaber (Amber Valley) (Lab): One of my worries about access concerns the increasing difficulty of arranging tours for our constituents, given the changes in sitting hours, which I support. One proposal was to fit a glass window at the back of the Gallery so that it would be easier for people just to walk through. Will the proposals for a screen at the front of the Gallery for security reasons mean that we are no longer able to look at other proposals for increasing access for our constituents so that they can come and view us in the Chamber?

Mr. Hain: No, not at all. On Monday, I went up to the Gallery to look out from behind the screen and see the

[Mr. Hain]

view that visitors will have. I pursued with House officials the question of whether it would indeed be possible to return to the matter, and I was satisfied that it would be. Arguably, it would be easier to return to the original proposal, which was considered a year or so ago, but not taken up. My hon. Friend is welcome to pursue the matter, and I am certainly willing to look at it again.

I hope and believe that Members and visitors alike will find the temporary structure unobtrusive. On Monday, I sat in Strangers Gallery behind the screen. The view is clear and the sound very good. Indeed, I am advised that it is better than before. While the screen is functional, however, it cannot be said to be fully in keeping with the architecture of the Chamber, and its permanent replacement will meet much better the concerns of those responsible for our architectural heritage. As I have said, an explanatory memorandum is available in the Vote Office showing clearly what the permanent structure will look like. In the event of a positive vote this afternoon, it is planned that work will take place in summer 2005.

Jim Knight (South Dorset) (Lab): I am interested to learn that my right hon. Friend sat in Strangers Gallery behind the screen this week. Yesterday, a guest of mine attended Prime Minister's questions, and he told me that the sound feed filters out all the extraneous noise that many people enjoy—some of us may be ashamed of it—and which is a feature of the occasion. Has my right hon. Friend considered how we can reflect the atmosphere of the House for people in Strangers Gallery if an acoustic barrier has been created by the screen?

Mr. Hain: My hon. Friend makes an important point. That is one of the issues that we will seek to address in the event of a permanent screen being agreed. We needed—I will explain why—to put up a temporary screen quickly, or else we would have advertised the problem before we had provided security protection for the House. I believe that people will understand that.

Richard Younger-Ross (Teignbridge) (LD): The Leader of the House mentioned architectural merit. The photographs show a very modern screen. If he wants something that fits the character of the House, should we not go back to the sort of screen that existed before 1948—before the bombing—at the Ladies Gallery end, which was a grille that no one could see through?

Mr. Hain: I am not sure whether the hon. Gentleman is making a serious suggestion. The point of the proposition is to provide a screen that does not impair sight or the experience of being a visitor to the Chamber. I think he will find that it will do that.

Mr. Patrick McLoughlin (West Derbyshire) (Con): I much regret the necessity for the screen, but if that is the advice that we are given, we must follow it. Will the Leader of the House deal with access to the east and west Special Galleries? The present screen covers only the Strangers area, but the Special Galleries are not covered. Perhaps the right hon. Gentleman could tell us how those areas will still be accessible by Members' guests.

Mr. Hain: I am grateful to the hon. Gentleman for raising that point and seeking clarification. It may be convenient for me to deal with it now. Access to the Special Gallery will still be available to Members, who will be able to seek tickets for two guests from the Serjeant in the normal way. What will be different is that although an application to the Serjeant may still be made in the usual way, Members will be required to testify that guests are known to them personally and that they vouch for the conduct of such guests. In the event of such conduct being unacceptable, Members will have to answer to the House for it. The procedures have been changed, the tickets look rather different, and the extra protection about which the hon. Gentleman sought clarification is operating.

Several hon. Members *rose—*

Mr. Hain: I will take one more question on that point, but I must make progress or Members in all parts of the House will not have the full picture revealed to them in order to debate it.

Mr. Eric Forth (Bromley and Chislehurst) (Con): When the Leader of the House says that Members can authorise people to come in front of the screen, will that be only Members who have taken the Oath?

Mr. Hain: I assume so. I will take advice on that and come back to the right hon. Gentleman. Since the Speaker is nodding to help me out, I think the right hon. Gentleman has the answer to his question.

David Burnside (South Antrim) (UUP): Further to that point, can the Leader of the House confirm my information that the only serious breach in the Palace of Westminster took place before the 1979 general election, resulting in the death of the right hon. Member for Abingdon, the late Airey Neave? That involved the misuse of an officially registered security pass to gain access to the Palace of Westminster. Will the Leader of the House give some time in his statement to the procedures that will be tightened up for the issuing of security passes, given that those who receive such passes do not go through the security screen on the perimeter of the Palace of Westminster?

Mr. Hain: I will, indeed. That will be the subject of the wide-ranging security review that the Speaker has ordered, with my support and that of the House of Commons Commission. I remind the hon. Gentleman that 12,900 security passes are issued in the Palace of Westminster, excluding Members and Peers, so it is an issue.

May I make a minor correction, or a major one, to his point? The murder of Airey Neave was not the only breach of security. In 1970, a CS gas canister was thrown into the Chamber, requiring evacuation. We have moved on, as I will explain shortly, to a different level of terrorist threat, which is not necessarily as visible as a CS gas canister. We saw what happened in 1970. The procedures put in place, with airport-type security checks before one can enter the Palace, are intended to prevent such incidents, but we face a different problem in the case of terrorist weapons that are not so visible.

There will be Members who question the value for money of both temporary and permanent structures. The temporary structure has cost £600,000; the

proposed permanent structure £1.3 million. I appreciate that that will seem a considerable sum to our constituents, but I believe it is money that must be spent. There are many constraints on carrying out major works in the Palace.

Although the debate focuses on the security of the Chamber, the screen is only one element of heightened security precautions throughout the parliamentary estate. As I said, a thorough review of security is also being carried out by the security services and the Metropolitan police.

Several hon. Members *rose—*

Mr. Hain: I will make a little progress, then I will give way.

We must not forget our responsibility towards everybody who works here. This is a high priority for the House administration, and detailed security advice is being given to all House staff, together with briefings for Members and Members' staff. I stress that the security screen has been installed following the unanimous decision of the House of Commons Commission, with the support of the informal joint committee on security—an all-party decision. This is a House matter, I repeat, not a party or Government matter. The defence of Parliament against terrorist threat is not a party matter, but one that we must all have regard to.

Chris Bryant (Rhondda) (Lab): Immediately after 11 September, a group of children from my constituency was due to come down to visit Parliament. Their parents were so nervous about the security aspects for their children—not about my security, but about their children's security when they came here—that they decided to cancel the trip. When we are putting together security measures, is it not just as important to consider the security of members of the public who come into the building? It is one of the postcard buildings that are most dangerous.

Mr. Hain: I entirely agree with my hon. Friend's point.

Mr. Hugo Swire (East Devon) (Con): Does the Leader of the House agree that this is the appropriate time in the ongoing review of the security of the Palace of Westminster to address once and for all the ownership of Parliament square, and to look to ways of bringing that within the parliamentary estate and the world heritage site? It is my contention and that of others that one cannot properly secure what is inside if one has not secured what is outside.

Mr. Hain: The hon. Gentleman raises an important point. The matter has been discussed with the Security Service—I myself have discussed it—and it will no doubt form an important part of the review.

Mr. Christopher Chope (Christchurch) (Con): Can the Leader of the House explain why there is no need for a security screen in the Chamber of the House of Lords?

Mr. Hain: I do not know that that will always be the case, but the Security Service did not recommend a screen in the House of Lords. */Interruption./* Let me be frank, as I have been throughout the debate. The hon. Gentleman asked an important question; I will give him an important answer. Security in the House of Lords is being tightened, and the whole parliamentary estate is the subject of the joint review by the security services and Metropolitan police commissioner that are now being undertaken. When I explain the situation, the hon. Gentleman will see why we have taken the course we have, if I may be allowed to complete my points.

I had hoped to address the House in general terms, as I have just done. But the amendments leave me with no alternative but to be much more specific about the consequences if they were passed. The Security Service recommendation for a screen is based on an analysis of the threat vulnerability and the impact of possible chemical or biological attack in the Strangers Gallery. In recent years there have been several indicators that al-Qaeda and associated networks have shown the intent and capability to mount attacks using toxic chemical and biological materials. Using such materials in confined spaces is a good way of maximising impact.

If we want a House open to the public, as I do, we have to follow all reasonable security procedures. No security procedure is infallible—we saw that with the Greenpeace protest only last month. The real issue is reducing risks and taking sensible precautions where we can. If right hon. or hon. Members wish to ignore the unequivocal recommendation and advice of the security services, that is a matter for them, but there will be consequences for all who take that view. There will be consequences not only for Members of this House, but for the Doorkeepers and security staff who serve the Chamber and civil servants in the Box. */Interruption./* We are all subject to the same air system. There will also be consequences for Clerks and visitors to the Gallery. This is a matter not only of self-protection, but of protecting all those in the Chamber, whether or not they are Members.

Mr. Robert Marshall-Andrews (Medway) (Lab): As to additional security for our visitors, the risk to the people sitting behind the screen is immeasurably heightened by the fact that it is there, rather than otherwise.

Mr. Hain: If the purpose of an al-Qaeda cell was to throw a phial into the Chamber in Question Time, for example, when those on both Front Benches are present every week at a predictable, advertised time, what would be the point of going into the Strangers Gallery and throwing it among people there? There would be no point at all in doing that, so that is an absurd point, if I may say so.

Mr. Andrew Robathan (Blaby) (Con): We are discussing a serious matter, and I do not want the debate to become heated. In talking about chemical and biological agents, did the security services advise the Leader of the House that the problem with such agents, as people have known since attempts were made to use gas in the trenches in the first world war, is dissemination to the target? If somebody dropped a chemical or biological agent down on the Floor of the House, it might or might not kill somebody. Such agents

[Mr. Andrew Robathan]

cannot be disseminated easily as they disseminate through air currents, and that is the way in which such things are done.

Mr. Hain: I do wonder at some of the questions that I have been asked.

Let me spell out in the plainest terms what the consequences would be if the House decided to support the amendment in the name of the hon. Member for North Cornwall (Mr. Tyler). If an al-Qaeda group managed to throw a phial of anthrax or ricin into the Chamber or, even worse, if a suicide agent released the substance without anybody noticing—we have been advised that that is quite feasible—the particles would immediately begin spreading throughout the Chamber. Because of the way in which air flows work, total contamination could occur within minutes. Decontamination procedures would then be activated. *[Interruption.]* I have heard the same shouts as everybody else. Everybody—not only Members—would be locked in and decontaminated before being allowed to leave.

It is for hon. Members to decide whether they are prepared to take that risk. I am not, the Speaker is not and the House of Commons Commission is not, and the House must now decide whether it is. I commend the motion to the House.

2.13 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): As you know, Mr. Speaker, members of the House of Commons Commission support the motion moved by the Leader of the House. However, for myself and hon. Friends on the Opposition Benches, this House of Commons matter is subject to the usual free vote, so my views are my own and are to be taken as such.

By far the most important concern of the House of Commons Commission in the relatively short time for which I have been a member has been the safety of this centre of our democracy, the people who work here and visitors to Parliament. We all have a duty to ensure that our free democracy can continue to function as it should by allowing the public proper access, but at the same time we have other duties. It is important that we make it as hard as possible for terrorists to fulfil their objectives, that we protect the thousands of people who work here, and that we do our best to support the reasonable requests of those who do so much to keep us safe.

There is a tension between the needs of security and the openness of a free Parliament, and recent events have made that tension greater. I warmly welcome, and I supported and pressed for, the thoroughgoing review of security throughout the parliamentary estate that is being carried out by the Security Service and the Metropolitan police with the personal backing of the director general and the commissioner, and I hope that it will be completed very quickly.

I am grateful to a number of my hon. Friends who have brought to me wide-ranging security issues relating to this building and the way in which we do our business. They include issues to do with passes and so on. I have written to you, Mr. Speaker, and to the Leader of the House, setting out all the concerns so that they can be taken into account in the review.

Mr. James Gray (North Wiltshire) (Con): All of us in this Chamber and elsewhere are entirely with my hon. Friend in seeking maximum security for people who work here and for our visitors. No one denies that that is correct. What the Leader of the House failed to do, however, is explain even once why on earth that enormously expensive white elephant of a screen improves that situation even one jot. Will my hon. Friend kindly tell us not that we want people to be safer, but why that screen will make them safer?

Mr. Heald: I think that three factors together pose the great risk, and the screen is a measure—it is a limited one, and it is not the only one that will be needed—that addresses them. First, nowadays, weapons are available that were not previously available, including powders and gases that are not as easy to detect as other weapons on coming into the House. Secondly, whereas for many years terrorists and those who were a threat would act with their own safety taken into account, that is not the case nowadays. There are suicide bombers, and the amount of time available to deal with such a threat is minimal. Thirdly, we are one of the very few Parliaments that has a predictable pattern of behaviour—*[Interruption.]* We may not be predictable on every issue, but we have an agenda, week after week—

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): And a timetable.

Mr. Heald: Indeed, but do not mention programming.

Obviously, we have questions to the Prime Minister every week, but there are quite a lot of other occasions that are very predictable. Taking the three factors together, it seems to me that there could be a very high risk. Rather than taking my word for it, let us bear in mind the fact that we were able to cross-examine the head of the Security Service at great length about these issues, as were many senior colleagues in this place. She convinced me that there was a very serious threat, and many colleagues reached the same view.

Mr. Mackay: Will my hon. Friend give way?

Mr. Heald: Before I give way to my right hon. Friend, I say to him that he was offered that opportunity, and I think that it is a great pity that he was not able to take it up.

Mr. Mackay: I was on parliamentary business abroad, so there was a perfectly good reason why I did not attend.

My hon. Friend was uncharacteristically evasive in responding to the perfectly reasonable questions of our hon. Friend the Member for North Wiltshire (Mr. Gray). My hon. Friend the Member for North-East Hertfordshire (Mr. Heald) said earlier that we had a huge responsibility—of course we do—to the thousands of people who come here, including staff, but neither he nor the Leader of the House has explained why that

wretched screen and its possible successor will help those people. All that they are doing is cutting us off from the people whom we represent, which is quite wrong. Will he now try to have a second go?

Mr. Heald: I should like, I hope in a pleasant and respectful way, to correct my right hon. Friend on one point: our guests will be able to go into the Galleries in front of the screen. However, hon. Members will be subject to the new regime that has been described by the Leader of the House.

The point that I wish to make about safety in the Strangers Gallery is very straightforward. If a member of a terrorist organisation were looking for a target, they might think that they could aim at a good one by trying to hit the Government, the alternative Government and the outside-chance Government all in one go. The average terrorist would not think it much of a ploy to throw a chemical agent on himself and innocent visitors.

Mrs. Angela Browning (Tiverton and Honiton) (Con): My hon. Friend knows that I support the security measures. The debate is very frank, so I imagine that some of members of the public sitting behind the screen must feel pretty uncomfortable. We have a duty to improve security, and, given the comments of the Leader of the House about the overall review, I hope that resources will not be a problem. Resources to protect the House at weekends and on non-sitting days are already a concern, not least because of the recent incursion on the clock tower. I hope that my hon. Friend will support a thorough review from the Front Bench, so that the people who sit behind the screen do not feel that it is a division of the sheep and the goats.

Mr. Heald: I could not agree more. My hon. Friend has detailed knowledge of those matters from her time as shadow Leader of the House, and I included points that she raised with me in my letter about the review to Mr. Speaker. We must take all necessary measures to keep this place open to the public, so that they can see their democracy in action, but at the same time we must not give terrorists the opportunity to hit one of the most important political and democratic institutions in the world.

Chris Bryant: The shadow Leader of the House is generous in giving way. If we took down the screen, we would effectively issue an invitation to terrorists such as al-Qaeda to use the precise practices that we are discussing.

Mr. Heald: The hon. Gentleman makes his point in his customary way.

Mr. Swire: Does my hon. Friend know whether the security review will extend without this Chamber and into the Committee Rooms? The meetings of Select Committees, Statutory Instrument Committees and so forth are not only well advertised but open to members of the public. From time to time, those Rooms contain quite a selection of parliamentarians and staff. What protective measures will be taken in Westminster Hall and all the Committee Rooms in this House, and in Portcullis House?

Mr. Heald: My hon. Friend reinforces a good point that he made earlier. We must examine not only this Chamber, but every part of the parliamentary estate. His advice about examining vantage points outside the parliamentary estate that may pose a threat is sensible and wise. He has mentioned that point to me before, and I included it in my correspondence with Mr. Speaker and the Leader of the House.

David Burnside: Will my hon. Friend give way?

Mr. Heald: If the hon. Gentleman will forgive me, I have given way a great deal. I know that many hon. Members want to speak, and I want to give them an opportunity to do so.

We have the screen not because hon. Members want to be protected; it is a response to a clear threat to the principal institution of our democracy. It is not a single response to the threat, and security is rightly being increased elsewhere in the Palace of Westminster and other parliamentary buildings. Even as the review continues, we should make any necessary changes to enhance security.

David Burnside: Will my hon. Friend give way?

Mr. Heald: In a moment.

The Leader of the House mentioned a welcome measure to improve pass security. If one applies to the Serjeant at Arms for a ticket to the Under Gallery and there is space, the Serjeant at Arms requires a signed statement that one knows the guest and that one vouches for them personally, and I also welcome that change.

David Burnside: Does my hon. Friend agree that terrorists act for political reasons? One of the consequences of the screen is that terrorists may affect the outcome of an election—the recent attack in Madrid was carried out for political reasons to make a political impact. Is my hon. Friend suggesting that we should set up physical barriers between the Government and the Opposition, who are potentially the next Government, in an election campaign? If there were physical barriers between the Government and the Opposition, there would be no public meetings, and my hon. Friend is embarking on that route.

Mr. Heald: This example is slightly different, but it contains many of the same issues: I remember going to Conservative party conferences in the days before heavy security, and it was marvellous to have free interplay with others, which we cannot achieve now. After the 1984 bombing, it was right to introduce security measures, but party conferences still take place. I would be one of the last people to interfere with the traditional operation of our democracy. */Interruption./* The Leader of the House agrees.

As far as elections are concerned, we must take the necessary risks in order to go out and do what we do in our democracy, but we should not take unnecessary risks in circumstances that do not really stop us from doing what we do as politicians.

Several hon. Members *rose—*

Mr. Heald: I know that many hon. Members want to contribute to the debate, and I do not want to use all the time.

[Mr. Heald]

Will the Deputy Leader of the House confirm in his winding-up speech that, although permission for a permanent screen is being sought, if the security situation changes, that decision is not irrevocable, the Accommodation and Works Committee and the Administration Committee will continue to monitor the situation, and he will take a close, personal interest in the matter?

Mr. Andrew Turner (Isle of Wight) (Con): My hon. Friend and the Leader of the House have not explained why we should not vote for the amendment; will my hon. Friend kindly do so?

Mr. Heald: The threat is immediate, and we need the screen now. We can debate whether the screen should be made permanent, but the amendment does not address that point.

Mr. Clifton-Brown: The Leader of the House made the staggering comment that 12,500 people hold passes for this place, excluding Members of Parliament and peers. Those people are subject to minimal security checks when they enter this place, and it would be easy for somebody to steal one of those passes. As a member of the House of Commons Commission, will my hon. Friend raise that point as part of the general security review?

Mr. Heald: That point is strong and important. Pass security should be tighter, and the matter is being addressed even before the review is completed. I would not choose to change this building unless I thought it necessary, but sadly I do.

2.28 pm

Sir Stuart Bell (Middlesbrough) (Lab): I am grateful for the opportunity to follow the shadow Leader of the House.

I have just returned from the United States, where I visited ground zero in New York earlier this week. The people in New York are not maudlin and looking backwards, and they are getting on with their lives. One of my friends was involved in the Lockerbie disaster, and another was in the World Trade Centre when it was destroyed—my first friend died; my second friend got out of the World Trade Centre. I have visited both the garden of remembrance in Lockerbie and ground zero, but I am not taking a maudlin look back at the events of 11 September.

When I was in the United States, the big issue was a commission of inquiry to look into how it came about that aeroplanes could be flown into the World Trade Centre, killing 2,800 people, leaving thousands of other people with their lives permanently destroyed, and leaving surviving dependents asking a number of questions. How had this come about? Could it have been prevented? Who knew what? That commission is so important that it obliged the national security adviser, Condoleezza Rice, to come before it to answer questions about what she knew, and in the week ahead the President and Vice-President of the United States will be asked what they knew. The relatives and dependents of those who died, who are there to listen to the proceedings, ask: what could have been done to save our own? It has been argued that a 16-year-old student with hindsight is a greater man than the President of the United States. Today, we are able to ensure that there is no need for hindsight by avoiding an untoward event.

Mr. Evans: Will the hon. Gentleman give way?

Sir Stuart Bell: I should like to get on a little.

Of course no one wishes to separate us from our constituents, but we have to take into account the reality of the world in which we live. We know that we are unable to defend every installation in the country, but we are able to seek to defend what we used to call, and should still call, the mother of Parliaments. This is the essence of our democracy, known and recognisable in every country of the world. The objective of global-reach terrorism is to attack and destroy democracy. To have an untoward and unhappy event here, successful or otherwise, would not only taint our democracy, but the principle of democracy throughout the world.

Mr. Andrew Turner: Will the hon. Gentleman give way?

Sir Stuart Bell: No.

As the Leader of the House and the shadow Leader of the House said, a thorough-going investigation of the entire parliamentary estate will include Committee Rooms, passes and security at every level, and will be taken with the utmost seriousness. Nevertheless, we have to keep our eye on the ball and stay focused. At Pearl harbour, the Americans lost all their combat aircraft because they were lined up so as to defend them against sabotage from Japanese on the island, but they were of course destroyed from the air. This is not about separating ourselves from the people who wish to see us, but about protecting this democracy of ours. We make this major decision in the interests not only of our democracy, but of our successors. No Parliament binds its successors, but the decisions that we make—

Mr. Colin Challen (Morley and Rothwell) (Lab) *rose—*

Mr. Gray *rose—*

Sir Stuart Bell: Let me just finish this point. We are talking about whether and how we can protect future generations of Members of Parliament, future Governments and future Oppositions.

Mr. Gray: Is the hon. Gentleman of the view that when this Chamber was destroyed during the second world war, British democracy was irreparably damaged?

Sir Stuart Bell: This Chamber was destroyed in what was clearly a war. I hope that the hon. Gentleman is not suggesting that we should be subject to a biological attack and see our Members and staff destroyed.

Mr. Gray: We would sit in Church house.

Sir Stuart Bell: That is a remarkable comment. Having been in this House for 22 years, I am struck by

the frivolity of some of the questions that were put to the Leader of the House and the shadow Leader of the House. I wish to keep this debate on a serious level by discussing how we are able to protect our people, our Members of Parliament and our Government from the kind of attacks that we are seeing worldwide. I could bring a map before you, Mr. Deputy Speaker, which shows terrorism with its global reach in all the countries of the world—even in Saudi Arabia, which is not a democracy as we understand it. These terrorists are no respecters of persons. To attack and destroy this House would be a major gain for them and a massive blow to our democracy and to democracies around the world.

Mr. Challen: In talking about this Chamber, does my hon. Friend envisage that this siege-like situation will continue in perpetuity? He did not cite examples of any other Chambers that have fallen prey to the particular kind of attack that appears to be envisaged here. Perhaps it would have been more appropriate for us to consider these measures after the sarin gas attacks on the underground in Japan.

Sir Stuart Bell: We are talking about the threat of an imminent and serious attack. I make this speech as a member of the House of Commons Commission, where I have met, with other members, the head of our security services and the head of our Metropolitan police. Through the Speaker, we issued an invitation to all Privy Councillors to come and listen to what they had to say.

As for other Parliaments, two weeks ago I was in the National Assembly in Paris: there are the most stringent regulations for getting into that building.

Mr. Gray: There is no screen there.

Sir Stuart Bell: It might happen. I have been in the Dail and saw no difficulty in its proceedings.

We are talking about how, through this investigation and analysis of the parliamentary estate, we protect our democracy, right hon. and hon. Members of Parliament, and staff—everyone in this building.

Mrs. Browning: I agree with the hon. Gentleman that this is not like a bombing in world war two. I have just taken at random an item from my handbag, compliments of Estée Lauder—one of several that I could have picked out. This would not have been removed from me, even with the most detailed screening of my handbag, but it could contain anything sufficient to kill everybody in this Chamber and in the Galleries. As a former member of the Commission of this House, I entirely agree with the hon. Gentleman that it is its duty to listen to the expert advice that it is given and to implement it.

Sir Stuart Bell: I take the hon. Lady's point. There is no mechanism or screening procedure that finds chemical and biological weapons. Nothing in this world could have prevented the anthrax being taken into Washington—no such machine is available.

Mr. Marshall-Andrews *rose—*

Sir Stuart Bell: My hon. and learned Friend, who is about to intervene, would face an interesting situation in years to come if there were to be an untoward event in this Chamber followed by a commission of inquiry to ask who was responsible. He would not be the Queen's Counsel on that commission, because he would have to disqualify himself on the grounds of the early-day motion that he has tabled. As the Leader of the House said, it is a matter for each and every one of us to take our responsibilities seriously this afternoon—not to spend our time trying to make various points, but to focus on the matter that is before us.

Mr. Marshall-Andrews: Does my hon. Friend accept that there are many targets in this place and that many of us are at risk? Our visitors are at risk because they are part of the democratic process, and an attack on them would be an attack on the democratic process. We, too, are at risk; but if we protect ourselves, we increase, by a direct algebraic equation, the risk to them. Those people up there have absolutely none of the protection that we have arrogated to ourselves. That is an extremely offensive way in which to deal with our people.

Sir Stuart Bell: I agree with my hon. and learned Friend that the attacks of global-reach terrorism on democracy are attacks on us all and that we all may be subject to terrorist attack by being in the wrong place at the wrong time. We have talked about the parliamentary estate and commission of inquiry that we shall hold, with a full investigation of how we can protect people who wish to visit. However, we must consider how we can protect Government and Opposition Members and Members of Parliament generally. We are here to make decisions about how to protect not a future Wembley stadium, but the House—

Mr. Marshall-Andrews: Us.

Sir Stuart Bell: How can my hon. and learned Friend be so selfish as to sit here talking about himself? We are talking about other Members of Parliament and their families—those who might be left behind. How selfish can one get?

Mr. Simon: Are not we saying to people, "You can't throw a bag of anthrax on us, but you're welcome to come into Central Lobby and swing it around and kill as many Back Benchers as you like"?

Mr. Hain: The air supply is the same.

Mr. Simon: A screen does not work if the air supply is the same. It is pointless.

Sir Stuart Bell: No one in his right mind wishes anyone to come into the building with anthrax and murder anyone. As I said earlier, a full inquiry will cover the entire parliamentary estate, including the House of Lords. The Leader of the House and the shadow Leader of the House also made that point.

We must not confuse concepts. We are here today to decide whether there should be a permanent screen—I emphasise again that no Parliament binds its successors—to protect us and our democracy. Of course, I respect and wish to protect members of the public who come here at this time, and there are other

[Sir Stuart Bell]

means of being in touch with constituents, such as by letter, fax, e-mail and television, which anyone in the country can see.

Mr. Mackay: The hon. Gentleman stated that there is no way that security can spot anthrax and related weapons of mass destruction. If that is the case, terrorists could go to Central Lobby, Portcullis House and elsewhere and use them. The Leader of the House has told us that the air system flows through the House and we would thus all be at risk. The hon. and learned Member for Medway (Mr. Marshall-Andrews) must therefore be right that the only purpose of the screen is to protect us. There is no other sensible reason for it.

Sir Stuart Bell: We are protecting not us but our democracy, our Government, our Opposition and our image as the mother of Parliaments to which other Parliaments look up and other democracies aspire. We are looking to prevent a victory for terrorism that would be perceived as such worldwide. My hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) says that the screen is an obstruction to or erosion of the relationship between our constituents and us and a victory for criminal terrorist organisations. He considers raising a screen a victory for terrorism. That is remarkable. What would be a greater victory for terrorism than the sort of untoward event that decimates Parliament, kills many innocent people and leaves grieving widows, widowers and children? How can concepts be confused to such an extent?

Derek Conway (Old Bexley and Sidcup): I agree with the hon. Gentleman's points but some of the interventions suggest that some hon. Members appear to believe that we are holding a debate about protecting Members of Parliament. However, they are not protected when they step outside the Gates. We are debating the protection not of individual Members of Parliament, Ministers or shadow Ministers but of the House when it sits. Which other Assembly meets so regularly, with the Government, the alternative Government and the legislature in one place? Those who go on about protecting Members of Parliament do not even understand the subject of the debate.

Sir Stuart Bell: I need no lessons from anyone about the way in which Members of Parliament can be exposed. I have been attacked twice in my surgeries. One Member of Parliament was seriously wounded and the hon. Member for South Antrim (David Burnside), who made a pertinent point earlier, will remember that a Northern Ireland Member of Parliament was assassinated. Members of Parliament understand the risk. The screen was not put up for my benefit—I never said that it was. It is there to protect our Parliament, our democracy and the concept of democracy. Hon. Members should understand that.

The House should support the motion, reject the amendments and thus make a clear statement that we take terrorism seriously in relation to our Parliament and Members of Parliament, of whatever party, and that we will not provide a hostage to fortune that could be shown throughout the world as an example of the way in which democracy can be denigrated and destroyed.

2.45 pm

Mr. Paul Tyler (North Cornwall) (LD): I beg to move amendment (a), in line 1, leave out "approves" and insert "declines to approve".

Mr. Deputy Speaker (Sir Alan Haselhurst): With this, we may take amendment (b), in line 2, at end add

"until the efficacy of the temporary screen has been assessed and until a comprehensive assessment of the appropriate access of constituents to Parliament has been approved by the House."

Mr. Tyler: Several hon. Members who have contributed, including the hon. Member for Middlesbrough (Sir Stuart Bell), do not appear to have read the modest, cross-party amendments that I move on behalf of senior colleagues.

I have genuine sympathy for the Leader of the House and the Commission because they clearly have a difficult dilemma. We should all recognise that and take seriously the advice that they—and through them, the House—have been given. I accept that there is a dilemma and that a balance must be struck—I hope that all hon. Members accept that. However, I hope that hon. Members also agree that the amendments constitute a reasonable method of dealing with the issue.

The amendments do not say, "Let's take down the temporary screen." That is an illusion that renders the majority of the preceding speech irrelevant to the amendments. The amendments make it clear that, by not agreeing to a permanent screen, we make it conditional on precisely the comprehensive analysis of the position that the Leader of the House and shadow Leader of the House believe to be so important. I am sure that we all agree with that. Clearly, it is absurd to consider in isolation a specific part of the parliamentary estate instead of examining carefully the estate as whole.

Hon. Members of all parties have made points on behalf of those who visit us, the staff whom the House employs and our staff. The risks that they take are not mentioned on the Order Paper. The screen will not help them. Indeed, if it deflects attention from the genuinely urgent issue of screening people who come into the parliamentary estate, we do them a disservice and put them at greater risk. It is important that those who believe that we must take a comprehensive view of the security of all the buildings understand that the screen could divert attention from what is genuinely important.

Mr. Hain: I note the serious and logical way in which the hon. Gentleman makes his case. However, if he were standing in my shoes, and the director general of the Security Service had approached him last year to say that her recommendation, based on intelligence, was to erect a screen in the Chamber, would he have said no to her? That is the decision that the House of Commons Commission and I had to make. *[Interruption.]* It is not a question of doing what we are told but taking serious advice from the director general of MI5, who hourly combats a terrorist threat from al-Qaeda. She said that the best way in which to protect the House was to erect a screen because the Chamber is a target.

Mr. Tyler: The motion relates to a permanent screen. The amendment deals with the way in which we assess

the necessity for a permanent screen. "I can do no other", as they say—the temporary screen is a fait accompli. This afternoon, we must decide whether we say yes to a permanent screen without a proper assessment of the present screen's efficacy. That is what is on the Order Paper, and that is the question that I am addressing.

I want specifically to deal with a point that the Leader of the House failed to address when he was asked in what way the temporary screen was inadequate. His only answer was that it was aesthetically inadequate: he did not like the look of it. That is an absurd argument. Indeed, if we are talking about a deterrent, this screen is potentially more effective, because it is a more visible barrier, than what is described in the explanatory memorandum. It is important that we distinguish between saying yea or nay to the temporary screen—*[Interruption.]* Some hon. Members take a different view on this. After just four days' experience of the temporary screen in the Chamber, we are being asked this afternoon to say yes to a permanent one. There are a number of reasons why I believe that that would be wrong.

Mr. Hain: The hon. Gentleman has made a specific point on which I might be able to help him. A permanent screen would provide a large number of benefits. They range from non-security issues, such as the fact that it would have non-reflective glass—we would not, therefore, have the effect that we see now from the Chamber—and that it would be less visually intrusive even than this relatively modestly intrusive one, to the fact that it would be more secure. The recommendation from the Security Service was for a permanent screen. The director general said that it was a matter for the House how it handled this decision; she was not seeking to influence that. We took the decision that it was right to have a debate of this kind, but she would have preferred it had we just gone ahead and erected a permanent screen without a debate. She sees even this debate as a risk to the House.

Let us be clear about the seriousness of the situation that we face. I understand and respect the points that the hon. Gentleman is making, but he is not addressing the seriousness of the threat to the Chamber, which we were advised on.

Mr. Tyler: I entirely understand the severity of the problems that the Leader of the House and the Commission face. I did not have the exclusive briefing, as I am not a Privy Councillor, but I understand from the briefing that I received that the earliest time at which a permanent screen could be erected would be the summer recess of 2005, at a cost of £1.5 million. Why, after just four days' experience of the temporary screen, are we rushing to take a decision that cannot be implemented for 15 months?

We take this issue seriously, and this is the point of our amendment. For goodness' sake, let us look at the matter sensibly and in a comprehensive way in terms of the risk to all those who come into the parliamentary estate—not just those who come into this Chamber. Let us ensure that the issue is considered in security terms. Two of the three reasons that the Leader of the House has just given for putting up a permanent screen rather than allowing the temporary one to be assessed sensibly are aesthetic; they have nothing to do with security. I want time to think very carefully about the comprehensive security of the whole of the parliamentary estate in the interests of all who come here and work here, rather than just of those who come into this Chamber.

Sir Patrick Cormack (South Staffordshire) (Con): Perhaps I can help the hon. Gentleman. If we are to have a permanent screen, it will have to be ordered and fabricated. The Commission has been advised that that would take about 15 months.

Mr. Tyler: That is yet another reason to get it right.

I want to move to another point, which might seem trivial but it illustrates my argument. I take it, Mr. Deputy Speaker, that this is one occasion on which we must be allowed to refer to the geography, the architecture, of this place. We are not usually allowed to do so. I would ask all hon. Members to look up at the Strangers Gallery for a moment. One hon. Member, who has the same biblical background as I do, referred earlier to sheep and goats. I would refer, perhaps, to first-class and standard visitors. Those who are permitted to sit in front of the screen will be the first-class visitors. They will get a special dispensation because they can be vouched for as reputable. The fact that the permanent screen would be on the same alignment as this temporary screen means not only that we lose 30 seats but that the preferential seats, the first-class seats, would often be unoccupied, while visitors in standard class would be sitting on top of one another.

I invite colleagues to consider these circumstances. A constituent whom an hon. Member does not know terribly well might say, "Please get me two tickets for the Gallery". The hon. Member might think, "Wait a minute, I'm not sure that I know this pair. They are both reputable members of the women's institute, but I don't actually know them. They might be suffragettes. I don't think I'll take the risk. I think I'll put them in standard class." In no time, there will be a new parliamentary expression, "behind the screen", which will mean some of our electors being treated as second-class citizens.

Mr. Mackay: Cattle class.

Mr. Tyler: Behind the screen will equal cattle class. Imagine the circumstances! I understand from those who know everything about this place—that is, the Doorkeepers—that the only recent incidents of any significance in the House have taken place at the front of the Gallery. At present, the front of the Gallery tends to contain very distinguished people, including Members of the other place and diplomats, but that is not exclusively the case. So, if the permanent screen is installed on the same alignment as the present one, the checking of who goes into which section of the Gallery will cause difficulties.

Mr. Simon: I should like to correct the hon. Gentleman. The most recent incident took place behind the screen this afternoon, but we could not hear it because it was behind the screen.

Mr. Tyler: That is a very valid point.

I want to illustrate my argument further, because this checking has already started. This week, hon. Members have had to vouch for visitors in order to get them a seat in front of the screen. My hon. Friend the Member for Harrogate and Knaresborough (Mr. Willis), who unfortunately cannot be here this afternoon, sought entry for his 80-year-old aunt. Imagine if, after a lifetime's ambition to come to the House, he did not feel able to vouch for her safety in this place. She might, for all I know, be a latter-day suffragette or a dangerous liberal. Who knows? But the way in which this issue is currently approached will not satisfy our constituents that all those who elect us to come here are being treated as equals.

The facilities for Members to show constituents around this place were referred to earlier, and that is an important issue. If we were able to strike a deal that no permanent arrangement would be made until we had better facilities to bring our constituents round and to show them democracy at work, that might be a trade-off that we could accept. The motion as it stands would push through, at speed and with no real experience of the new arrangements, a permanent structure that has all sorts of implications for the perception of this place as a parliamentary democracy open to those who send us here.

Peter Bradley (The Wrekin) (Lab): The hon. Gentleman makes a number of points with which I have some sympathy. He rightly draws our attention to his amendment, and I would like him to clarify it further. Its effect would be that we could not erect a permanent screen, but it says nothing about dismantling the temporary screen, which would then, de facto, become the permanent screen.

Mr. Tyler: I had to take the advice of the House authorities on this matter. As I understood it, the motion on the Order Paper simply referred to the permanent screen. Strictly speaking, the temporary screen is not on the Order Paper. All that I am saying, in what I think is an entirely logical response to the point made by the Leader of the House, is that the comprehensive reassessment of all the security arrangements of the House should take into account the efficacy of this temporary screen. That seems to be a perfectly common-sense approach, yet it is being dismissed out of hand as though it were irrelevant to the overall comprehensive assessment.

Mr. Evans: I want to make a practical point. We do not recognise anyone in the Strangers Gallery, on either side of the screen, at the moment. To pluck a figure out of the air, if 14 youngsters from my constituency asked to come here, the chances are that I would ask for tickets for them to sit in front of the screen, without perhaps knowing all 14 of them, because I would not want the embarrassment of putting them the other side of the screen. Is that not the kind of weakness that terrorists look for?

Mr. Tyler: There is real problem if a representative democracy starts to differentiate between one constituent and another. We could get rid of that problem if a scheme were developed to screen off the whole of the Gallery, but I think that our noble Friends from the other end of the building would be worried if they thought that we were suspicious of them.

Mr. Marshall-Andrews: I have a great deal of sympathy with what the hon. Gentleman is saying, and I for one will support his amendment and vote against the motion, if that becomes necessary. May I just ask him how we will be able to test the efficacy of this screen? What test will we apply? If there is no terrorist outrage in the course of the next year, will we say that it is a success, and that therefore we ought to have a permanent one? That is what worries me. We should start on the basis that it will go.

Mr. Tyler: The hon. and learned Gentleman is absolutely right, and that is what is extraordinary about presenting us with a fait accompli. We have nothing on paper to explain precisely why it is there. I think that the Leader of the House wants to intervene, but before I invite him to do so, I shall sum up this point: we are being asked to do something very difficult this afternoon, and there is a genuine dilemma. I want to return to the issue of the security context in which this decision should be taken.

Mr. Hain: I have intervened on the hon. Gentleman on a number of occasions, but it helps the debate to do it in this way. He says that there is a fait accompli. It is the duty of the House authorities, and in this case the House of Commons Commission, to look after the security of the Chamber and the whole Palace. In this exceptional situation, unlike that when we returned after one recess and found armed guards in place, and when there was no debate on the Floor of the House—which made access more difficult for many people—we are having an open debate, and it is not a fait accompli. The hon. Gentleman made a great populist point about first and second-class visitors. It is the case now that a visitor queuing in the street cannot get into the Special Gallery but must sit in the area that is now behind the screen.

Another point that the hon. Gentleman needs to address is that the recommendation from the Security Service was not for a screen going right the way round the Special Gallery and Press Gallery—*[Interruption.]* It was not, and I shall explain why in a minute. On that logic—

Mr. Deputy Speaker (Sir Michael Lord): Order. I am sorry to interrupt the Leader of the House, but these are matters that will perhaps have to be dealt with in the wind-up. I understand his need to explain these points, but it is becoming a speech rather than an intervention.

Mr. Tyler: It was a helpful intervention, if I may say so. I wish that the Leader of the House had made those points at the outset. What I find extraordinary is that the argument for a permanent screen has not been developed. A sort of argument has been developed for taking rapid action and producing a temporary screen, but let me come to a much more important point—*[Interruption.]* I will give way to the Leader of the House. How can I resist?

Mr. Hain: I apologise, but the reason that I moved the motion in the way that I did was that I relied on the

common sense of Members to understand the position. If they wanted me to spell out every detail, I could have done that and answered all these points. It was not in the interests of the security of the House or the Chamber to have done that, but as the hon. Gentleman has required me to do it, I have responded.

Mr. Tyler: Let me take up the point made by the Leader of the House that there was no parliamentary approval for the concrete blocks and armed guards. I regret that, and I think that he agrees, because the Modernisation Committee, which he chairs, has taken a lot of evidence about the fact that our constituents are now greeted in their Parliament with a fortress-like response. There must be some way in which we can mitigate that. Nowhere else in the United Kingdom are our free citizens greeted not by someone who says, "Can I help you? What do you want to see or hear?" but by somebody armed with a weapon.

Let me return to the substantive point. It is time that people in the House understood the significance of the comprehensive analysis of all the security issues. I understand what the Leader of the House says about that. What I object to is the piecemeal approach. There is no evidence that the screen will assist in the security of all those who work in this building. That is extremely important. For example, I asked the Leader of the House just a few weeks ago what steps are being taken to deal with the large number of lost identity passes for entry into Departments of State, and whether there was a similar situation in this building. I received no answer. In my view, as others Members have said, that is a far more serious security risk to us, our staff, our visitors and all the people who work in this building. I hope that a serious attempt is being made to deal with that issue, because it is much more serious than anything that is happening in the Gallery. We are told that there are 12,500 passes, excluding those of Members of the two Houses. I hope that there is some more effective scrutiny, not just of the way in which they are brought in and out of the House, but of their issue and of what happens when they are lost.

We must also think carefully about other parts of the parliamentary estate. Let me give one example. Twice yearly, the Prime Minister appears in the Boothroyd Room in Portcullis House in front of the Liaison Committee of senior Members of the House, with the public a few feet away. What security is there—I do not want the Leader of the House to tell me, as it would be much better if he did not. That illustrates, however, that it is extremely important to take a holistic view about the way in which our democracy works. Of course, there must be a balance between access, transparency, visibility and security. To pretend that the most sensitive area is in this Chamber suggests to me that we are more worried about people shouting than about weapons, which would be an extremely unfortunate signal to give.

As a footnote—this is not the most important issue—we should consider value for money. As we have already heard, £600,000 has been spent on the temporary screen. Why not just see whether it is sufficient? There is no rush, despite what we have been told. The cost will be £1.5 million if the motion is passed this afternoon, for a screen still on that alignment, and still with many of the difficulties that I have mentioned.

If the amendments, which link together, are accepted, we would for the moment decline to give an okay to an expensive, elaborate scheme, which has not been worked through or considered in terms of alternatives, until we had considered holistically the security situation and thought a bit more about what we, as the representatives of the public and our constituents, should do to make sure that Parliament is still as accessible and visible as we can make it.

Mr. David Kidney (Stafford) (Lab): Will the hon. Gentleman give way?

Mr. Tyler: I am about to finish.

My concern is the security of all who work in and visit these buildings, not just this Chamber. By prioritising a permanent screen, we are going in the wrong direction.

3.7 pm

Mr. Alan Williams (Swansea, West) (Lab): If I start by mentioning that I am in my 40th year in the House, it is not in order to suggest that my value judgments are any better than anyone else's, but, I hope, to state that my love of the values and traditions of this House are no less than anyone else's here today. That is the position from which I start. There is no way in which I would have contemplated such a change as has been suggested if I thought that it could be avoided.

One simple fact must be addressed. At Prime Minister's questions, the Government, the alternative Government, and two thirds of the House of Commons, could be eliminated, all in one attack. What a target that is for a terrorist. What a temptation. We must face up to that. I was here at the time of the CS riot gas attack, and was sitting just opposite the letter stand. Barbara Castle was speaking, the gas canister arrived at her left foot, and within seconds—such was the dissemination, as was mentioned earlier—we were all coughing, spluttering and having to dive out of the Chamber. Twice, to my recollection, possibly three times, we tried unsuccessfully to get back into the Chamber, and it took hours to clear the Chamber and make it habitable for Members of Parliament.

Let me make this simple point. A very small quantity of one of the toxic biochemical agents available today, if released into the air conditioning circulating system of this Chamber, would be less immediate but far more devastating in its effect on Parliament.

An erroneous point was made, namely that when the Chamber was destroyed by a bomb during the war, that did not destroy democracy. No, it did not, because it did not destroy Members of Parliament. It did not destroy the Government, and it did not destroy the Opposition. It merely destroyed the place where we met—so Parliament met somewhere else.

We constitute a sitting invitation to a terrorist, and for that reason alone I have changed my mind completely. When screens were first suggested, at the time of the CS gas attack—the hon. Member for South Staffordshire (Sir Patrick Cormack) will remember this—we decided against them, but the circumstances are vastly different now.

Mr. Gerald Howarth: Apart from the fact that the screen does nothing whatever to protect the ventilation

[Mr. Gerald Howarth]

system—*[Interruption.]* Perhaps, rather than sitting there and threatening us with the security services, the Leader of the House should have told us all this. The canister episode pre-dated the extensive screening facilities that we now have. I put it to the right hon. Gentleman—the Leader of the House may be able to respond if he cannot—that a metal canister containing CS gas or some more toxic material would in all probability be caught by the current security arrangements, which did not exist in the days of Barbara Castle.

Mr. Williams: The point about the ventilation system is legitimate. The presentation by the intelligence services made it clear that it would be possible to separate the system.

Mr. Heald: As part of the arrangements for the temporary screen, the ventilation system for the Chamber and for the Gallery behind the screen is already separate.

Mr. Williams: As for the other point made by the hon. Member for Aldershot (Mr. Howarth), screening arrangements were introduced because they would detect something the size of a CS gas canister; but, as the hon. Member for Tiverton and Honiton (Mrs. Browning) pointed out, we do not necessarily comprehend the sheer toxicity of the substances now available. Only minute quantities need to circulate. They might not kill us there and then, unless we were lucky, but they might well do so within the next couple of days, which would have the same effect: the Government would be gone, the Opposition would be gone, and two thirds of the House of Commons would be gone.

Mr. Challen: Obviously we should not stray into the technical details of how an attack might take place. So far, however, Members have spoken only about the air conditioning as a way of disseminating whatever might be introduced into the Chamber. I should like to know how fast the contents of a container that landed on the floor and opened in the middle of the Chamber could be absorbed into the air conditioning and so on. It seems to me that a device would be necessary to expel the contents of a phial, and that would be picked up by the security arrangements unless there was a lapse in security. It would have to be large enough to be picked up in order to be effective in a Chamber this size, which is not a small room. We are not talking about a substance that would be introduced into the water or air conditioning systems; we are talking about something that would be thrown down from the Gallery, and would not be picked up by security. I hope someone will tell me whether I am being a bit of a fantasist.

Mr. Williams: Some of these substances are odourless, and it would take time to detect some others. By then it would be too late.

Mrs. Browning: If the screen were not there and a substance or canister were thrown on to the floor, would not the authorities have to lock us all in the Chamber? Whatever had been thrown might be communicable, and until it had been analysed and tested, we would all—if the substance were fatal—be doomed to die. That is the reality of modern weapons of this kind. The security services would recommend the procedure that I have described, and the House authorities would have to carry it out.

Mr. Williams: If a biological agent were involved, the safest procedure for everyone else would be to insulate the Chamber and leave us all inside.

Mr. Challen: A weapon need not be described as such merely because it contains some substance. It is a weapon if it contains a delivery system. Chucking a phial into the Chamber does not constitute a delivery system. We should concentrate on the real threat rather than engaging in general talk about chemical and biological weapons. We have done that in the past.

Mr. Williams: The only answer is to create a barrier that cannot be penetrated.

Mr. Challen: I agree.

Mr. Williams: That is the purpose of the screen—to stop things being thrown or ejected, or released in the Gallery so that the air conditioning can deal with the distribution.

It has been said that the screen is unfair for two reasons. The first is that people in the Gallery are likely to be the victims, rather than the Government being eliminated. Let me make a different point. A terrorist works on the basis of a target's vulnerability. While we are vulnerable, we are a target; when we are not vulnerable, the terrorist will look for an alternative target. He is unlikely to launch an attack on the other side of the screen, knowing that it will not affect those on this side—or, at any rate, is less likely to do so.

As for the red herring that the Chamber should not be protected until the whole House is protected, that is nonsense in terms of priorities. We must do what we can in the order in which things can be done effectively. We could get this done in weeks. That is why the obscenity up there was put up: we knew that it would take 18 months to provide an alternative.

I agree with my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews): how do we judge efficacy? If nothing has happened after 18 months, do we conclude that the measure was effective or that it was not necessary? We could select either answer. The decision must be made here and now—and, to my mind, the decision here and now must be, and I hope will be, in favour of a permanent screen.

3.18 pm

Sir Patrick Cormack (South Staffordshire) (Con): I am delighted to follow the right hon. Member for Swansea, West (Mr. Williams). I think I am the only other Member present who, like him, was in the Chamber when the CS gas canister was thrown. The situation was precisely as he described it. I was also here, as he may have been, when manure was thrown and when red ink was thrown. After each of those occurrences, some Members said that we needed a

screen. I, like the right hon. Gentleman, was one of those who persistently and continually said "No, we do not." Being here—being in public life, and accepting our vocation—means having to take risks, in the Chamber and outside.

I was a member of the Commission—along with my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth)—when we heard the first request for a screen, about 15 months ago. A security Committee of the House, with Members from all parties, said that we should consider it. My right hon. Friends and I argued robustly against it, as did the hon. Member for Middlesbrough (Sir Stuart Bell). I do not think I am betraying any secrets when I say that the Commission was unanimously sceptical and unconvinced by the evidence given to us.

I yield to no one in my affection for this House. I love this place, and I love this Chamber. One of my great regrets is that the Chamber has seen much of its life depart from it over recent years, but that is another issue. I believe that it is absolutely crucial that this Chamber should be available to any citizen of this country, or indeed to any visitor to this country, who wants to come to listen. It is very important that we should have adequate screening processes, so that people are not put at risk.

Only the other day, I was walking out through St. Stephen's entrance. Someone had one of those pepper-shakers. The police—those who serve us so very well in this place and have not yet been mentioned in this debate—apprehended that chap, and he was not going to come in. It is right and proper that we should have the most careful surveillance of those who want to come to listen to our proceedings. However, when the evidence was brought to the Commission earlier this year by the head of the security services and subsequently by the Metropolitan police commissioner, I was very reluctantly persuaded that the screen is a price that we have to pay for the tragic times in which we live. It is a price that we have to pay if we are to continue to allow people to queue on the pavement and to come in to listen. I believe that it is a reasonable price.

There has been much rather frivolous talk about second-class visitors and all the rest of it. We have different categories of visitor now. We have the diplomats, visiting heads of state and visiting parliamentary delegations; there is a row of seats up there for them. We have Members of the other place, who have special seats, just as there are special seats in the House of Lords for us. We have those who are known to us—family, friends, constituents whom we know and for whom we can vouch. However, when the people who have the security of this country in their care tell us—as a member of the Select Committee on Foreign Affairs, I heard this, too—about the sleepers, they say, "We are not worried about the ones who have a record. We are worried about the ones who have no record and who are waiting their time to perpetrate some act, be it to come in with a bomb and detonate themselves, or to come in with a phial of chemicals or whatever," as my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning) so graphically illustrated. We have to protect this place and ourselves because we, however imperfectly, are the embodiment of the democracy of this nation.

It was a spurious analogy to talk about the bomb in 1941. Of course, democracy is far more important than the building, much as I love the building. The building was destroyed. This Chamber was destroyed. We went to Church house briefly. We then moved into the Chamber of the House of Lords, and the Lords moved into the Robing room. For almost 10 years, that is how we conducted our proceedings. If we had a physical attack, we would be able to do something similar now. I hope and believe that there are contingency plans, so that we can do precisely that, but what we are talking about here is someone coming and putting into the Chamber substances that could have the devastating effect that has already been described.

Of course, we cannot protect ourselves in all places and at all times but the fact that we cannot do everything is no excuse for doing nothing. I was persuaded by the head of the security services and others that the course that we are taking is the right one because a specific threat has been identified. Almost uniquely within the free world, the Executive and legislature of this great country come together at predictable and predetermined times. That presents a target.

Of course, that happens not just at Prime Minister's Question Time, although that is the weekly predictable time. This very week, we have had two other occasions, which were rightly widely canvassed on the radio, television and in the media, when the Prime Minister came to the Dispatch Box, made a statement surrounded by his colleagues, with all my senior colleagues in front of him and the Chamber crowded. That happens in this Parliament but does not happen in others. It does not, for example, happen in Congress because there is a separation of powers and the Executive do not sit in the legislature or go regularly to the legislature. Having had this specific threat pointed out and this real threat underlined, I believe that the Commission would have been in grave dereliction of its duty had it not taken the action that it took.

I say to colleagues on both sides of the House, and I hope that I will not be castigated by my colleagues on the Commission for this, that my first reaction was to say that we should do this immediately, having been convinced. Then we discussed it among ourselves and decided that it was right to share that knowledge a little more widely. That was why Mr. Speaker wrote not just to Privy Councillors but to Whips of minority parties—the hon. Member for East Antrim (Mr. Beggs) was there and spoke eloquently at the meeting—and to one or two others. They came, and they listened. Of course, there was not unanimity but there was an overwhelming view that this was deeply regrettable but absolutely necessary.

Mr. Robathan: On a point of order, Mr. Deputy Speaker. I am sorry to interrupt my hon. Friend, who is making a very eloquent speech, but he has introduced into the debate something that as far as I am concerned has not been mentioned before: a specific threat—I am quoting, I think, exactly what he said—to this Chamber of something being thrown into the Chamber.

Mr. Deputy Speaker: Order. That is a matter for debate. It is not a point of order for the occupant of the Chair.

Sir Patrick Cormack: I am grateful to you, Mr. Deputy Speaker. Of course it is not a point of order. I

[Sir Patrick Cormack]

am making a point that is entirely relevant to the debate and therefore it is important that colleagues should know about that. I believe that we have a duty to consider something else, and it came to me during the debate. I have been slightly distressed by some of the comments, including sotto voce comments, that I have heard. I respect everyone who is a robust defender of parliamentary democracy. I have dedicated my life to that and hope that I will do so until the end of my days. However, what we need to do—I will talk to the Leader of the House and my colleagues on the Commission about this—is probably to arrange a series of briefings for Members of the House, so that they may share some of the information that we have been given on a strictly confidential basis. It would be the right thing for us to do, because that would dispel some of the manifest ignorance that is present here today.

Mr. Andrew Turner: I certainly do not wish to introduce any further note of dissent into the debate but some of us remember being told before that there was an immediate or imminent threat, not to this House but to this nation, and some of us feel that we were misled. However, the point of my intervention is to ask my hon. Friend whether he would give me reasons for voting against the amendment, which so far no one has done.

Sir Patrick Cormack: I am delighted to give those reasons. I say in passing that I do not accept the thrust of what my hon. Friend sought to say in the first part of his intervention, because I believe that what we were told we were told in good faith. However, I am not going to rehearse all the arguments. I believe that what was done last year was entirely justified, but that is my personal view. As for the amendment, the answer in effect is partly that given by the Leader of the House and partly that given by me in my intervention on the hon. Member for North Cornwall (Mr. Tyler). While I will not particularise, the screen we have is not wholly as effective as a permanent screen would be. I do not rate the aesthetic considerations as paramount, but I believe that they are real. However, I am concerned about security, not aesthetics. Secondly, having been persuaded that we live in such perilous times that the most comprehensive review of security in this place is necessary and is going on—we must not forget the context in which we are discussing this matter—the sooner we can have the maximum protection, the better.

The permanent screen will give maximum protection. It will take between 15 and 18 months for it to be ordered, fabricated and erected, and the only time in the next two years when we can do that without further extensions of parliamentary recesses—we have just had such an extension, for that purpose—will be in the long summer recess of 2005. We therefore need the approval of this House, and I beg colleagues in all parts of the House, if they care about this place and access to it by anybody on the street who wants to come and listen, to support the Leader of the House and the shadow Leader today.

3.31 pm

Mr. Siôn Simon (Birmingham, Erdington) (Lab): There are some strange misconceptions in this debate; it is almost surreal. If it were the case that were it not for the screen, we would all be murdered, there might be something in it—but that is not so. All the screen does is protect us from the people sitting behind it—not from those in front of it or in Central Lobby, or from the serried ranks of journalists. If I were a terrorist—or the kind of sleeping infiltrator whose entire life was dedicated to annihilating or subverting our democracy and traditions—with the wherewithal to get my hands on a little phial of lethal anthrax, I should probably also have the initiative to write to my Member of Parliament, whom I had taken the trouble to get to know a little, and ask him to get me a seat in front of the screen.

Mr. Heald: Does the hon. Gentleman accept that there is a difference, even these days, between someone who queues up and comes in off the street and a member of the parliamentary Lobby?

Mr. Simon: It is true that I can tell the difference between a member of the public—indeed, a member of the human race—and a member of the parliamentary Lobby. The point remains; I do not think that the screen is likely to be a significant deterrent to a resourceful terrorist. What it does is to send out all the wrong signals about us, our Parliament and our democracy to the people whom we are supposed to represent.

Mr. Hain: If my hon. Friend does not think that the screen will be a serious deterrent, why does he think that MI5 recommended it to us?

Mr. Simon: The screen tells us that the head of MI5 and her minions are no doubt excellently cognisant of the evil machinations of terrorists and that, although she understands terrorism very well, she perhaps does not understand Parliament particularly well. Anyone who understood Parliament would not put a screen half way up the Strangers Gallery, because they would know that any resourceful terrorist would just go in front of it.

Mr. Hain *indicated dissent.*

Mr. Simon: The Leader of the House shakes his head. I do not in any way impugn the motives or the sincerity of the Commission, the Leader of the House or any of the people who have made the decision. I just do not agree with them.

The one time that the Leader of the House and his able sidekick were nodding vigorously was when the hon. Member for South Staffordshire (Sir Patrick Cormack) said that just because we cannot do everything is not a reason for doing nothing. That is a good point—one in politics generally that I make all the time. On this occasion, however, it is better to say that there is no point doing something that is foolish. Doing something foolish is not better than doing nothing.

I have a couple more random points. Several speeches, the preponderance of which have been in favour of the screen, in a Chamber that is clearly more hostile because of it, have mentioned the peculiarity of the concentration and predictability of the timetable in this Parliament, compared with others. That is just not true. I was in the Assemblée Nationale, I think at the same time as my hon. Friend the Member for

Middlesbrough (Sir Stuart Bell), where we watched Government question time. The President was not there, but the Prime Minister and the whole Cabinet were, and there was certainly no screen, although that event was perfectly predictable. Most Parliaments are quite predictable; there is nothing particularly unique about this place in that sense.

That thing—that screen—sends a signal to our constituents that we are frightened. It says to Mr. Terrorist, "I am frightened of you. You have made me change my ways. You have put a barrier between my Parliament and my people." It says, "You are winning, Mr. Terrorist. I am running, I am hiding." British democracy should not hide from terrorists; that is not the way. The screen is based on a misconception. By having it, we are telling people that they can come in and bring their anthrax, and that if they get a ticket, they can go into the Gallery with it. We are telling people that they are welcome to swing their anthrax around Central Lobby, and that if they can get an invitation to lunch with a Member in the Strangers Dining Room and lob a bit of chemical weaponry around there, that is no problem. The only place where there will be no point in their taking their anthrax is up there where the screen is. What is the point of that?

Mr. Hain: On the logic of my hon. Friend's argument that we are frightened, he would not have armed police guards or concrete bollards outside, or airport-type security here. He would have no security at all. My point to him is that this move is about reducing risk. The Security Service advice was about reducing risk, for the good reasons that the hon. Member for South Staffordshire (Sir Patrick Cormack) and my right hon. Friend the Member for Swansea, West (Mr. Williams) explained.

Mr. Simon: No, that is not true, because the screen does not work. All that it is, is a symbol. It is a physical barrier symbolising something that is metaphorically very important. It is telling people, "You can't come in. You can't turn up and walk into the same Room as your Member of Parliament, feel what they feel, see what they see and hear what they hear", and that is wrong.

My final point, although I am conscious that the motion and amendment do not really allow for the full expression of this, is that hon. Members are wrong when they suggest that we should give the screen time. We all know what happens to temporary structures that are erected, especially when evaluation is impossible, as several hon. Members have said. We do not want to give the screen time. We need to get rid of it before we get used to it.

3.38 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I want to echo several of the points that have been made, and make one or two further ones, if I may. I immediately pick up on what the hon. Member for Birmingham, Erdington (Mr. Simon) has just said. It is obvious that different Members have different views on the signals sent out, and that there are genuinely different interpretations of the signal question. I do not think that the argument is conclusive either way, although I tend to agree with what the hon. Gentleman has just said.

We could embark on rather pompous statements about our great democracy and the mother of Parliaments and so on, although we are rather over-prone to those in this place. There are other great democracies around the world. The great democracy in the United States does not, to my knowledge, involve having screens in Congress, even though the President of the United States makes a predicted state of the union address in Congress every year. The Australian Parliament—arguably the most vigorous of Parliaments, of which I wish I were a Member, because it is like this place used to be in the old days—has most of the Government there every day answering questions, but I am not aware that there is a screen in Canberra, either. The arguments about signals and comparisons with other Parliaments are very balanced, and are not conclusive one way or the other.

Another point concerns the two categories of visitor. Of course it is right to say that there have always been different categories of visitors—or, as we charmingly call them, strangers—to this House, but as the hon. Member for Birmingham, Erdington said, the screen makes that obvious. It cries out that there will be at least two very different categories of people: the favoured, who are here courtesy of a Member of Parliament; and the others, who have yet to be able to persuade an MP that they have an intimate relationship with them and can be vouched for. That is the key difference between the fait accompli that we have been presented with, and which we are being asked to make permanent, and the previous situation. That is why having the screen is a significant step.

We should also consider a point that has been touched on only briefly, and which was raised in the now notorious meeting of the great, the good and the not so good; I, too, was there. Why do we assume that the Press Gallery is so secure that we need do nothing about it? I asked this question in that meeting and I ask it again: how certain can we be that nobody who could present a threat to this House will ever get into the Press Gallery? I remain to be convinced, to put it mildly.

Mr. Hain *rose—*

Mr. Forth: The Leader of the House is about to attempt to convince me.

Mr. Hain: I am not sure that I can convince the right hon. Gentleman about anything, but I shall at least answer his question. As he knows, in order to be issued with a pass, members of the Press Gallery are subject to the normal required vetting procedures. A number of trainee journalists sometimes enter the Chamber. They will be subject to more rigorous checks, in line with the checks to which others are subjected in other Galleries.

Mr. Forth: I am grateful to the Leader of the House and I wish that I were convinced, but unless things have changed radically since I last looked at the issue, sadly, I remain uncertain that the system for issuing passes in this place is remotely secure. I have never seen evidence—

Several hon. Members *rose—*

Mr. Forth: Let me finish making this point, since the Leader of the House has raised it. That said, I do not

[Mr. Forth]

want to dwell on it, because it relates to the point, which the hon. Member for North Cornwall (Mr. Tyler) rightly dwelt on, about the overall comprehensive security review. I want reassurance in this regard: I want to be told that when passes are issued for free entry into this place, we are absolutely certain of the identity of the person concerned, and of the fact that they are not a security threat. I am not certain that that is so. In fact, I have reason to believe that, until fairly recently, the information given on the application form was scanty to say the least, that references were never taken up, and that proper security vetting was never done. So I am not happy about passes issued for the Press Gallery or more generally.

Mr. Challen: Is the right hon. Gentleman aware that the press have become very adept at sneaking all sorts of impostors into places such as airport loading areas and perhaps even Buckingham palace? Does that not show that such actions could pose a very significant security threat to Members in this Chamber?

Mr. Forth: Yes, and in a sense I wish that we saw more people in the Press Gallery more frequently; looking at it now, it is no security threat whatever. *[Laughter.]* The point is a serious one. We have become obsessed with the temporary screen—and rightly so, as it is the only point at issue today—yet the rest of the Chamber's surroundings remain gapingly open.

David Burnside: Does my right hon. Friend agree that there is much confusion, in that many Members misunderstand the difference in security terms between a general threat and a specific one? It would help the conduct of our debate if we explained the difference between a general threat—those of us who voted for the war received a visit from our local police, who pointed out that there was a general threat—and the specific threat that many of us experience in Northern Ireland. The latter is designated as coming from a defined source—a terrorist organisation—and is directed at the individual. It would help to inform this debate if the Leader of the House defined whether we are talking about a specific threat to the House, or a general one from worldwide terrorism. There is total confusion on the subject.

Mr. Forth: I am grateful to my hon. Friend for that. It is because, tragically, of the experience that our Northern Ireland colleagues have had and continue to have of such difficulties, that they should be listened to carefully on this and related issues. It would be salutary if we heard more—I hope from my hon. Friend—about Northern Ireland's experience over the years of the different forms of parliamentary chambers there.

That brings me to the role of the Security Service. I know that some of my right hon. and hon. Friends would like to elaborate on that, if they can catch your eye, Mr. Deputy Speaker. I am not as convinced as I suppose I should be that, because someone even as eminent as the head of our Security Service comes here to give the House advice, that settles the matter. That is not how it should work. Under our governmental system, I thought that officers, officials and advisers advised and Ministers—in this case, Members—disposed. That is how it should work. Of course we should take full account of the advice given to us from the highest levels of our Security Service—indeed, we should take it very seriously. In the end, however, we are the ones who have to strike the balance between the demands of democracy, incorporating the symbolism of what we do, and the advice given by security people.

Sir Stuart Bell: The right hon. Gentleman is perfectly right that the decision is a matter for the House. The Leader of the House said in opening the debate—this might help the hon. Member for South Antrim (David Burnside)—that the Security Service made an "unequivocal" recommendation to raise the screen. That is the basis on which the screen was raised and it explains why we are having this debate. Does the right hon. Gentleman agree?

Mr. Forth: I am not disposed at this stage to go into the details of that argument, which I shall leave to others, but I take the hon. Gentleman's point and hope that it was helpful in the context in which it was raised.

I shall touch briefly on the extravagant claim—we have now effectively disposed of it—that the screen would protect, as someone said, "thousands" of our staff. We have established through our useful debate that the screen will provide protection only for Members of Parliament and those who work for us in the Chamber. There are a small number of such colleagues, as I shall call them. They are the only people for whom the screen will provide protection and, in a way, that diverts the attention of potential terrorists to the rest of the parliamentary estate. Let us not hear any more talk from those who have supported the proposal and set this thing up that the screen somehow gives protection to all parliamentary colleagues and staff. It does nothing of the kind, and it may even have a counter-effect.

Mr. Hain: To help the right hon. Gentleman, whose point of view I respect, I should say that the director general provided evidence, based on intelligence, that there was a threat to the House—

Kate Hoey (Vauxhall) (Lab): To the Chamber.

Mr. Hain: Let me finish. That intelligence led the director general to make a specific recommendation that the best way of combating that threat was to erect a permanent screen. My hon. Friend the Member for Middlesbrough (Sir Stuart Bell) and other members of the Commission will be able to confirm that. That was the director general's recommendation. I could have spelled it out in greater detail at the beginning of the debate, but that would not have been in the best interests of the security of the House. It is all about reducing risk, not eliminating it.

Mr. Forth: No, we cannot have that from the Leader of the House. We moved the motion for the House to sit in private precisely to give the Leader of the House the opportunity to provide those details to the House. He led his troops against that move, claiming that he would be able to tell us everything necessary for the debate. He cannot have it both ways; that really will not do. It is unfair of him to say that. He should come clean with us,

with all the risk that that entails. As my hon. Friend the Member for Aldershot (Mr. Howarth) spelled out in a point of order, the Leader of the House cannot now hide behind the fact that providing details would be wrong. We gave him the opportunity to do so.

Mr. Hain: I am sure that the right hon. Gentleman did not mean it when he spoke about coming clean with the House. I have been more open and frank with the House than members of the Commission would ideally have wanted. Am I to produce documents shown to me, or transcripts of conversations—including much probing—between the director general of MI5, myself and members of the Commission? Given the seriousness of the threat to Britain's security—which has resulted in arrests up and down the country—and to the Chamber, I do not believe that that would be a responsible course to take.

Mr. Forth: I shall let the record speak for itself on that.

Mr. Mackay: I listened closely to the exchanges between my hon. Friend the Member for Aldershot (Mr. Howarth) and the Leader of the House. I decided to vote against the House sitting in private, because of the assurances that I thought we had received from the right hon. Gentleman. I was misled and, if I had my time again, I would support my hon. Friend's motion.

Mr. Forth: I am grateful to my right hon. Friend. Would that procedures allowed us to have another go at going into a private sitting. Sadly, we are faced with yet another of the procedural boondoggles so often visited on us, and we cannot do that any more. We are therefore stuck, as it were, with debating the matter in public.

Chris Bryant: Does the right hon. Gentleman really believe that, if we were sitting in private, any information from my right hon. Friend the Leader of the House that was of greater substance than he has given us already would remain private?

Mr. Forth: If the hon. Gentleman were present, it would not, but I think that I would trust almost everybody else.

Mrs. Browning: Does my right hon. Friend agree that we face a difficulty in this debate? One hon. Member thought that the screen's sole purpose was to prevent attacks involving firearms. It is clear from the debate so far that some hon. Members have more information than others—members of the Commission obviously do. I am not a Privy Councillor, and have not been briefed. Nevertheless, any hon. Member who has been subject to a security threat will accept that, if the debate is to be held in open session, uniform information must be given to everyone beforehand.

Mr. Forth: My hon. Friend is right. I hoped that I would not have to say this, but she forces me to: I was a member of the Commission and, as my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) pointed out, I was privy to the original discussion of this matter. Apparently, things have changed since then, although I am not sure that they have changed that much. I was also present at the very secret meeting when very senior and important hon. Members were told a little more. Not all of us know all of the information, but we are talking about the possibility that people could enter the parliamentary estate with chemical or biological agents concealed about their persons that are impossible to detect by normal methods. Such people could therefore get those substances into the building and, by implication, into the Strangers Gallery. They could then distribute the materials to our disadvantage—or, indeed, death. That is the argument, as I understand it.

The proposition is that the screen will deal with that threat. As we are all being very frank and open this afternoon, I shall adopt the same approach and say that there is a gap at the bottom of the screen through which someone could easily distribute one of the agents that I have described. The screen's effectiveness is therefore extremely doubtful.

Mr. Heald: I assure my right hon. Friend that I took up the point about gaps in the screen. I was told that there is none, and that other measures have been taken to ensure that what he fears cannot happen.

Mr. Forth: Well, "other measures being taken"—we have all heard that one before. That may not convince the House, but the sad truth is that we remain very vulnerable, in other parts of the parliamentary estate that are not privileged in having a screen, to people releasing agents of the sort that I have described.

Mr. Robathan: Any head of MI5 is going to cover his or her back and say that all possible measures have been taken. That is understandable, and I do not blame the present head of MI5 for saying that. The security conditions are very difficult but, if there is a definite threat that a person in the Strangers Gallery might lob something into the Chamber, I am willing to go along with having that ghastly screen. However, those responsible for security may merely have scratched their heads and decided that they needed to do everything that they possibly could. The screen is one thing, but would my right hon. Friend agree with sitting in a bunker underground, for example?

Mr. Forth: My hon. Friend has put his finger on the distinction between officials and elected representatives. Officials have a proper role to play, and they are obviously playing it, but our role is very different. We have to assess the advice given by officials, and then put it in the context of our relationship with our electors and the democratic system overall.

I want to say something about money. We have become very prone to be liberal about spending taxpayers' money.

In fact, there are few, if any, mechanisms to protect the taxpayer from us. We are supposed to protect the taxpayer from the Government, but protecting the taxpayer from us is a much more difficult proposition

[Mr. Forth]

and the body that does that, or is supposed to, is the very body that has put up the screen. It has already spent a lot of our money and wants to spend even more—

Kate Hoey *rose—*

Mr. Forth: Before I develop that point, I shall of course give way to the hon. Lady.

Kate Hoey: I thank the right hon. Gentleman for giving way. I was horrified when I saw how much had already been spent and what will be spent if the proposal goes through: more than £1 million, give or take a few hundred thousand. Many of my constituents live near this place and many actually work here; few of them will be protected by the screen. In my area, we cannot find a community police officer because all the policemen have been moved from Lambeth to protect the Palace of Westminster. Is it not just as right to provide protection for my constituents? Instead, we have this pathetic knee-jerk reaction, which simply plays into the hands of terrorists?

Mr. Forth: I am sure that the hon. Lady speaks for many, if not most, of her constituents if they are as fully aware of what is going as I hope they will be tomorrow—after we have rejected the motion, ideally. We are talking not only about the money for the existing screen—that has been spent already—but about the further money proposed for the permanent screen. Indeed, were we to reach the next item on the Order Paper, there is a proposal to spend another £5 million or so. Many Members may not be aware that lurking behind that is an even more grandiose scheme for a Disney theme park approach for visitors to this place—the cost of which, when I last saw it, was £15 million.

I mention those figures because we have an alarming tendency to spend taxpayers' money even more liberally, in proportional terms, than the Government, and that is pretty difficult to achieve. I hope that, as Members examine this and the following motion, they will consider carefully what we are spending on ourselves on behalf of the taxpayer.

My final point reinforces the comments of the hon. Member for North Cornwall, in whose name the amendments were tabled—my name is on them, too. The amendments were intended to give the House the opportunity to pause for consideration, and I hope that it will look carefully at them and agree to them. For the moment, we can do nothing about the temporary screen, but I hope that the amendments will give the House the opportunity not only to consider the efficacy of that screen—not to regard it as permanent in any way and perhaps to return to the subject in the future—but to defer commitment to the greater expenditure on the permanent screen until we have had a much better chance to assess what such a screen means and what it can and, more importantly, cannot do. That was the intention in tabling the amendments. They give the House a much better opportunity than simply—

Geraint Davies (Croydon, Central) (Lab): Have the right hon. Gentleman and the other proponents of prevarication who support the amendments considered placing a screen down the centre of the Chamber, so that he and others could sit near the Strangers Gallery while we sat on the other side in safety?

Mr. Forth: I shall treat that intervention with the respect that it deserves.

This debate is a very important occasion. It is one on which we are given an opportunity to consider our role, our relationship to security—both specifically and more generally—and the matter of messages and symbols. It is in that context that I hope the House will agree to the amendments, which will give us an opportunity to return to the issue when we are better informed and when we have made a much better assessment of where we are going and why we want to go there.

3.58 pm

Mr. Robert Marshall-Andrews (Medway) (Lab): There is a canard abroad. I have heard it whispered that those of us who bitterly oppose this thing do so because we wish, in some way, those on the Front Bench to be put at greater risk. Nothing could be further from the truth, Mr. Speaker. Indeed, I can reveal to you that one of the reasons that I habitually attempt to take this particular seat during Prime Minister's questions is so that I can, if necessary, suddenly interpose my own body between the Prime Minister and the public or indeed the Press Gallery—*[Interruption.]*—and even the Leader of the House.

Important points are involved. First, I fundamentally and truthfully believe that such a measure will, in the long run, increase the risk for Members in the House. If the motion is passed and there is a permanent screen, that will be a small victory. It will not be a victory for the Serjeant at Arms, with whom I have considerable sympathy, or for the security services, with which I have infinitely less sympathy after the events of last year, or for the Metropolitan police commissioner, for whom I have a great liking and admiration. It will be a victory for the grim list of organisations appended to the Terrorism Act 2000, including Islamic Jihad, Hamas, Hezbollah, the IRA, the Ulster Volunteer Force, al-Qaeda and so on, which will have the enormous satisfaction of knowing that simply through their existence and the threats that they say they pose they will, to adopt a note of pomposity, have turned the mother of Parliaments into a Lilliputian assembly that, they would perceive, is cowering behind a wall of glass. Those are criminal organisations, and should be treated as such—they should never be endowed with the status of warriors. They should not be treated as warriors but with contempt.

I do not remember speaking well of Baroness Thatcher in the House before, but I shall do so now. When she was bombed, only hours afterwards she was at the Conservative party conference carrying on with the democratic process. We should remember that indomitable spirit of politics, because we are sending a message—to utter another pomposity—not just to our constituents but to every terrorist organisation that is hoping to undermine and destroy our democratic way of life through the threat that they pose.

Secondly, this building does not belong to Members of Parliament. It is a royal palace but it is also, in the best sense, the people's palace. They come here not because

of sufferance or invitation from us but as of right. They have a right to be here, not as voyeurs or listeners, but to participate in the process. Of course, they cannot speak while they are here, but their very presence alters the warp and weft of what we do. When the House laughs, as its does, fortunately, on occasion, that laughter is echoed by the people who sit there and are with us. When the place is sad or solemn, that sadness and solemnity is felt not just down here but throughout the Chamber. Any interference with that is a gross distortion and intervention with the body politic—they will know it, and we will know it. There could not be a stronger metaphor for the alienation of people from politics than what we are proposing to put up.

Of course, there is risk, but we are here to take risks. We are not here simply to soak up the many benefits and privileges associated with being a Member. We are here to bear and share the risks that our people bear and share. What rights have we over, for instance, those who preside over public order or public matters? What about the thousands of judges—I do not hold a special brief for them—or the counsel who appear before them? What about the thousands of jurors who go into a jury box every single day in public courts—institutions that, the Leader of the House will not mind me reminding him, are the among the most noble in the country. Those jurors are at risk, but are we going to put glass screens up in the public gallery in all our courts, thereby changing their very nature and the way in which they operate?

We must accept the risk and, although the Leader of the House gave the notion short shrift, I am unapologetic in arguing that our action will increase the risk to people behind the screen. They are at as much risk as us, and if we isolate ourselves by an absolute action we will increase the risk to them.

Mr. Heald: Does the hon. and learned Gentleman agree that, apart from Parliament, nothing is more important than our courts being able to function and being open to scrutiny from the public? He knows as well as I do that where courts are thought to be at risk for various reasons, security measures are taken. He will have been to Winchester and seen them.

Mr. Marshall-Andrews: On occasions. I have some experience of courts. I know of no plans to put up glass screens between the court and the public gallery. On occasion we put up screens, and it is one of the ways that we deal effectively with terrorist cases—on occasion. That is why I accept from the Leader of the House that a temporary screen in the Chamber may—I do not know—have been necessary, but a permanent screen is certainly not necessary.

Sir Patrick Cormack: The hon. and learned Gentleman, as always, makes an eloquent speech, but he is advancing a spurious argument. There may be occasions when it is necessary to take proper protective measures in court, but there is a weekly occasion to which a number of us have referred when the whole of the Executive and most of the Legislature are assembled here.

Mr. Marshall-Andrews: I am sorry to disagree with the hon. Gentleman, for whom I have enormous respect. If we are speaking about the ability to foresee events of a strategic nature, the courts are no better and no worse off than we are. Massive trials involving terrorists are well publicised. We know when they are to take place. Terrorists know when they are to take place. I have never been in a position where screens have been erected between the public gallery and a court in those circumstances—never. With great respect to the hon. Gentleman, his argument will not wash.

The problem is that it will be perceived outside, with a great deal of justification, that we are protecting ourselves—I take the hon. Gentleman's argument that this is democracy, but what will be perceived is that we are protecting ourselves and letting the rest go hang. We must bear the risk, and we must be seen to share it with others and with our constituents.

We take risks when we hold our surgeries. I have no more intention of holding my surgeries behind glass than I have of sitting in the Chamber behind glass, because my constituents have a right to see me not through a glass darkly—that may improve the situation in some respects—but face to face, both in those circumstances and here. If we vote for a permanent screen we will be contributing not to national security, but to national neurosis. There will be no end to it. I very much hope that the amendments will be passed, in which case the substantive motion will fall, but if they are not, I hope the substantive motion will be defeated in due course.

4.7 pm

Mr. James Arbuthnot (North-East Hampshire) (Con): I should like to take up a point raised by the hon. Member for South Antrim (David Burnside), who made a distinction between a defined threat and a specific threat. I should like to pursue that into the difference between a threat and a vulnerability.

We have not been told whether there is a defined, specific threat to the House. That is probably not that relevant. One week there may be a defined threat, and the next week that threat may have diminished. One week there may be none, and the next week a defined threat may be heard about. By the time a defined, specific threat is discovered, however, it may be too late to do anything about it.

One thing that no hon. Member has questioned in the debate so far is that the House, and the Chamber particularly, is vulnerable. It is obviously vulnerable. Nobody has questioned that. It is not just a potential target for terrorism—it is an easy potential target. It is not just an easy potential target—it is an attractive, easy potential target, and not just for terrorists. It is a target for hoaxers as well. That could be just as disruptive to the life of this country as real terrorism, and just as bad in publicity terms for the terrorist threat. If a powder or a gas or a liquid were released into the Chamber, it would be impossible to tell for a long time precisely what was contained in it.

Mr. Gerald Howarth: I am grateful to my right hon. Friend for giving way. The hon. Member for Morley and Rothwell (Mr. Challen) made an important intervention on the right hon. Member for Swansea, West (Mr. Williams) in respect of the specific threat to

[Mr. Gerald Howarth]

which my right hon. Friend refers. I suspect that what the Leader of the House is really trying to tell us is that the issue is not guns, but toxic threats.

Mr. Hain: I said so.

Mr. Howarth: Only under pressure.

Will my right hon. Friend please explain to the House how some of these toxic materials can be brought into this Chamber and disseminated in such a way as to cause the kind of mayhem that the right hon. Member for Swansea, West threatened us with? It is my understanding that some extremely dangerous items are around, but unless the substances can be propelled into the atmosphere, they will not do the damage that we are being frightened into believing faces us.

Mr. Arbuthnot: My hon. Friend has an expertise in these matters that I do not have, but the advice of the director general of the Security Service is clearly quite specific. It is that that threat does exist and that there is a risk not only of these weapons being brought into the Chamber, but of their being disseminated in a way that would cause serious damage. I am personally prepared to accept that advice.

If this Chamber is vulnerable, the question is: what should we do about it? We have been advised that we can reduce the vulnerability by putting up a screen more permanent than the one up there above us. I accept that that is not the answer to all the problems that we face or all the threats and vulnerabilities in the rest of this Palace, but it is an answer to some of the problems that we face.

The alternative, of course, is to do nothing, and to accept the vulnerability of this Chamber. That has its attractions. It has the attraction of continuing the accessibility, in one sense, of the constituents who come to see us by having them within the same broad Chamber as we are. But to reject the clear and firm advice of the director general of the Security Service on this issue runs the risk of courting the accusation of bravado.

I am reminded a bit of the incident of Neil Kinnock. When the Security Service advised that we should put up gates at the entrance to Downing street, Neil Kinnock pledged the Labour party to removing the gates as soon as it got into office. We have had a Labour Government now for seven years, and this is one of those many things on which they have, I am afraid, failed to deliver. There used to be a time when one could walk down Downing street and there were no crowd barriers or gates, and when Harold Wilson could be photographed at the door of No. 10. Those times are gone. There used to be a time when one could come into this House and there would be no searching and no screens. Those times are gone. Actually, those crowd barriers, gates, searches and screens, and the queues that they create for all the members of the public who try to get into this House, are the barriers that currently exist between ourselves and our constituents.

Mr. Hain: The right hon. Gentleman is making a very eloquent and compelling speech, for which I am grateful. Some hon. Members seemed to suffer a memory loss, however, and I wish to remind the House of what I said in my opening speech, and I relied on the director general of MI5 when I said it. As I said, if an al-Qaeda group managed to throw a phial of anthrax or ricin into the Chamber or, maybe even worse, if a suicide agent released the substance without anybody noticing, which we have been advised is quite feasible, the particles would immediately begin spreading throughout the Chamber because of the way in which the air flows work. Within minutes, total contamination could occur. I remind the House that that is what I said earlier.

Mr. Arbuthnot: That is advice that I think we should be foolish to reject.

We might wish that the security-free days of old were back, but I think that it would be very foolish for us to pretend out of bravado that they are back. They are not back; they are gone, and I suspect that they are gone for good.

Derek Conway *rose in his place and claimed to move,* That the Question be now put.

Question put, That the Question be now put:—

The House divided: Ayes 120, Noes 66.

Division No. 138] **[4:15 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Ainsworth, Peter *(E Surrey)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Bacon, Richard
Banks, Tony
Bayley, Hugh
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Betts, Clive
Blizzard, Bob
Bradley, Peter *(The Wrekin)*
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browning, Mrs Angela
Bryant, Chris
Burnham, Andy
Burstow, Paul
Burt, Alistair
Caborn, rh Richard
Cairns, David
Cawsey, Ian *(Brigg)*
Chapman, Sir Sydney *(Chipping Barnet)*
Clark, Paul *(Gillingham)*
Clarke, Tony *(Northampton S)*
Clifton-Brown, Geoffrey
Coaker, Vernon
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
Davies, Geraint *(Croydon C)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Djanogly, Jonathan
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Gibb, Nick *(Bognor Regis)*
Gibson, Dr. Ian
Greenway, John
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hanson, David
Heald, Oliver
Healey, John
Hendrick, Mark
Hendry, Charles
Heppell, John
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Iddon, Dr. Brian
Jamieson, David
Jenkins, Brian
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Khabra, Piara S.
Kidney, David
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Laing, Mrs Eleanor
Lazarowicz, Mark
Linton, Martin
Luff, Peter *(M-Worcs)*
McAvoy, Thomas
McCabe, Stephen
McFall, John

McIsaac, Shona
Maclean, rh David
McLoughlin, Patrick
McNulty, Tony
McWalter, Tony
Mann, John *(Bassetlaw)*
Martlew, Eric
Mawhinney, rh Sir Brian
Mercer, Patrick
Merron, Gillian
Moran, Margaret
Munn, Ms Meg
O'Brien, Bill *(Normanton)*
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pound, Stephen
Prosser, Gwyn
Quin, rh Joyce
Robertson, John *(Glasgow Anniesland)*
Ruffley, David
Ryan, Joan *(Enfield N)*
Shaw, Jonathan
Short, rh Clare
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stuart, Ms Gisela
Sutcliffe, Gerry
Twigg, Derek *(Halton)*
Tyrie, Andrew
Walter, Robert
Ward, Claire
Wicks, Malcolm
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Murphy and Jim Fitzpatrick

NOES

Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Barker, Gregory
Barrett, John
Beith, rh A. J.
Brady, Graham
Brake, Tom *(Carshalton)*
Burnett, John
Cameron, David
Challen, Colin
Chope, Christopher
Doughty, Sue
Evans, Nigel
Forth, rh Eric
Foster, Don *(Bath)*
George, Andrew *(St. Ives)*
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Hancock, Mike
Hermon, Lady
Hoey, Kate *(Vauxhall)*
Howarth, Gerald *(Aldershot)*
Keetch, Paul
Lamb, Norman
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackinlay, Andrew
Marshall-Andrews, Robert
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Pugh, Dr. John
Randall, John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Russell, Bob *(Colchester)*
Selous, Andrew
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Spink, Bob *(Castle Point)*
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Andrew Mackay and Mr. Edward Leigh

Question accordingly agreed to.

Kate Hoey: On a point of order, Mr. Speaker. I thought, when I was elected to Parliament, that all Members were treated equally. You have often said that yourself. How is it, then, that some Members have clearly had more briefings and more intelligence, and know more about whether there is a direct threat to the Chamber or to the House, whereas I, as a Member of Parliament representing my constituents, have not had all these briefings? How am I supposed to vote on this issue when I do not have the information that some more privileged Members have? I represent my constituents just as much as they represent theirs.

Hon. Members: Hear, hear!

Mr. Speaker: Order. Every hon. Member is equal—

Mr. Forth: No!

Mr. Speaker: Order. That includes the right hon. Member for Bromley and Chislehurst (Mr. Forth). I would say to the hon. Lady that she was a Minister at one time and was therefore privy to information that I did not have. She did not disclose it to me. Some hon. Members who took part in this debate were and still are members of the Security Committee and therefore have access to security information. I have told the House that I took soundings before the debate and I invited Privy Councillors to come to the meeting, which was attended by about 60 right hon. Members. To their credit, not one individual leaked any information to the media. I had the very sensitive problem of security to worry about. I will give information to the House as openly as I can, but the hon. Lady will understand that, where security is concerned, I hear of things that I have to keep to myself or to a very few people, because of the sensitivity of the matter.

Mr. Gerald Howarth: On a point of order, Mr. Speaker. You will recall that I sought to move that the House sit in private because I was concerned that the Leader of the House would not be able to share with those of us who are not members of the Commission particularly sensitive information, which we might have been able to discuss if the House had met in private. The Leader of the House assured us that we would be able to have such discussions, then opened his speech by saying that he could not disclose such information. Indeed, throughout the debate, he said that he could not share such information fully with Members because of its sensitivity. I submit that he has not played a fair game with hon. Members on this matter.

Mr. Speaker: The House made the decision whether to sit in private or not. The hon. Gentleman asked that the question be put, and I did that. The House must now decide on amendment (a), which was moved by the hon. Member for North Cornwall (Mr. Tyler).

Question put, That the amendment be made:—

The House proceeded to a Division.

Mr. Speaker: I ask the Serjeant at Arms to investigate the delay in the Aye Lobby.

The House having divided: Ayes 92, Noes 99.

Division No. 139] **[4:34 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Bacon, Richard
Banks, Tony
Barker, Gregory
Barrett, John
Bradley, Peter *(The Wrekin)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brooke, Mrs Annette L.
Burnett, John
Burstow, Paul
Cameron, David
Cawsey, Ian *(Brigg)*
Challen, Colin

Chope, Christopher
Clarke, Tony *(Northampton S)*
Clifton-Brown, Geoffrey
Cotter, Brian
Davey, Valerie *(Bristol W)*
Dismore, Andrew
Doughty, Sue
Drew, David *(Stroud)*
Duncan, Alan *(Rutland)*
Evans, Nigel
Fisher, Mark
Forth, rh Eric
Gale, Roger *(N Thanet)*
George, Andrew *(St. Ives)*
Gibson, Dr. Ian
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Hancock, Mike
Hoey, Kate *(Vauxhall)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Iddon, Dr. Brian
Keeble, Ms Sally
Keetch, Paul
Kidney, David
Lamb, Norman
Leigh, Edward
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
McWalter, Tony
Mallaber, Judy
Marshall-Andrews, Robert
Maude, rh Francis
Mercer, Patrick
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Paterson, Owen
Pike, Peter *(Burnley)*
Plaskitt, James
Pound, Stephen
Price, Adam *(E Carmarthen & Dinefwr)*
Pugh, Dr. John
Randall, John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Russell, Bob *(Colchester)*
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Skinner, Dennis
Spink, Bob *(Castle Point)*
Stuart, Ms Gisela
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Vaz, Keith *(Leicester E)*
Walter, Robert
Watkinson, Angela
Whittingdale, John
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Wyatt, Derek
Young, rh Sir George

Tellers for the Ayes:
Richard Younger-Ross and Alan Simpson

NOES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Arbuthnot, rh James
Armstrong, rh Ms Hilary
Atkinson, Peter *(Hexham)*
Bayley, Hugh
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blizzard, Bob
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browning, Mrs Angela
Bryant, Chris
Burnham, Andy
Burt, Alistair
Cairns, David
Chapman, Sir Sydney *(Chipping Barnet)*
Coaker, Vernon
Connarty, Michael
Conway, Derek
Cormack, Sir Patrick
Davies, Geraint *(Croydon C)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Djanogly, Jonathan
Dowd, Jim *(Lewisham W)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Foster, Don *(Bath)*
Gibb, Nick *(Bognor Regis)*
Greenway, John
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hanson, David
Harman, rh Ms Harriet
Heald, Oliver
Healey, John
Hendrick, Mark
Hendry, Charles
Heppell, John
Hermon, Lady
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Jamieson, David
Jenkins, Brian
Joyce, Eric *(Falkirk W)*
Khabra, Piara S.
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Lazarowicz, Mark
Lidington, David
Linton, Martin
Luff, Peter *(M-Worcs)*
McAvoy, Thomas
McCabe, Stephen
McFall, John
McIsaac, Shona
Mackinlay, Andrew
Maclean, rh David
McLoughlin, Patrick
McNulty, Tony
Martlew, Eric
Mawhinney, rh Sir Brian
Merron, Gillian
Moran, Margaret
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Bill *(Normanton)*
Pickthall, Colin
Pollard, Kerry
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Reid, Alan *(Argyll & Bute)*
Robertson, John *(Glasgow Anniesland)*
Ryan, Joan *(Enfield N)*
Shaw, Jonathan
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Sutcliffe, Gerry
Twigg, Derek *(Halton)*
Ward, Claire
Waterson, Nigel
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony

Tellers for the Noes:
Paul Clark and Charlotte Atkins

Question accordingly negatived.

Main Question put:—

The House divided: Ayes 112, Noes 76.

Division No. 140] **[4:51 pm**

AYES

Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Arbuthnot, rh James
Armstrong, rh Ms Hilary
Atkinson, Peter *(Hexham)*
Bayley, Hugh
Beith, rh A. J.
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Betts, Clive
Blizzard, Bob
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Browning, Mrs Angela
Bryant, Chris
Burnham, Andy
Burt, Alistair
Cairns, David
Chapman, Sir Sydney *(Chipping Barnet)*
Coaker, Vernon
Connarty, Michael
Conway, Derek
Cormack, Sir Patrick
Davey, Edward *(Kingston)*
Davies, Geraint *(Croydon C)*
Davis, rh Terry *(B'ham Hodge H)*
Dean, Mrs Janet
Denham, rh John
Djanogly, Jonathan
Dowd, Jim *(Lewisham W)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Field, rh Frank *(Birkenhead)*
Fitzpatrick, Jim
Foster, Don *(Bath)*
Gibb, Nick *(Bognor Regis)*
Greenway, John
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hanson, David
Harman, rh Ms Harriet
Heald, Oliver
Healey, John
Hendrick, Mark
Hendry, Charles
Heppell, John
Hermon, Lady
Hill, Keith *(Streatham)*
Hood, Jimmy *(Clydesdale)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Jamieson, David
Jenkins, Brian
Joyce, Eric *(Falkirk W)*
Khabra, Piara S.
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Laing, Mrs Eleanor
Lamb, Norman
Lazarowicz, Mark
Lidington, David
Linton, Martin
Luff, Peter *(M-Worcs)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McIsaac, Shona
Mackinlay, Andrew
Maclean, rh David
McLoughlin, Patrick
McNulty, Tony
Martlew, Eric
Mercer, Patrick
Merron, Gillian
Moran, Margaret
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Bill *(Normanton)*
Pickthall, Colin
Pike, Peter *(Burnley)*
Pollard, Kerry
Pound, Stephen

Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Reid, Alan *(Argyll & Bute)*
Robertson, John *(Glasgow Anniesland)*
Ryan, Joan *(Enfield N)*
Shaw, Jonathan
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stuart, Ms Gisela
Sutcliffe, Gerry
Trimble, rh David
Twigg, Derek *(Halton)*
Tyrie, Andrew
Vaz, Keith *(Leicester E)*
Ward, Claire
Waterson, Nigel
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woolas, Phil
Worthington, Tony
Young, rh Sir George

Tellers for the Ayes:
Charlotte Atkins and Paul Clark

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Bacon, Richard
Banks, Tony
Bradley, Peter *(The Wrekin)*
Brady, Graham
Brake, Tom *(Carshalton)*
Burnett, John
Burstow, Paul
Cameron, David
Cawsey, Ian *(Brigg)*
Challen, Colin
Chope, Christopher
Clarke, Tony *(Northampton S)*
Cotter, Brian
Davey, Valerie *(Bristol W)*
Dismore, Andrew
Doughty, Sue
Drew, David *(Stroud)*
Evans, Nigel
Fisher, Mark
Forth, rh Eric
Gale, Roger *(N Thanet)*
George, Andrew *(St. Ives)*
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Grieve, Dominic
Hancock, Mike
Hoey, Kate *(Vauxhall)*
Howarth, Gerald *(Aldershot)*
Iddon, Dr. Brian
Keeble, Ms Sally
Keetch, Paul
Kidney, David
Kirkbride, Miss Julie
Leigh, Edward
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
McNamara, Kevin
McWalter, Tony
Mallaber, Judy
Marshall-Andrews, Robert
Maude, rh Francis
Murrison, Dr. Andrew
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Paterson, Owen
Plaskitt, James
Price, Adam *(E Carmarthen & Dinefwr)*
Pugh, Dr. John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Russell, Bob *(Colchester)*
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Skinner, Dennis
Spink, Bob *(Castle Point)*
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Walter, Robert
Watkinson, Angela
Whittingdale, John
Williams, Hywel *(Caernarfon)*
Wilshire, David
Winterton, Sir Nicholas *(Macclesfield)*
Wyatt, Derek

Tellers for the Noes:
Richard Younger-Ross and Alan Simpson

Question accordingly agreed to.

Resolved,

That this House approves the installation of a permanent security screen between the Chamber and the Strangers' Gallery.

Visitor Facilities

5.6 pm

Mr. Andrew Mackay (Bracknell) (Con): On a point of order, Mr. Speaker. I seek your guidance. You will be aware that the motion on visitor facilities is important because it affects the security of the House and involves large amounts of taxpayers' money. If I am right, we have only 54 minutes to debate the motion. I seek guidance on whether that is long enough to debate such an important issue. Would it not be wiser to conduct it at another time in the near future?

Mr. Speaker: That is a matter for the House. At 6 o'clock, other Members may want to participate in the debate, but it will stop then and it will be for the House to decide whether to take the matter up again at a later date.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Further to that point of order, Mr. Speaker. For the sake of clarity, if someone were on their feet and still participating in the debate at 6 o'clock, are you saying that, sadly, the matter would have to be carried over to another day?

Mr. Speaker: Once again, the right hon. Gentleman shows that he has a grasp of these matters. Yes, I would agree with that interpretation.

5.8 pm

The Deputy Leader of the House of Commons (Mr. Phil Woolas): I beg to move,

That this House approves the First Joint Report of the Accommodation and Works Committee and the Administration Committee on Visitor Facilities: Access to Parliament (House of Commons Paper No. 324) and endorses the Committees' proposals for a new reception and security building at the north end of Cromwell Green.

The whole House is left wondering whom the right hon. Member for Bromley and Chislehurst (Mr. Forth) thought might still be on their feet at 6 o'clock.

In moving the motion, I hope that right hon. and hon. Members will reflect on the points made in our previous debate. It would be paradoxical, if not ironic, if Members who have opposed the introduction of the security screen in the Strangers Gallery on the ground that it separates the public from the House, were also to oppose this motion, which is about improving the welcome and information given to visitors to the Houses of Parliament.

The primary purpose of the motion is to improve the welcome that we give to visitors. If the motion is accepted, visitors' first contact will be with visitors' service staff, not with security staff. The service staff will ensure that visitors are headed in the right direction, and given information and answers to their questions. In that way, people will be generally welcomed to their Parliament.

Bob Spink (Castle Point) (Con): Will the service staff be able to direct visitors—who may have travelled some distance—to a toilet facility that they can use right at the outset of their visit?

Mr. Woolas: The Government are ever vigilant about what is important for visitors. The point may be light

[Mr. Woolas]

hearted, but it is serious. I am pleased to say that the answer is yes, and that the Chairman of the Accommodation and Works Committee has paid attention to the matter. The toilet facilities have been improved in the area occupied by what I always used to call the policemen's café but which I believe is now called the Jubilee café.

The necessary security screening will be transferred from its present site at the St. Stephen's entrance. That will be more convenient for visitors and staff, and it will also enhance security, as the screen will be outside the main building, in the new reception centre.

I want to draw to the attention of the House the importance of the new centre in respect of the numbers of visitors already coming to the Palace. I hope that those numbers will rise as the measures being recommended are put in place and as the proposals of my right hon. Friend the Leader of the House to attract more visitors are acted on.

The joint report states that 130,000 people visited the Commons Public Gallery last year. Between 250 and 500 people visit the Gallery in the House of Lords every day. Last year, about 96,000 visitors came on constituency tours, 9,000 in school parties, and 87,000 during the summer opening period.

Judy Mallaber (Amber Valley) (Lab): We are talking about securing greater access for visitors, so will my hon. Friend look seriously at how access for constituency tours can be increased? People need to be able to see what the House does, but seats are to be taken out of the Gallery. Moreover, the change in working hours means that it is less easy to arrange constituency tours to the House. Will he make a serious commitment to finding ways to allow people at least to walk past and see the business of the House in progress?

Mr. Woolas: My hon. Friend makes an important point. The domestic Committees and my right hon. Friend the Leader of the House have been looking at the matter, and we will be able to report improvements in the arrangements for constituency visits. I should explain that the Committees' report—for which I hope the House is grateful—is part of a wider strategy of improving information about, and access to, the Palace of Westminster. The proposals should be seen in the context of the work of the Broadcasting Committee to improve webcasting and the televising of Standing Committees and Select Committees. I am sure that the Chairman of the Accommodation and Works Committee, the hon. Member for Old Bexley and Sidcup (Derek Conway), is mindful of that.

At this point, I should inform the House that, unfortunately, the Chairman of the Administration Committee, the hon. Member for Broxbourne (Mrs. Roe), cannot be here. She is on parliamentary business, but I know that she would have liked to attend the debate.

Mr. Andrew Robathan (Blaby) (Con): The Minister said that it would be illogical for anyone who opposed the security screen on the ground that we should have greater contact with constituents not to welcome these proposals. However, the previous debate was about whether the security screen was necessary. The Minister's position appears contradictory: he says that it is marvellous to encourage more people to come here, but he said earlier that he wants to take out 30 seats and stop people getting close to the House of Commons.

Mr. Woolas: I said that that would be paradoxical and ironic; I did not say that it would be illogical. If the hon. Gentleman were to pursue his argument, I think that it would follow, logically, that he should support the new visitors centre. The argument put by my right hon. Friend the Leader of the House in favour of the security screen was based on the need for security. Erecting the screen could be seen as an alternative to debarring public entry to the Public Gallery. I do not think that any hon. Member would support that. It is a question of finding a balance between the security advice on safety—in the previous debate, we heard the advice from the Security Service—and encouraging greater access to the Palace. That is a difficult task, which is why I think that the House will welcome the Committee's thorough and comprehensive report.

Andrew Mackinlay (Thurrock) (Lab): Will my hon. Friend give way?

Mr. Woolas: I shall take one more intervention, but then I must move on—this is only a short debate.

Andrew Mackinlay: I have a question on a technical point. At the United Nations, screening takes place outside in tents, because if there were a blast it would spread. Thus casualties could be minimised. Cromwell green is in a trough, so how can that be the best or safest place in the event of a suicide bombing? I am genuinely bewildered by the idea that it is safer to be in a trough or a moat. To pick up on a point made in the earlier debate, perhaps we could explore the use of tents—unappealing as they are—on the green in Parliament square.

Mr. Woolas: I thank my hon. Friend for that intervention. Perhaps he will be able to see things in the round as I continue my remarks.

The reception centre proposal is to be seen very much as the first stage in a series of improvements. Proposals for a more expansive and comprehensive visitors centre will come later and at that stage proposals for further improvements to security screening—from the proposed change from the St. Stephen's entrance to the new Cromwell green site—will be vetted. My hon. Friend makes a valid point, but the proposal in the Committees' report to move security screening from the historic Westminster Hall so that it is outside the main building will in itself improve the security arrangements.

Mr. Paul Tyler (North Cornwall) (LD) *rose—*

Mr. Woolas: I said that I would take only one more intervention, but the hon. Gentleman seems so keen to intervene that I shall give way to him, but then I want to proceed with my speech.

Mr. Tyler: I am grateful to the hon. Gentleman.

I am very supportive of the limited proposals, but I am worried by one thing that the Minister said. It sounded as though the first instalment is part of a *continuum and that by voting for it we may be* committing ourselves to a much more expensive and expansive visitors centre. Will he assure the House that although this is a first step, it will not necessarily lead to anything more than the current proposals before the House?

Mr. Woolas: I thank the hon. Gentleman for what I think was a probing intervention. He is right to ask that question, and I am sure that reading the report will reassure him that we are discussing the first of what I and my right hon. Friend the Leader of the House hope will be two stages and that there is no commitment—

Mr. Forth: Oh no.

Mr. Woolas: I am sorry to disappoint the right hon. Gentleman, but I hope that there will be a third stage, too. However, I can reassure the hon. Member for North Cornwall (Mr. Tyler).

We are grateful to the Accommodation and Works Committee and the Administration Committee for the speed and thoroughness with which they produced the report. We are also grateful to their counterparts in the House of Lords for their helpful co-operation, as this is very much a joint endeavour of the two Houses.

The Government strongly support the Committees' proposals for a new reception and security building on Cromwell green, and my right hon. Friend the Leader of the House is personally strongly committed to improving the welcome that we give our visitors. It is regrettable, although unavoidable in the current climate, that our visitors should be subject to security screening on arrival, but that must be done in a manner that is welcoming and unobtrusive. We must remember, and demonstrate, that it is their Parliament, not ours. It is not acceptable that people are left queuing in the rain—as is the case currently—often for long periods. It is also important to provide a decent working environment for our staff.

I shall not speak in detail about the report, as I hope that the Chairman of the Accommodation and Works Committee will be able to catch your eye, Madam Deputy Speaker, to explain exactly what is proposed. The report is clearly set out and I especially commend to the House the fold-out plan in appendix 1; I am sure that all Members have looked at it. The House will want to know how much the new building will cost.

Mr. Robathan: Yes.

Mr. Woolas: I shall tell the House what the costs are. The report states that initial estimates for the capital costs of the new building and the covered walkway

"are in the region of £5 million."

The additional staff required will result in increased revenue costs of about £200,000, which will be divided on a 60:40 basis with the House of Lords.

Mr. Forth: I hope to go into this in greater detail if I catch your eye, Madam Deputy Speaker but, for the sake of completeness, does the Minister accept that paragraph 32 of the report, which says that costs

"are in the region of £5 million",

goes on to say:

"The final figure is therefore likely to be higher"?

Can he give us a clue as to how much higher? He is asking us to sign up to £5 million, but there is an unspecified additional element. Paragraph 34 says that there will be

"a total increase in revenue costs of £200,000 per annum. Some extra costs would also be incurred".

Are we not entitled to be suspicious that we are being sold a pig in a poke?

Mr. Woolas: The right hon. Gentleman reminds me of the news reader who asked a news reporter if he could tell the viewers what the next surprise was going to be. The report is honest. It says what the costs are and allows some flexibility, but the Committees of the House, the House authorities and all hon. Members can scrutinise the matter, just as the right hon. Gentleman is always urging us to do. If we were to be as precise as he implies we should be, he would criticise us equally strongly. The report is clear and honest, and I have been as straightforward as possible in explaining the costs.

The House of Commons Commission and the House of Lords House Committee will oversee the implementation of the project and monitor expenditure and management closely. I emphasise that the Government regard the reception building very much as the first stage. We hope that we will be able to build consensus on proposals for a proper visitor and education centre, with space for exhibitions interpreting our work, for the reception of school parties, and perhaps for a book and souvenir shop. As you know, Madam Deputy Speaker, our education unit does great work, but its facilities and resources are extremely limited. I believe strongly that we must do more to welcome and inform the electors of tomorrow. I accept that it may be difficult to find space for those facilities within the confines of the Palace, but I hope that the House authorities will press ahead with an exploration of options nearby.

Mr. Stephen Pound (Ealing, North) (Lab): I would be more persuaded to support the proposal if I thought that the statue of the butcher of Drogheda would be moved. Will it remain or will we hopefully lose it as a result of the proposal?

Mr. Woolas: It is not within my power or ability to rewrite history. My hon. Friend's interpretation is colourful, but the Chairman of the House of Commons Advisory Committee on Works of Art, my hon. Friend the Member for West Ham (Mr. Banks), would have

[Mr. Woolas]

something to say about his proposal. Instinct and common sense tell me to duck the question and move swiftly on.

Mr. Pound: Is that a maybe?

Mr. Woolas: I am not saying, and I do not know.

Mr. Robathan *rose—*

Mr. Woolas: Does the hon. Gentleman want to give me a history lesson?

Mr. Robathan: As this is a special site listed by UNESCO, I do not think that we would be allowed to move the statue without the permission of the United Nations.

Mr. Woolas: The hon. Gentleman will be complaining about outside interference in the sovereignty of the House next.

I emphasise that the welcome we give our visitors is an important part of the way in which we engage with the public, but it is only a small part. We need to improve the way in which we engage with the majority of our constituents who never visit us in the Palace of Westminster, perhaps because, as in the case of my constituency, they live some distance away. The way in which our proceedings are broadcast and portrayed by the media, our website and the innovative use of new technologies are extremely important as well. The Modernisation Committee is addressing those wider issues, and I look forward with interest to its findings. We must accept that plans for the next stage—for a proper visitor and education centre—will take some time to develop. Our visitors deserve the best service we can give them. I commend the motion to the House.

5.24 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I stress, as I did in the previous debate, that the matter before us is for Members—certainly for those on the Opposition Benches—to determine on a free vote. The fact that I am giving a view from the Dispatch Box does not mean that I expect my right hon. and hon. Friends to support me in the Lobby, should we end up there tonight.

Mr. Robathan: I am grateful to my hon. Friend for giving way so soon. I should make it clear, in case he did not realise it, that the Government Whips were drawing Members into the Lobby on the last vote.

Mr. Heald: You would probably complain, and rightly so, Madam Deputy Speaker, if I were diverted back to our previous proceedings.

I join in the thanks to the Chairman of the Accommodation and Works Committee, my hon. Friend the Member for Old Bexley and Sidcup (Derek Conway), and to the Chairman of the Administration Committee, my hon. Friend the Member for Broxbourne (Mrs. Roe), for their hard work as Chairmen of the Committees that produced this rare joint report.

Mr. Forth: On that point, would my hon. Friend allow me to intervene?

Mr. Heald: If my right hon. Friend will give me a moment, I shall certainly allow him to intervene.

Mr. Forth: Have all the time in the world.

Mr. Heald: I fully accept that I should give way.

The visitor centre has been mentioned. It is the long-held ambition of some that there should be a fully interpretive visitor centre. The House of Commons Commission vetoed that idea, and the report does not include a visitor centre. Many of us believe that what we do in this place is already interpreted a good deal and that if we want to do something positive, we should encourage our constituents to attend and see the work that we do at first hand.

Mr. Forth: My hon. Friend was kind enough to comment on the work of the Committees and particularly of the Chairmen, one of whom, my hon. Friend and neighbour the Member for Old Bexley and Sidcup (Derek Conway), is with us. Sadly, our other colleague is not present. Would it not be a good thing if we were able to carry the debate over rather than rush to a premature vote, not least in order that the Chairman of the Administration Committee, my hon. Friend the Member for Broxbourne (Mrs. Roe) could be with us and enlighten us further?

Mr. Heald: I have full confidence in my hon. Friend the Member for Old Bexley and Sidcup to put the matter in its proper context and to make the relevant points. However, I agree that it is wrong for important debates to be unreasonably curtailed. If the debate needs longer than the time allowed tonight, I would not disagree that proper time should be given for our deliberations.

Although the Deputy Leader of the House opened the debate by emphasising the importance of welcoming our visitors to Parliament, on which I entirely agree, there is an important security background to this debate, as well as to our earlier debate. The number of visitors to the House is high and rising, and the requirements for effective searching and screening are considerable. These factors have led to long queues in the rain for our visitors, which is not a good idea. In addition, we have had the problem of having to screen visitors outside in the sort of tents to which the hon. Gentleman referred, because St. Stephen's entrance is too narrow to accommodate more than two X-ray screening machines, and because there are times when it is right that the screening should take place outside the main building. One advantage of the proposal in the report is that a proper security screening building would be built, with three bays instead of two. That would allow a much quicker flow through, and such a building would be more suitable in security terms.

Andrew Mackinlay: Hon. Members seem to be talking in code. I realise that when we speak about security, we

must be sensitive. Perhaps—*[Interruption.]* The fact is that the Minister—I do not mean this critically—did not answer my point. I would have hoped that somebody would at least pull me aside and tell me why a building of the sort that is proposed will be better in terms of the safety for our staff doing the screening. Allowance must be made for a building exploding outwards. Locating it in a trough could contribute to casualties. In other words, such a building is not the right one; the motive is correct, but the building may be wrong.

Mr. Heald: I have not been privy to the detailed security advice of which my hon. Friend the Member for Old Bexley and Sidcup is no doubt aware in his position as Chairman of the Accommodation and Works Committee. All I know from my general knowledge is that screening buildings that are used for security purposes usually have thick walls either side and a fairly flimsy roof, as the normal purpose is to get the blast going upwards rather than outwards.

The proposed building is a better security building in terms of screening. Directing members of the public through Westminster Hall rather than the narrow funnel of St. Stephen's entrance should mean that it is possible for long queues to dissipate more rapidly. Although some colleagues take the view that we have to be extremely careful about how we use Westminster Hall—I would certainly not wish it to be used inappropriately—we should bear in mind its history as a building that has been used for the public. I gather that in the early days, one end was used as a court, where there was a throng of prosperous lawyers, and that the other end was a magnet for commerce where shops and trades flourished. That was in about 1340, when the Keeper of the Palace was entitled to rents from those setting up booths or carrying their wares. Pepys was a regular customer in the 17th century, and Betty Martin, a linen draper in the Hall, was one of his many mistresses. In 1666, there were 48 shops, each with a frontage of 8 ft, and all of them had to be removed for coronations, which was apparently very inconvenient. Clearly, we have to respect the dignity of the place, but if it can be put to a use that helps the public, that is a good thing.

On costs, it is difficult to provide buildings in a setting that has been described as a heritage site for the United Nations, partly because they always need to be in keeping. A good job has been done in keeping the proposed building below the level of the wall so that it does not intrude into the architectural profile of the larger building. Furthermore, a security building of this sort is always expensive. My personal view is that the proposal is a moderate and proportional one that I support.

5.33 pm

Derek Conway (Old Bexley and Sidcup): I welcome this opportunity to make a brief contribution to this evening's debate. I am conscious of the time and that many other honourable colleagues wish to participate.

We are considering the joint report of the Select Committee on Accommodation and Works, which I am honoured to chair. I pass on to the House the apologies of my hon. Friend the Member for Broxbourne (Mrs. Roe), who is elsewhere on parliamentary duties. She has spent a lot of time working on this issue and would have liked to put her views directly to the House.

Discussions and conclusions between all parties on my Committee continued in joint deliberations with the Select Committee on Administration, and I place on the record the thanks of my Committee to the Administration Committee's Chairman, my hon. Friend the Member for Broxbourne, for that Committee's swift and positive action in enabling this joint report to be placed before the House. The prompt, constructive and supportive response of their lordships' Committees is equally appreciated.

The Minister and my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) have most ably set out the background to the proposal. My Committee restricted its consideration to the format of the proposed building and its position, appearance and capability to function. I am sure that the House will have had an opportunity to read the fairly brief but pretty informative document that we produced. In particular, my Committee is concerned with section 4, which deals with the format of the new reception and security building. Right hon. and hon. Members who have genuine doubts about our report's recommendations—I accept that there are some—should cast their minds back to the marquee that recently adorned St. Stephen's entrance, which has been mentioned, serving as the security clearance point for the Palace. It was unsightly and unwelcoming, and it was not pleasant for staff to work in it, but sadly it was essential for a brief period.

Mr. Tyler: I am grateful to the hon. Gentleman for giving way, because I may not have an opportunity to put questions to other hon. Members later in this debate. Is it also true that we can dispense with the obtrusive, ugly, temporary building on Abingdon green, which is erected to process people for line of route tours during the summer? Am I not right in thinking that this limited proposal, which I accept, would dispose of the need for that temporary building?

Derek Conway: I cannot give the hon. Gentleman a categorical answer, because the matter falls within the purview of the Administration Committee, which deals with the line of route, rather than my Accommodation and Works Committee. The two buildings have separate functions, however, and the temporary monstrosity that is erected over the summer deals with general applicants for the line of route rather than with those who enter the House on business.

Although my Accommodation and Works Committee wants to make visitors more welcome, it was not for us to second-guess the wisdom or otherwise gainsay the security advice offered to the House. Our remit concerned the positioning of the security clearance zone, and in a choice between that awful tent in front of St. Stephen's entrance and the proposals before the House tonight, the proposals are self-evidently preferable. The land gradients on Cromwell green will enable the current aspect to remain, so the view of the Palace will not change substantially. The new building will not detract from the appearance of the gable end wall, because it will be below eyesight. The new building will be traditional in character and will be in keeping

[Derek Conway]

with the overall appearance of the Palace—other hon. Members have already made it clear that the Palace is a unique world heritage site.

As to the new building's function, the long, ramped, undercover lead-in will considerably improve the manner in which queuing takes place. Remarkable progress has been made by the Palace authorities in the past few years to make visiting their lordships and hon. Members less of an initiative and endurance test.

I have sat through the debates on this motion and on the previous motion, and I have discussed the matter in endless Committee meetings. Some hon. Members are concerned whether the House will be less welcoming to the public. I remember travelling on an overnight bus from Tyneside as an 11-year-old with my parents to come through the Palace on what was effectively a museum tour. When the IRA became active, security had to change, and, sadly, such issues keep changing, which is something that nobody likes or wants.

The visitor centre will ensure not only that the security clearance procedure continues to be effective and becomes speedier because of the increased number of routes, but that those waiting to get in do not have stand outside in all the elements. I am fortunate enough to represent a seat that is a dozen miles from the House, but some hon. Members' constituents travel for four or five hours or more, disembark from coaches and stand around waiting for the line of route in our traditional and wonderful British weather. Making this place more accessible and friendly will ease that process.

Bob Spink: Has my hon. Friend addressed the question of the drop-off points for coaches? At the moment, people are dropped off just to the west of Victoria Tower before entering Victoria Tower, but under the proposal, they must walk even further to St. Stephen's entrance, which is a point that must be addressed.

Derek Conway: The Administration Committee does not intend to change the line of route, and tourists who come to the Palace, particularly during the summer recess, will find that it has not altered. The new building is for those who visit to see Committees of the House, the Chamber and Members of Parliament themselves. The House may change the line of route in future after consultation with their lordships. Such matters develop, and the Minister has made it clear that the proposals before the House are not the end of the story—everyone wants access to this place to be easier and more understandable.

I want to record the thanks of the Administration Committee and the Accommodation and Works Committee to the Officers of the House, our external advisers and our Clerk for the quality of their guidance. A great deal of effort has been put into this project by a small group of experienced officials, and I hope that they accept our appreciation.

This is not the end of the changes that our evolving institution will face. As merely its current guardians, we act not only with caution and great care in our duty to preserve its historical character, but with the responsibility of being an accessible working centre for democracy. I therefore urge the House to endorse our joint report.

5.39 pm

Mr. Tony Banks (West Ham) (Lab): It is a pleasure to follow the hon. Member for Old Bexley and Sidcup (Mr. Conway), who is a very distinguished Chairman of the Accommodation and Works Committee.

I apologise to my rather sensitive hon. Friend the Member for Thurrock (Andrew Mackinlay) for talking through parts of his comments, but I was merely imparting information. I assure him that he can amiably chat, or indeed break wind, throughout the course of my speech, and I will take no offence whatever.

I very much welcome the report. As the hon. Member for Old Bexley and Sidcup reminded us, it has taken us years even to refer to those who come here as visitors rather than strangers. When I was first elected in 1983, I was appalled by the way in which we treated our visitors, who were kept outside in long queues in inclement weather. Despite the fact that everyone in the House expressed concern about it, nothing was ever done, so it is about time that it was. It is a pleasure to see that we have very much changed our attitude towards those who come here.

The business of Parliament is not something to be done behind closed doors— nor, in my opinion, behind glass screens. We must welcome visitors who come here, and encourage others to do so—not to gawp at us, but better to understand how the place works. I sat through the previous debate behind that screen. There is a good view, but it is a bit like sitting behind a pillar at a football ground and being unable to see what is happening on the pitch. I understand that the permanent screen is to be somewhat more attractive.

During that debate, many hon. Members referred to this place as the mother of Parliaments. This might sound like nitpicking, but originally it was England, not this place, that was described as the mother of Parliaments. Parliament is an important place, however—not because it is full of MPs, although there are not many of us around tonight, but because it is so central to our democracy. For too long, we have allowed the sneerers, the cynics and the ignorant to belittle this place. The development of democracy in this country is an inspirational story that is by no means complete. However, we cannot just rest on that statement. We need to help people to understand the development of this institution and our history better, and history has to be taught—one cannot simply absorb it by walking around. A visitor centre would be very much part of that teaching process.

The report is a modest step in that direction. I speak as a member of the Accommodation and Works Committee and as Chairman of the Advisory Committee on Works of Art—the two Committees are very much linked. I was encouraged by one of the conclusions in the report's summary:

> "In considering these proposals, we recognise the demands for a large-scale interpretative visitor centre. We support this concept but believe that this is not feasible within the Palace of Westminster, and therefore recommend that suitable accommodation outside the building be sought."

That chimes with a proposal that I made to the Works of Art Committee in a position paper in January 2001. I recommended that we should establish a museum of political democracy in the vicinity of Parliament. Such a museum or centre should be purpose-built and adjacent

to the Palace: I thought that at the end of the building by the House of Lords and Embankment gardens would be ideal. It should tell the story of how our democracy has developed and how all the individuals and movements inside—and, more significantly, outside—this place have shaped our history over the centuries. The Committee accepted my proposal, and it went to the House of Commons Commission. There is some sympathy for it. It is a long-term project, but entirely appropriate to teaching people our history. We have a great story to tell—we should be proud of it and do far more to encourage people to understand it.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Given how long a project that is described as short term takes to come to fruition in this place, I am worried about the description of the proposal as long term. Will my hon. Friend give some idea of the time scale for the completion of such a long-term project? The celebration of the institution's third centenary in three years might be an appropriate time to ensure that we have such a centre.

Mr. Banks: The proposal that I put to the Committee would probably take 10 years, because it is for a purpose-built building in Embankment gardens. One can envisage all sorts of problems with that, but there is no reason not to think big. At times, this country's approach is small-minded and we are mean about funding. We are always trying to find someone else to fund projects. I have spoken to potential donors to such a museum and centre. If we are not prepared to pay for the construction of a museum or centre out of Government taxation, I know that many people in the outside world would be delighted to be associated—and have their money associated—with it.

Mr. Lazarowicz: I am grateful to my hon. Friend for giving way again and clarifying the proposals. I misread the report and believed that the proposed centre outside the building would be an interim facility until we had a visitor centre inside. If it is envisaged that such a visitor and interpretative centre would not be constructed for some years, is there not merit in providing some temporary centre near the House? The Scottish Parliament is an example of a short-term project that is taking a long time, but there is an excellent visitor centre in its temporary facilities. Could not such a facility be established? I do not believe that the proposal provides for it.

Mr. Banks: Well, it does. If my hon. Friend reads the summary, which is short, it states that the report recommends a temporary facility. I do not know how long temporary is. Perhaps it will be like the screen and remain for many years. The report provides for a temporary solution. I took the point slightly further because the report also mentions a large-scale interpretative visitor centre, for which the proposal does not provide. I believe that it should be our long-term objective and I proposed it previously. We are in a working building, not an arts centre, museum or gallery. However, we are surrounded by so many beautiful works of art that teach us our history that we should do more to bring them to people's attention. We can do that in the context of the current proposals, but we can also have long-term plans.

I am delighted that the report highlights the central role of Westminster Hall, which is the architectural gem of the Palace—indeed, it is one of the architectural gems of northern Europe. I found the attitude in the report of English Heritage to Westminster Hall annoying. I should like us to make available reproductions of the paintings, the sculpture and the literature in this place. We are desperately short of facilities. The pathetic facility at the entrance to St. Stephen's Hall, which is often not even open, passes as our only centre where people can buy books, literature and souvenirs of this place. I mean no disrespect to those who run it because it is not their responsibility but ours. After all these years, that is all we can offer. We must be much grander in our thinking about providing the sort of things that we see in museums and art galleries, while bearing in mind the fact that, although we have many works of art, the building is not a museum and art gallery.

Mr. Christopher Chope (Christchurch) (Con): The hon. Gentleman is right to describe Westminster Hall as an architectural gem. How will it be enhanced by a new, demountable, glazed lobby at its north entrance?

Mr. Banks: That is the point! Westminster Hall is an architectural gem, but it has to be used. It was constructed not as an empty space for people to wander round and gawp at, but as a working building. Indeed, the High Court was still in Westminster Hall until the latter part of the 19th century. If the hon. Gentleman reads Pepys's diaries, he will realise that Westminster Hall was in many respects the centre of economic activity—and certainly of social life—in London. Pepys used to buy his shirts and collars there. He used to drink his coffee there. He used to buy food there—

Mr. Pound: I believe that that is not the only sort of purchase he made.

Mr. Banks: He probably did that as well. There is an amazing story in his diaries of a naked man running through Westminster Hall, which would no doubt excite some Members, although not me.

Westminster Hall was a working building. For English Heritage to say, "You can't sell things there. You can't put sympathetic structures in there to retail the things that you want to sell" is pathetic. English Heritage is there not to ossify structures but to protect them. We are reclaiming Westminster Hall for its historic purpose. That is the lesson that I would like to put to the hon. Member for Christchurch (Mr. Chope). I am grateful that he asked me that question, although I am not grateful for the way in which he has worked me up into responding as I did. It is bad for the old ticker at my age. The report talks about proposed considerable refurbishment of Westminster Hall in 2006, and the visitor centre will add to that work in 2005.

We do not often get the opportunity to discuss the Advisory Committee on Works of Art. The Vice-Chairman is in his place today, and I am grateful for his support. It is good to have the opportunity to mention some of the things that we do. I hope that people appreciate the labels that now help them to learn something about the figures that grace our halls and rooms; there are no longer just anonymous statues or pictures on walls. We have rehung the whole of the

[Mr. Banks]

Committee Corridor with portraits of Prime Ministers, making it a kind of constitutional corridor. I hope that Members will appreciate the next innovation, which will be to name the Committee Rooms after some of our great, distinguished statesmen.

Bob Spink *rose—*

Mr. Banks: I give way to one of our incipient statesmen.

Bob Spink: Will the hon. Gentleman tell us when Mrs. Thatcher's statue will be going up?

Madam Deputy Speaker (Sylvia Heal): Order. I do not think that that is quite covered by the subject that we are discussing.

Mr. Banks: I could tell the hon. Gentleman, but I am not going to. It is a state secret.

Mr. Forth: Will the hon. Gentleman confirm that consideration has been given to putting Lady Thatcher's statue in the visitor centre?

Mr. Pound: That would cut down on the visitors.

Mr. Banks: I cannot confirm that. I could make all sorts of little jokes about that, as the right hon. Gentleman knows—

Mr. Pound: That is my job.

Mr. Banks: But I shall leave it to my hon. Friend.

No, that is not a proposal; it would inappropriate. The place for Baroness Thatcher will be in the Members' Lobby. I speak as someone who is no adoring sycophant, as some Conservative Members are in respect of Baroness Thatcher. They are happy to admit to it. The fact remains, however, that when all the narrow party-political issues have been forgotten, as they always will be—and as we all will be—the one thing that will be remembered is that she was the first woman to be Prime Minister. That makes her unique, and no one can take that away from her. Her place will obviously be in the Members' Lobby, and I hope that that will happen fairly soon.

I want to return to the point that I was making about Westminster Hall before I was sidetracked.

Mr. Robathan: I apologise to the hon. Gentleman for missing the beginning of his speech, but I was dying for a cup of tea. He has not mentioned, as he should, the fact that the area by Cromwell green, where it is proposed to build a visitor centre, is part of a UNESCO world heritage site. What does UNESCO say about this? Is it not a very important site?

Mr. Banks: Of course it is, and these things have to be balanced. I want to finish my speech, because it would be selfish to talk right through to 6 o'clock, so I shall deal with the point quickly. Yes, it is a world heritage site. Therefore, to allow Parliament square to be inhabited by a permanent encampment is, in my opinion, wrong. [HON. MEMBERS: "Hear, hear!"] No, hang on a minute! I am one of the people who voted against the Government on Iraq and I have no reason whatever to regret doing so. In fact, I am encouraged by the fact that events have subsequently—although tragically, in many ways—proved correct some of the points that I and others made. I did not want that to happen, but that is how it has turned out. I therefore support the stand of the gentleman who is encamped on Parliament square, but he is desecrating a world heritage site. By all means, let us protest, and walk past, but not set up a permanent site there. The Countryside Alliance also did that.

We in this place do not have power over what goes on in an area that is clearly vital to the setting of the Palace. The Chairman of the Accommodation and Works Committee knows that I have proposed to his Committee, with the support of others, that we take powers over the whole of the environment of the Palace, including Parliament square and Abingdon green. We should take the decisions, because the peripheral area is crucial to an appreciation of the architectural and aesthetic significance of this site. I say that not because I oppose the political objectives of the guy in Parliament square, but because it does not do us any good, and it is about time that we took the power to do something about it—if Westminster cannot or will not.

Given the proposed refurbishment in Westminster Hall in 2006, and more of a problem in 2005 because of the temporary visitor centre, I want to put it on record that the Commission has agreed to a major exhibition in Westminster Hall to commemorate the abolition of slavery. I would not want that to be lost. The proposition is expensive and taking a lot of time to get together, but it will be a tragedy if we find that we cannot get access to Westminster Hall. The exhibition will be in conjunction with the national maritime museum. I hope that the Government will take that into account, and I know that the Chairman of the Accommodation and Works Committee will do so. With that caveat, I very much welcome the report.

5.57 pm

Mr. Paul Tyler (North Cornwall) (LD): Briefly, I want to make one supportive comment on the report and one cautionary comment.

The supportive comment is that it is about time that we understood that people come into this building for two quite different purposes. The extent to which we can signpost people in a sensible pro-active way in relation to those different purposes is important. I respect the work done by the Accommodation and Works Committee; this is a fascinating, mock-Gothic Victorian building. It is also an art gallery of some distinction. Yes, there are people who want to come to see a bit of history. Great! We ought to make it as easy as possible for them to do so. A far more important objective is to make the building more visible, transparent and open to people who want to see their representatives in a working parliamentary democracy. The report helps us in that. It is important that people are able to come into the building and know which way they are going, and it co-ordinates the response that we have been seeking from the Modernisation Committee in relation to those two specific purposes, which are quite different.

My cautionary comment is about the extent to which we are going far beyond the present proposal with the suggestion of a visitor centre, which has just been mentioned. I have huge misgivings about that, not just on cost and time grounds and in terms of impact on the architectural environment—I worked in an architect's office and for the Royal Institute of British Architects for some years. Incidentally, I am also said to be a direct descendant of Oliver Cromwell, and I very much deprecated the comments about my ancestor.

This is the important point: we should try to look forward, but it would be a far better investment of limited resources to make sure that everybody in the country has electronic access to the work of Parliament. It is not an either/or situation, but it should be seen in terms of priority. My constituents in Cornwall, if they are lucky in their schooldays, may make a brief visit to the Houses of Parliament, but that will not be anything like as useful to them as making sure that electronic access to the work of this place is improved, which we can do much more quickly. I recommend strongly to the Deputy Leader of the House and the Government that we give priority to that, and that we do not worry too much about these extravagant, long-term plans for a visitor centre.

5.59 pm

Andrew Mackinlay (Thurrock) (Lab): Bearing in mind that we have only a few seconds left, I want to say that Westminster Hall is delightful this afternoon. It is uncluttered, and darkness is its greatest beauty—the proposed enhanced lighting will not improve it at all. I leave that thought with the House, and if there is a future debate—

It being Six o'clock, the debate stood adjourned.

Debate to be resumed tomorrow.

PETITION

Empty Houses

6 pm

Mr. Kerry Pollard (St. Albans) (Lab): I have a petition from Colin Fairrie and others in my constituency about private empty houses that have been allowed to fall into disrepair because there has been no investment. It is having a detrimental effect on the value of houses and on the condition of the area. Moreover, it is outrageous that at a time of acute housing shortage in the south-east in general and my constituency in particular, houses should be left empty.

The petition of Colin Fairrie and others asks the Office of the Deputy Prime Minister to take positive action.

To lie upon the Table.

Acute Mental Health Units

Motion made, and Question proposed, That this House do now adjourn.—*[Margaret Moran.]*

6.1 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): I thank Mr. Speaker for allowing me to discuss this subject.

The concerns that I wish the Minister to address arise from the background to the tragic death of my young constituent, Tim Goff. Tim was 20 years old, a bright young man who had done well at Fearnhill school in Letchworth, in my constituency, and gone on to become a student at the university of East Anglia. At the beginning of September last year, Tim suffered his first serious episode of mental ill health, and was referred to the acute unit at Lister hospital in Stevenage. He was being kept under observation as a suicide risk. He died in the bathroom there, having hanged himself from a ligature point in the suspended ceiling. His parents were devastated. They are here today. I know that everyone will understand their sense of loss and their desire to ensure that this risk is dealt with to avoid such distress to other families. I hope that the Minister will join me in expressing condolences to the family.

After the tragedy, Peter and Susan Goff looked into the safety issue. They discovered that in 2001 both the Northern Ireland Adverse Incident Centre and the NHS in Scotland Property and Environment Forum had issued a clear warning to all trusts in their area of the danger of suicide posed by ligature points covered by suspended ceilings in psychiatric units. The information on which the notices were based appears to have come from NHS Estates, as indicated in the 2001 NIAIC report, which stated:

"Following a number of reports received by NHS Estates concerning suicides and attempted suicides by hanging where access to a point of ligature has been gained by the removal of ceiling tiles from a suspended ceiling, NIAIC issued Safety Notice ... alerting ... organisations of the ... risks."

I understand that it is the statutory responsibility of the NHS Estates department to ensure that all alerts or warnings received from individual trusts or regions are passed on. I also understand that the warnings issued in Northern Ireland and Scotland were fully compliant with the procedure that requires information to be passed on to NHS Estates.

It has been confirmed to the Goffs that no warning was issued in England. Peter Goff has explained his feelings to me as follows:

"In September 2003 my son died as a result of an incident involving a ligature point behind a suspended ceiling in the bathroom of a psychiatric unit, while supposedly on observation as a potential suicide risk. Both his family as active carers and staff in the unit ... who had a formal duty of care for him, assumed the physical environment in the bathroom posed 'no known hazard' when in fact NHS Estates had been fully aware of the risk posed by suspended ceilings for over 2 years ... and had the responsibility for informing English Health Trusts."

He is particularly concerned that, despite representations, that still seems to be the case. On 1 March, the Goffs contacted me and wrote to NHS

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Estates in Leeds. I wrote to NHS Estates in Leeds, too. The reply to me of 9 March from the head of engineering, Mr. Kerr, said:

"it is not appropriate for us to send you a copy of our response".

However, Mr. and Mrs. Goff did receive a reply, dated 9 March, which they immediately passed to me. In it, Mr. Kerr says:

"Our guidance makes it clear that each individual body is responsible for carrying out its own risk assessment and deciding what action it needs to take in the light of that assessment to minimise and . . . eliminate risk. Each trust has a responsibility for ensuring a safe environment."

He goes on to quote guidance on suspended ceilings in medium secure psychiatric units dated 1993, but the unit that we are concerned about is not a medium secure unit; it is an acute unit. He then indicates that guidance will be issued to the NHS "as quickly as possible".

Not unnaturally, the Goffs were not satisfied with that because the letter contains no explanation of how Scotland and Northern Ireland issued safety notices in 2001 but England did not. In further correspondence, Mr. Kerr of NHS Estates has had to admit that the 1993 document to which he referred

"is not an appropriate reference document in this context";

that the history was that, after receiving two reports of near misses, the Scottish authority issued a safety notice in June 2001 warning of the danger posed by ligature points under suspended ceilings; and that copies were sent to NHS Estates and to Northern Ireland. In Northern Ireland, they acted immediately, issued a notice and copied in NHS Estates, so NHS Estates was sent notices from Scotland and from Northern Ireland that were not acted on. Mr. Kerr's response is:

"Scottish Healthcare Supplies advise us that they forwarded a copy of their notice . . . to NHS Estates. A search of NHS Estates records has not identified receipt of the notice.

NHS Estates has no record of having received the NIAIC"—

the Northern Ireland authority—

"safety notice".

In a later phone call, Mr. Goff was told that the two documents must have been "lost in the post".

The questions for the Minister are as follows. Has a safety warning notice yet been issued to all trusts in England? How was it that the organisation responsible thought that a 1993 document about a different kind of unit covered the point? Is she satisfied with the procedures that are in place within NHS Estates to log all incoming post and to ensure that it is forwarded promptly to the official for action?

It seems that the Scottish and Northern Ireland notices would have been sent to the Medical Devices Agency of the NHS but that its procedure is that any notice that refers to a non-device matter is routinely destroyed. Is that a sensible policy? Would the Minister care to comment on that? Can she explain how the Scottish notice explains that it was

"following a number of reports received by NHS Estates"

that the Scottish notice was issued, whereas NHS Estates denies all knowledge of such incidents? Is she happy with the systems in place for the dissemination of best safety practice between acute mental heath units in England? Will she instigate a full investigation into the issuing of safety notices and the procedures to be adopted, so that we can ensure that these problems are addressed?

Finally, does the Minister understand that, for Mr. and Mrs. Goff, the key issue is to ensure as far as possible that others do not suffer such tragedy and that a first incident of serious mental ill health should not lead to a death?

6.10 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for North-East Hertfordshire (Mr. Heald) on securing the debate. He is absolutely right to raise in the House the tragic case of his constituent. I should like to offer my very sincere condolences to the family of Tim Goff who, as the hon. Gentleman mentioned today, died in hospital while an in-patient at Lister hospital in September last year. His family has my heartfelt sympathy.

As the hon. Gentleman said, Mr. Goff was admitted on 15 June last year as an informal mental health patient to the Lister hospital. On 6 September last year, tragically, he committed suicide. Let me emphasise that both the hospital and the Department of Health need to learn from serious incidents such as this.

It might be helpful if I set out the actions carried out by Hertfordshire partnership trust since this tragic incident. There is a detailed protocol to be followed in the event of a serious incident, which initially requires a detailed local clinical review into the circumstances of the incident. This was carried out by Hertfordshire partnership trust and was completed on 15 October 2003. It recommended a higher level in-depth inquiry, so a panel review has been set up.

The panel review, which is ongoing, includes an independent expert consultant psychiatrist, and has terms of reference that have been agreed between the trust and, I am assured, Tim Goff's parents. In particular the panel has been asked to identify lessons that could reduce any risk for patients in the care of the trust and to make recommendations about how that can be achieved.

I am aware also that an inquest has been opened into Mr. Goff's death and has been adjourned while the coroner investigates further. In addition, Hertfordshire partnership trust has responded by undertaking a review of its own observation policy within the trust services and intends to implement the recommendations. All recommendations coming out of the inquiry and the inquest will be carefully considered to ensure that lessons are learned.

The hon. Gentleman has referred to the issue regarding the alert notice sent out by Scotland and Northern Ireland in 2001 regarding suspended ceilings. This alert focused on suspended ceilings and ligature points and instructed chief executives to ensure that the alert was brought to the immediate attention of staff to take appropriate action to make safe unsupervised areas with such ceilings used by patients considered to be at high risk of suicide.

The hon. Gentleman is right that NHS Estates believes that it did not receive the alert. Thanks to the work of Mr. and Mrs. Goff and the hon. Gentleman, NHS Estates has now been made aware of the alert and, on 18 March, the relevant alert was sent to trusts in England.

Obviously, I want to make sure that best practice is disseminated between departments so that prompt action can be taken. I can assure the hon. Gentleman that as a result of this incident we are reviewing the protocol to ensure that everything is being done so that when there are such alerts they are communicated as quickly as possible. That will mean that many of the questions that he has raised—such as why the incident happened and why the alert was not sent out immediately—can be considered as part of the review of our protocols. In addition, as part of our consideration of how we can share best practice in the way that the hon. Gentleman discussed, NHS Estates will be part of a safety alert broadcast system throughout England, so that we can do everything that we can to promote safety throughout the health service.

As part of our wider commitment to ensuring patient safety, we created the National Patient Safety Agency in July 2001 to enable us to co-ordinate the entire country's efforts in reporting and, more importantly, in learning from mistakes and problems that affect patient safety. The system that we had until recently was effective in making sure that local inquiries were carried out and local lessons learned, but we want to have a robust system that can ensure that when local inquiries have reported, their reports are gathered together at central level. We can then examine those incidents and send information from them back to local areas, ensuring that lessons are learned from incidents such as this one. Instead of lessons perhaps remaining at local level, we can then ensure that there is proper national consideration of what has happened.

The National Patient Safety Agency has already identified patient safety in acute mental health settings as a priority area in its mental health programme. We will be launching a major initiative on that in May. Its aim will be to reduce the risk of suicide, self-harm, violence, aggression, racial harassment and abuse. I can assure the hon. Gentleman that as part of that initiative we will certainly look at what can be learned from the incident that he has brought to our attention.

The National Patient Safety Agency has also developed a national reporting and learning system to promote comprehensive national learning about safety incidents. That is part of the need that I mentioned earlier to provide a way of gathering information so that it can be put together centrally. We can then provide feedback on the services provided and identify the issues that need to be considered. Officials from the National Patient Safety Agency are meeting NHS Estates and other experts specifically to discuss ligature points.

To ensure safety, it is obviously vital that in-patient units where the most vulnerable in our society are cared for are safe, therapeutic and supportive. That of course includes doing everything that we can to reduce the risk of suicide. We in the Department of Health strongly support the national confidential inquiry report into suicide and homicide by people with mental illness. That inquiry and its recommendations are crucial to gaining a better understanding of the circumstances surrounding suicide when people are under the care of our mental health services.

The National Institute for Mental Health in England recently published an audit toolkit to help local services to measure progress in implementing the recommendations of the inquiry report. We also recognise the importance of the physical environment in providing psychiatric in-patient care, and we are committed to a programme of modernisation, backed up by substantial investment, so that we can improve psychiatric wards and in-patient care.

However, there is no doubt that we need to do more to review the physical environment of in-patient settings, and to make the necessary changes in order to reduce access to the means of suicide, and to avoid tragedies such as the one we are debating today. I can assure the hon. Gentleman that we will continue to make this a priority by looking at the physical environment and at the improvements that we need to make within psychiatric in-patient settings.

It is very difficult to find the right words to give comfort in such tragic situations, but I hope that the hon. Gentleman and Mr. and Mrs. Goff in particular will accept that I am very aware of all that they have done to ensure that we in the Department of Health are aware of what happened and can learn lessons from it.

Mr. Heald: It is clear that a lot of activity is going on that, one hopes, will lead to results. One concern is that the logging of the post coming into NHS Estates from Northern Ireland and Scotland seems not to have been effective in ensuring that the documents from the two authorities made their way to the relevant official, and that the safety notice was then issued. Will the office procedures of NHS Estates be improved? Such a reassurance would give us some comfort that if an incident in another part of the United Kingdom gives rise to concern in future, NHS Estates will know about it and be on to it, and action will be taken.

Ms Winterton: The hon. Gentleman is right to say that we need to look at the system for logging such information. As I said, we intend to examine the protocols for exchanging information, which will include considering how notes are logged, and ensuring that they are not destroyed if a time lapse occurs. The matter is under review, and I undertake to write to the hon. Gentleman—who can in turn contact Mr. and Mrs. Goff—about the arrangements that we can set in train to ensure that such information is properly logged and passed on to the relevant person.

I repeat my tribute to the work undertaken by Mr. and Mrs. Goff to ensure that we learn lessons from what has happened. I can assure them and the hon. Gentleman that I undertake to do all that I can to support their work, so that, as the hon. Gentleman said, we can avoid such tragedies in future.

Question put and agreed to.

Adjourned accordingly at twenty-four minutes past Six o'clock.

House of Commons

Friday 23 April 2004

The House met at half-past Nine o'clock

PRAYERS

The First Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[MADAM DEPUTY SPEAKER *in the Chair*]

Point of Order

Mr. Eric Forth (Bromley and Chislehurst) (Con): On a point of order, Madam Deputy Speaker. Have you been approached by the Government, or more specifically by the Prime Minister, for them to seek leave to come to the House to explain the complete shambles and uncertainty over the referendum on the European Union constitution? It would appear that, outside the House, the Prime Minister is now giving contradictory indications, but he has not come here to clarify his position or that of the Government. It is surely very unsatisfactory that press conferences should be told by the Prime Minister what he thinks may or may not happen, while we here in the House of Commons are left in the dark. Has the Prime Minister asked whether he can come to the House to clarify the position, or will we be left in a state of complete chaos, confusion and uncertainty?

Madam Deputy Speaker: I can inform hon. Members that, at this moment in time, I have had no request from the Prime Minister or another member of the Government to come to the House.

Orders of the Day

Protective Headgear for Young Cyclists Bill

Order for Second Reading read.

9.34 am

Mr. Eric Martlew (Carlisle) (Lab): I beg to move, That the Bill be now read a Second time.

This is the third time that my name has been drawn in the private Members' ballot since I was elected in 1987. I always put my name into the ballot and always secretly hope that I will not be successful. I know that for the next four, five or six months the Bill will certainly change priorities and dominate my working life. I will become what is known as a private Bill bore, which is not a member of the British Army. I will talk of nothing else and everyone else's eyes will glaze over. That has been my experience with two Bills. Although I have failed to get them on to the statute book, that does not seem to have been an obstacle in achieving their objectives.

My first Bill aimed to stop calves being exported from the United Kingdom to the cruel veal crates on the continent. Although the Bill failed, within six months BSE ensured that that cruel trade would stop. Fortunately, it has not restarted.

My second Bill was designed to take Railtrack out of the private sector. The Bill failed, of course, and I can remember the Government speaking against it at the time. However, within four months, they had put Railtrack into liquidation and Network Rail, a not-for-profit organisation, had been formed. Even if this Bill fails today, I am sure that, with my record, the law will be changed in the near future.

Mr. Christopher Chope (Christchurch) (Con): Is the hon. Gentleman suggesting that the Government have already told him that they oppose the Bill and are intent on talking it out?

Mr. Martlew: I think that the hon. Gentleman must have defective hearing. I said, "If this Bill fails". I did not say that it would fail, and I am confident that enough of my hon. Friends are here to carry the day unless the Conservatives try some sharp practice.

When I came seventh in the ballot, I knew that I would be very popular, but I did not expect to be as popular as I was. Within an hour of the ballot, somebody knocked on my door with a Christmas hamper, saying, "If you do my Bill, I will give you the hamper." Unfortunately, I was not bribed that easily. I took a leisurely look at all the Bills. I returned to my constituency office and went through the piles of stuff that we had and I read a letter from the Bicycle Helmet Initiative Trust asking me whether I would take up its Bill. The letter was signed by the trust's chief executive, Angela Lee, OBE.

I was immediately interested in the Bill, because it reminded me of a serious road accident that I was involved in as a child; one could say that I had a flashback. When I was about five-years-old, I had an argument with a petrol tanker in which I came off second best. Obviously, I was not responsible as a child, and the accident was my fault. Although I do not

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remember the accident itself, I remember the separation from my parents and the months in hospital. I remember the loss of schooling and the embarrassing physical scars that I had at the time. Bald patches on the head and scars on the face were very embarrassing for a child. I thought that if I could help to alleviate such or worse cases for children, it would be a very good Bill. That was one of the main factors in my decision.

I then started to examine what the Government were doing. I came to the conclusion that they had a bit of a blind spot about protecting child cyclists. There is a lack of safety training, and I understand that a private company is launching an initiative today to attempt to replace the cycling proficiency test. I well remember my cycling proficiency test; it was the first examination I passed, and I did not pass too many after that.

Mr. Russell Brown (Dumfries) (Lab): Surely not the only one.

Mr. Martlew: It may be a bit cruel, but it is not far from the truth.

I also realised that there is a lack of legislation on helmets. I thought, "This Government are supposed to be doing a great deal for children." We now have a Minister for Children, who apparently has no involvement in this Bill, and we are talking about having a commissioner for children, but I still think that the Government should do something on this matter.

The second thing that I noticed about the Bill is that it is simple, well defined, modest, targeted and effective. It would work, which is very important for a private Member's Bill. Thirdly, the Bill is easy for people outside the House to relate to, because the vast majority of them have cycled at one time or another. I am sure that most hon. Members will also have cycled at some stage, so they will understand the Bill's significance. That is why I decided to promote it.

I want to record my thanks to right hon. and hon. Members on both sides of the House who have supported my Bill. I have received letters of support from 200 Members.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Where are they?

Mr. Martlew: I suspect that 400 Members have gone to school today because it is national "back to school" day. Some Members pay more attention to their constituents than the right hon. Gentleman does, but that is a matter for him.

Mr. Forth: I tend to give priority, as a Member of Parliament, to the making of law, which is what I always thought we were supposed to be here for. If other Members choose to give priority to visiting schools when law is being made—or not, as the case may be—that is a matter for them. I was simply saying that it is all very well for Members to come here on a Friday and claim that 200 Members support their Bill, but I hope that we will see evidence of that when the House comes to vote.

Mr. Martlew: There are two schools of thought about the right hon. Gentleman: one is that he is a great parliamentarian and the other is that he is a pain in the neck. I have never changed my opinion about him.

Mr. Andrew Dismore (Hendon) (Lab): What is sauce for the goose is sauce for the gander. I remember Opposition Members protesting only a few weeks ago about the Genetically Modified Organisms Bill not proceeding simply because—

Madam Deputy Speaker: Order. We have business before the House today, and it has nothing to do with the right hon. Member for Bromley and Chislehurst (Mr. Forth).

Mr. Martlew: Thank you, Madam Deputy Speaker; I was not sure what the right hon. Gentleman was talking about.

I am grateful to right hon. and hon. Members for their support. I am grateful also to many of my ministerial colleagues, including the Home Secretary, the Secretary of State for Education and Skills, the Minister without Portfolio and the Secretary of State for Transport. I understand that the Prime Minister, too, supports my Bill. I also give special thanks to my right hon. Friend the Member for Manchester, Withington (Mr. Bradley) for the work that he has done in the Health Committee on this issue, and to my right hon. Friend the Member for Bristol, East (Jean Corston) for the work that she has done on the Bill behind the scenes.

I give special thanks, too, to the Under-Secretary of State for Transport, my hon. Friend the Member for Plymouth, Devonport (Mr. Jamieson), who will reply to the debate. He has been helpful and courteous throughout our discussions. In 1995, he successfully promoted a private Member's Bill, the Activity Centres (Young Persons' Safety) Bill. Its purpose, like that of my Bill, was to save children's lives.

I thank the Bicycle Helmet Initiative Trust, a small registered charity that ensures that child cycle safety is not forgotten, and its patron, the racing driver David Coulthard, who flew straight from the Malaysian grand prix to help me launch my Bill in the House of Commons. Its chief executive, Angela Lee, is the driving force behind the trust. She is a nursing sister at a Reading hospital whose experience of the consequences of child cycling accidents made her realise that something had to be done to change the law. She has worked tirelessly to build a broad coalition of support among parents, the medical and scientific community, the Government, civil servants and Members of Parliament. The cause for which she and the trust fight is very straightforward: to protect kids on their bikes by making them wear a helmet. It must be to the credit of the trust that the Bill is being debated today.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): Is there not a great deal more that can be done to protect children on bicycles, such as having more separated cycle routes, particularly for young people going to school, which we clearly want to encourage? We need to develop proper, safe routes and proper training in cycling proficiency, as my hon. Friend has already outlined. Should we not also be impressing more on

motorists their responsibilities to respect the road space of cyclists? I speak as somebody who regularly cycles to and from the House of Commons. All those issues have to be tackled along with that of wearing helmets.

Mr. Martlew: I accept that totally. If my hon. Friend intends to speak later, perhaps she will tell us whether she wears a helmet.

Ms Munn: I do.

Mr. Martlew: I am pleased to hear that.

Mr. Dismore: My hon. Friend the Member for Sheffield, Heeley (Ms Munn) made a very good point about cycle lanes. Will my hon. Friend the Member for Carlisle (Mr. Martlew) join me in condemning Conservative-controlled Barnet council, which has decided to start to remove cycle lanes to allow traffic to move more quickly, thus jeopardising the safety of children and others who use bicycles?

Mr. Martlew: I have no knowledge of that, but as the council is not Labour-controlled, I will condemn it.

I return to the serious point that I was making. The death of a child is a tragedy, but a death that could have been avoided is a scandal, and today we are working to prevent such deaths. I hope that Ministers will take note of the debate and support the Bill.

The Minister for Children, whom I have already mentioned, has published a Green Paper, "Every Child Matters", in which the Government identify a number of outcomes that are important to children, including being healthy, staying safe and getting the most out of life.

David Cairns (Greenock and Inverclyde) (Lab): My hon. Friend speaks about avoiding children's deaths. Even if children who are involved in cycling accidents do not die, they can sustain serious head injuries that leave them with disabilities for the rest of their lives, and that, too, is a tragedy, so the Bill is also about preventing avoidable long-term damage to children.

Mr. Martlew: Yes, for every child who dies, about 10 are severely injured, and many of those suffer brain injuries.

Ian Stewart (Eccles) (Lab): Does my hon. Friend accept that when we reach adulthood we can have arguments and express different views about whether we should impose things on people for their own good, but safety is an educative process that is best started when children are young and impressionable, so that they accept good practice throughout the rest of their lives?

Mr. Martlew: We have a responsibility in that regard as parliamentarians, parents and citizens of the UK. Some people have accused me of introducing a Bill that expands the nanny state. I suspect that few of my colleagues had a nanny, but we know that the job of nannies is to look after children. Children reach an age at which they can decide things for themselves, and the Bill says that once they reach 16 they do not have to wear a helmet. I am not one of those who say that helmets should be compulsory for every cyclist. This is not the thin end of the wedge; it is what we should be doing for children.

Before I was so kindly interrupted, I was discussing the Green Paper. It is all very well issuing a Green Paper, but if the Government fail to support the Bill they will send the wrong signals. I argue that cycle helmets are crucial to ensuring healthy, safe and enjoyable lives for hundreds of thousands of young cyclists in this country.

Mr. Chope: The hon. Gentleman says, "If the Government support the Bill" but I thought he had already said that the Prime Minister and the Secretary of State for Transport did so. Is he suggesting that his Government are speaking with forked tongue?

Mr. Martlew: I am a little disappointed. Originally, the hon. Member for Canterbury (Mr. Brazier), who I know supports the Bill, was to be the Opposition Front-Bench spokesman. It appears that the hon. Member for Christchurch (Mr. Chope) is interested only in making political points, which I find upsetting.

The sad truth is that a disproportionate number of accidents involve child cyclists. Figures from the Transport Research Laboratory and the Department for Transport starkly reveal how vulnerable child cyclists are. The TRL points out that although children account for 6.6 per cent. of road cyclists, they account for 21 per cent. of cyclist deaths in a three-year period. Child cyclists are four times more likely than adult cyclists to die on the roads. Once a fortnight, a child dies in a cycling accident on the roads of this country. More than once a day, a child is seriously injured in such an accident and is likely to be disabled. I mentioned that hon. Members were likely to be visiting schools in their constituencies today. I am talking about the equivalent of wiping out a primary class and severely disabling a secondary school every year. I do not claim that cycle helmets will necessarily reduce the number of accidents, but I am absolutely convinced that they will reduce the severity of the injuries sustained.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Statistics can be interpreted in various ways, but any death or injury is a tragedy. How many of the deaths of the 28 child cyclists killed on our roads each year could be prevented by the wearing of a helmet?

Mr. Martlew: I was just coming to that. Many of the accidents involve serious head injuries, and scientific research performed both here and abroad has proved that cycle helmets protect the head and brain against the worst effects of injury. Dr. Andrew Curran, whom I met in the House of Commons at the launch of my Bill, is a consultant paediatric neurologist at Alder Hey hospital in Liverpool and has for three and a half years been involved in research into the effect of head injuries in children. He believes that the wearing of a cycle helmet reduces brain damage in children by 80 per cent. Perhaps the most comprehensive independent analysis of existing research is the Department for Transport-commissioned "Bicycle Helmets: A review of their effectiveness" published in November 2002. I recommend it as a very good read, although I am sure that all hon. Members read it before coming to this

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debate. I am grateful to the Department for its lead in marshalling and reviewing the evidence in this crucial area. The report states that

"there is now a considerable amount of scientific evidence that bicycle helmets have been found to be effective at reducing head, brain and upper facial injury in bicyclists. Such health gains are appropriate for all ages, though particularly for child populations."

The report states simply that cycle helmets save lives. Supporters of the Bill, which include a wide range of highly respected professional organisations, have clearly reached the same conclusion.

Mr. Kevan Jones (North Durham) (Lab): There are some who would accuse my hon. Friend of extending the nanny state. Does he agree that the same arguments were used in the 1960s and '70s against the wearing of seat belts, and that the legislation passed in that respect has reduced the number of deaths and the personal tragedy experienced by families whose members would otherwise have died on the roads?

Mr. Martlew: My hon. Friend is perfectly right. We have always seen a knee-jerk reaction against such measures, whether on the wearing of seat belts or preventing drink-driving, but, after a while, such things become common sense and we wonder why we did not do them before.

Mr. Edward Leigh (Gainsborough) (Con): The answer to the hon. Member for North Durham (Mr. Jones) is that requiring people to wear car seat belts has not stopped car use, whereas the Bill, if passed, would have a dramatic effect in terms of discouraging children from cycling. When helmet laws were introduced in Australia, the result was large decreases in the number of people cycling: child cycling fell by between 30 and 50 per cent.

Mr. Martlew: If the hon. Gentleman looks at the facts, and not at that pamphlet, he will find that cycling has since returned to its former levels. In addition, he will recall that I said that only 6.6 per cent. of cyclists in this country are children.

I have strong support from various organisations. I have here a letter from Sir Peter Morris, president of the Royal College of Surgeons, who writes:

"This seemed to me an entirely sensible public health measure and I am pleased to inform you that the . . . Royal College of Surgeons of England yesterday expressed full support for your Bill."

I also have support from the Royal College of Paediatrics and Child Health, the Faculty of Accident and Emergency Medicine, the Society of British Neurological Surgeons, the Faculty of General Dental Practitioners, the British Dental Association, the Institute of Road Safety Officers, the Child Brain Injury Trust, the brain injury organisation, Headway, the road safety organisation, Brake, this country's leading cycle retailer, Halfords, and, last but not least, and greatly welcome, the Royal College of Nursing, whose letter states:

"we strongly support the bill and our members have first hand experience of the tragic injuries and loss of young life which could have been prevented by wearing a cycle helmet. Whilst wishing to encourage people to cycle as much as possible we also want to ensure this is done safely".

One person who has first-hand experience of such tragic injuries is Mr. Alistair Fraser-Moodie, a consultant in accident and emergency medicine at Derbyshire royal infirmary for the past 26 years. He writes:

"It is quite obvious to me as a practising clinician seeing patients come through the front door of our hospital that once you are on a pedal cycle the chances of survival in a crash are far greater if you wear a helmet. These poor pedal cycle casualties only realise this when the shock has died down and some well-meaning ambulance man gives them their cycle helmet back again. Instead of suffering a fractured skull or worse they have a bruised skull, a bit of concussion and a smashed up helmet. So the helmets have taken the strain.

It is about time that we start looking after the children in our country. Many use their pedal cycles to get to school. Others use their pedal cycles for paper rounds or pleasure alone. It is about time we protected these children by introducing the compulsory wearing of cycle helmets. Failure to do this will inevitably result in carnage."

For me, Mr. Fraser-Moodie captures eloquently people's sense of anger and bemusement when, in the face of overwhelming evidence, no action is taken to protect children.

Mr. Chope: The hon. Gentleman cites many common-sense propositions, and I certainly advise my children to wear bicycle helmets, but why does he believe that the voluntary route has failed and is failing? Why does he not think that more should be invested in education about the propositions that he articulates?

Mr. Martlew: My understanding is that, overall, 25 per cent. of cyclists wear helmets, but in the most vulnerable group—teenage boys—that figure is only 12 per cent., because wearing a helmet is considered "not cool". Peer pressure is such that they will not wear them, and those are the people who are most vulnerable. There are people—

Mr. Chope *rose—*

Mr. Martlew: I assume that the hon. Gentleman has prepared a speech.

Mr. Chope: The hon. Gentleman seems to be suggesting that cyclists in the 12 to 16 age group would think it cool to obey the law.

Mr. Martlew: I am not suggesting that at all. I was talking to my right hon. and learned Friend the Solicitor-General, who told me in the Lobby that the Bill was excellent. As a mother, instead of telling her teenage children that they should wear a helmet, she will be able to say, "It's the law and you must wear a helmet." That is the advantage.

I said earlier that the Bill's aims are relatively modest, but that does not mean that it will not be effective. I said that the Bill was straightforward, but that does not mean that it oversimplifies the problem. While preparing it, I have been conscious of the need to frame legislation that will be practical and proportionate. The Bill makes it an offence to cause or permit a child under the age of 16 to ride a cycle on the road or in a public park or recreation ground unless the child is wearing protective headgear.

Ms Munn: Can my hon. Friend explain his thinking about including off-road cycling? Although I do indeed

wear a helmet while cycling to and from the House of Commons, I might take a different view depending where else, off-road, I was cycling. I would take a view of the risks involved in that. Clearly, the impact of a road traffic accident is likely to be much more serious than the effect of falling off a bike in a park. If my hon. Friend could tell us his thinking about that and about including off-road cycling in the Bill, I should be grateful.

Mr. Martlew: Two thirds of accidents where children end up in hospital take place off the road. I know that my hon. Friend the Member for Burnley (Mr. Pike) will speak later about the son of a constituent of his who died recently not on the road, but riding his bicycle in a skateboard park.

Mr. Lazarowicz: The all-embracing nature of the Bill concerns me and has led me from an initial position of general support to a much greater scepticism. Will my hon. Friend comment on the following circumstance? A couple of weeks ago I went with my five-year-old daughter to a neighbouring park. She met one of her friends, who lent her her bicycle to ride around the park. Am I right in believing that I would be committing a criminal offence by allowing her to do that? Is that not taking matters a little too far?

Mr. Martlew: I know that my hon. Friend is a sensible person, and I believe that common sense will prevail. If, for example, one let a three-year-old ride a tricycle along the pavement, one would be committing an offence because that would be against the law. In reality, however, no action would be taken, because common sense would come into it. I can give two further examples of laws that are sometimes not enforced. We see few prosecutions of adults or children for riding bicycles on the pavement. Some of my constituents say there are not enough prosecutions for that. As another example, my hon. Friend the Member for Dumfries (Mr. Brown) told me that he was in Whitehall last night and watched the number of cyclists go by without lights on their bikes. Apparently, they were wearing helmets, but they had no lights on their bikes. If my hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz) takes the measure to the extreme, yes, he would be prosecuted, but in reality common sense will prevail.

I have a letter from my right hon. Friend the Home Secretary, who says he has no objections to the Bill. In my discussions with him, he said that he thought that it was the law already. He understood the situation and he thought a long lead-in time might be needed to build up the rate of compliance before the Bill is introduced. There is no objection from the police.

Mr. Michael Foster (Worcester) (Lab): I take my children to Worcester Woods country park for rides on cycles. That is off-road, and one is not likely to come into contact with four-wheel-drive vehicles, but there are trees, branches and twigs that can easily get stuck in the spokes of a wheel and send the cyclist over the handlebars. That is why I insist that my three children wear helmets when they come on a cycle ride with me in Worcester Woods country park.

Mr. Martlew: I am grateful to my hon. Friend for helping me out. He clears up the point that was made. I shall press on, as I do not want to be accused of talking out my own Bill.

The parent, guardian or employer of a child will be held responsible, as will the owner of a cycle if the owner is over the age of 15, or any person other than the cycle's owner who has custody or possession of the cycle immediately before the child rides it, if that person is over 15. The offence is liable to a level 1 fine, currently a maximum of £200. There is scope in the Bill to allow the Secretary of State to exempt certain groups and to prescribe the protective headgear that should be worn. The provisions of the Bill would cover all of the United Kingdom. For the purpose of the Bill, a cycle will mean a bicycle, tricycle or cycle with four or more wheels.

Hon. Members may think the Bill breaks new ground, but that is not the case. Those who were in the House before 1990 may remember the ten-minute Bill introduced by the then. Member for Ealing, North, Harry Greenway, and we know how difficult it is to get such a Bill on to the statute book. That Bill did almost exactly the same as my Bill would do, but for children riding horses. It is illegal for a child to ride a horse on a road unless the child is wearing a riding hat. That went through the House on a ten-minute Bill, so it must have been unopposed.

What my Bill will not do, as some of its more excitable opponents claim, is make every child cyclist and every parent of a child cyclist a potential criminal. The provision is an important mechanism to counteract persistent flouting of the law. I envisage that a friendly word of caution or a verbal instruction to provide a helmet for a child will suffice to make people comply with the legislation. The very fact that legislation is in place will encourage most people to ensure that children obey the law. It is one thing to tell teenagers they should wear a helmet, and another to be able to say, "You must wear a helmet because that is the law."

I know that the Minister is deeply concerned about compliance rates. His Department is increasingly active in targeting young people with the message that safe cycling makes sense. Last year the Department devoted £137,000 to an advertising campaign showing the importance of wearing a helmet. I welcome the efforts of the Department, but the fact that I have introduced the Bill indicates that I do not believe it is doing enough. The Minister wants wearing rates to reach a critical mass before he contemplates making that compulsory. I understand his motivation but ask him to consider whether that goal will ever be reached. Surely matters should be the other way around. Rather than waiting for wearing practices to change, the Government should introduce enforcement. The Minister should act now to put enforcement measures in place to ensure that wearing practices change.

If the Government do not, they will continue to fall into the trap of the opponents of helmets, such as the Cyclists Touring Club, which not only does everything possible to stop helmet wearing becoming mandatory, but campaigns against the Government advocating the wearing of helmets. That is one reason for concern that the Government will never achieve their compliance rates.

Helmet wearing rates in the population as a whole have increased from 16 per cent. in 1994 to 25 per cent. in 2002, but the trend among teenage boys has been

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reversed and is down to 12 per cent. It is all right for hon. Members to talk about freedom, but they know that the children are at risk, and I hope that they will take note of that.

Teenage boys are the most vulnerable group and it is not good enough to shake one's head and shrug one's shoulders and say that boys will be boys or that kids will be kids. It is precisely because children are children, who take risks on their bike, who make errors of judgment, who do not have experience, and who have to use their bikes for practical journeys, that action needs to be taken to protect them.

The Minister's policy of persuasion is well intended, but it will never deliver the results that all hon. Members must surely want—a safer cycling environment for all young people. His efforts must be backed by enforcement measures, which will be acceptable to the vast majority of the population once the issue is decided. Otherwise, we will continue in a curious policy vacuum in which the Government fully accept the case for cycle helmets and argue that children are vulnerable without them, but do precious little to rectify that situation. The Government's March 2000 road strategy said that the wearing rate of helmets for the population as a whole was about 18 per cent. It went on to say:

"At this level, making helmets compulsory would cause enforcement difficulties and without greater public acceptance could have an effect on the levels of cycling. We will monitor wearing rates and review the option of compulsory wearing from time to time."

Three and a half years later, in an answer to the hon. Member for Portsmouth, South (Mr. Hancock), who I understand supports my Bill, the Minister updated the wearing rates to 25 per cent. but his words sounded eerily familiar. He said:

"At these levels making helmets compulsory would cause enforcement difficulties and without greater public acceptance could have an effect on levels of cycling. . . . We will continue to monitor wearing rates . . . and review the option of compulsory wearing from time to time."—[*Official Report*, 5 November 2003; Vol. 412, c. 639W.]

The time is now. To be frank, that does not inspire a great deal of confidence that the area of policy has been reviewed at all. In fact, it suggests to me that unthinkingly, and with a little complacency, the Government are doing their best to brush the matter under the carpet.

The issue will not go away, in part because helmet wearing is not increasing quickly enough, in part because young children continue to die or sustain serious injuries while cycling, and in part because people, including many hon. Members, are genuinely mystified by the Government's lack of activity in an area which, on the surface, they say is so important. We agree how effective helmets are, we agree on the vulnerability of child cyclists, and we agree on the importance of delivering a safer cycling environment. As the Prime Minister said to me on 31 March during Prime Minister's questions:

"The issue that my hon. Friend raises is a high priority for hon. Members and the Government."—[*Official Report*, 31 March 2004; Vol. 419, c. 1594.]

Is it not a pity that we cannot yet agree on an effective method for delivering the outcome? I hope that the issue can be explored in more detail today and during later stages of the Bill.

I want to deal briefly with some of the opponents of the Bill. I do not include those hon. Members in the Chamber. I have been a Member of the House for quite a long time now and I have been involved in various campaigns, one of which was on the Hunting Bill with my hon. Friend the Member for Worcester (Mr. Foster). After a while one acquires a grudging respect for one's opponents, despite disagreeing with them, but I cannot say that with regard to this Bill.

The Association of Cycle Traders seems more interested in selling bicycles than in the safety of children. It argues that helmets will have only a small benefit for cycle safety, which is nonsense. Then we have the National Cycling Strategy. I was ignorant of that quango before I took up the Bill, but I was rather alarmed to see that it had written to hon. Members, although it did not write to me, and its address is the Department for Transport, Marsham street. Moreover, it gave a distorted version of my Bill, so I hope that the Minister will investigate that.

I received a letter signed by the vice-chairman, which made me wonder who the chairman of the strategy was. I did a bit of digging and discovered that the chairman at the time the letter went out was none other than Mr. Steven Norris, a former Member of the House and the Conservative candidate for the Mayor of London. I wondered why he did not sign the letter opposing my Bill. This Bill is popular; it has 80 per cent. support in the country. Perhaps it was because he did not want to put his name to the letter because he thought that it would affect his vote. He is a clever man and he may also have thought that a letter from him to Labour Members of Parliament would have been counter-productive, and it probably would have been. Then I did some more digging and the vice-chairman is a chap called—

Mr. Dismore: Perhaps another reason for Mr. Norris not signing the letter is that he is rather too busy with his part-time job with Jarvis, where he spends two days a week for an enormous sum of money engaging in matters of greater concern to Londoners.

Madam Deputy Speaker: Order. Perhaps we can return to subject under discussion.

Mr. Martlew: I understand what my hon. Friend is saying, but I am not sure that that is the truth. To give credit where credit is due, I had a frank and full telephone conversation with Mr. Norris, so he obviously had time to phone me back.

To return to the point, it was the vice-chairman of the National Cycling Strategy who wrote to hon. Members. He is a senior executive of Raleigh Industries Ltd., and one of the arguments that he put forward against my Bill was that it would reduce cycling, and therefore, I suspect, the number of cycles, so perhaps the vice-chairman should have mentioned his other role in that letter. If hon. Members had written such a letter they would have had to declare some sort of interest.

Finally, I come to the Cyclists Touring Club. I am sure that most members of the CTC are normal, well-adjusted souls, but—

Shona McIsaac (Cleethorpes) (Lab): As a former member of that organisation, I wish to reassure my hon. Friend that I am a normal, well-adjusted soul, and I support the wearing of cycling helmets.

Mr. Martlew: My hon. Friend is as well adjusted as the rest of us, I will give her that.

I am sure that the CTC has well-adjusted members, but it seems to attract its fair share of lunatics in lycra. The organisation campaigns actively to stop the Government promoting the benefits of helmet wearing. All those hon. Members who have received a leaflet from that organisation must realise that not only is it against compulsory wearing of helmets for children or anyone else, but it campaigns actively against the Government saying that wearing helmets is a good idea.

Ms Munn: Does my hon. Friend accept that some people are in favour of cycle helmet wearing, such as my constituent Simon Geller who is active in the local Pedals organisation and is a stalwart of cycling in Sheffield—but he is nevertheless very concerned about the Bill's enforceability? While he wears a helmet and encourages his children to do so as well, he is concerned that this measure would be difficult to enforce and that more needs to be done in terms of persuading people to wear helmets.

Mr. Martlew: My hon. Friend could reassure her constituent by telling him that the Home Secretary sees no problem with enforcement. If the Home Secretary is happy with that, perhaps it will satisfy her constituent.

The CTC is anti-helmet to an extreme extent. I mentioned the £137,000 that the Government spent last year on advertisements in magazines. It is a pity that we did not spend more and put some of the advertisements on television, but the campaign was good. What did the CTC do? It took the Government to the Advertising Standards Authority to complain about the advertisement. That is the sort of people who have been sending leaflets. I accept that the vast majority of members are fine, and I know that a lot of them join because they get cheap insurance, but I suggest to the CTC that if it wants to be taken seriously, it should change its policies and also its leadership.

Before introducing the Bill, I thought that it was obvious that encouraging children to cycle should go hand in hand with measures to create a safe cycling environment.

Mr. Dismore: I get the impression that my hon. Friend is coming to his conclusion. I have received a lot of representations from a plethora of cycling organisations that are opposed to his proposals, or at best lukewarm or neutral about them. Which cycling organisations, representing the people whom the Bill would affect, have come out in favour of it?

Mr. Martlew: I think that the vast majority of cycling organisations are against the Bill, but I remind my hon. Friend that professional cyclists have to wear helmets by compulsion in this country. They accept that, and they are working with a major company—I think that it is a pharmaceutical company—to improve cycle training for children. It will be compulsory for the children to wear helmets during that training.

I had hoped to finish my speech by now, but I have been generous with interventions. As I said, I thought it obvious that encouraging children to cycle should go hand in hand with measures to create a safe cycling environment. Last June, the Minister said in a press release:

"by making cycling safer, more people will take to their bikes".

I am sure that he still holds that view. I thought that it was common sense to say that cycling is a healthy and beneficial activity, but that it should be conducted in a sensible manner. That was before I encountered some of the Bill's opponents, who seem to find a dangerous and alarming contradiction between the promotion of cycling and the introduction of basic provisions to improve the safety of child cyclists. I do not believe that such a contradiction exists, which is why I am promoting the Bill, and I do not believe that anything in the provisions will discourage children from cycling, as some opponents claim.

Furthermore, I do not believe, as some of the Bill's opponents do, that helmets increase the risk of accidents. I prefer to accept the overwhelming evidence provided by scientific research around the world. Neither do I believe, as some of the Bill's opponents do, that the mandatory wearing of cycle helmets will lead to such a downturn in cycling that we will breed a new generation of obese Britons. If that is the best argument that opponents can come up with, I feel rather sorry for them.

None the less, however exaggerated and alarmist such claims may be, I accept that there are concerns. That is why, after today's debate, we should take the Bill Upstairs and scrutinise it. The Minister can table amendments and any hon. Member who wishes come to the Committee may do so and make their points. As has been pointed out, what we are witnessing now is the same knee-jerk, unthinking reaction that we saw when we introduced similar measures relating to cars. It was said that measures on drink-driving would never work, and the same was said about wearing seat belts.

Ultimately, the argument that the provisions will never work, that nobody will agree with them and that there is no way to enforce them is not only defeatist, but plainly wrong. If the Minister needs to be convinced of the measure's popularity, he should study the results of an independent survey carried out by MyVoice, a polling organisation, in April this year. More than 9,000 people were polled, and 80 per cent. of them wanted helmets to be made mandatory for children. Indeed, almost 70 per cent. of the children themselves wanted helmets to be made mandatory.

Experience in other countries has demonstrated the effectiveness of cycle helmets. The Government accept the effectiveness of helmets, but will do nothing about the issue. Accidents and injuries have declined dramatically in each of the countries where mandatory helmet wearing has been introduced, including Australia, New Zealand, Spain, the Czech Republic, parts of the United States and Canada. Of course, some of those laws have been in place for a long time. If they had been found to be wrong, I am sure that they would have been repealed by now.

In conclusion—I had not intended to speak for an hour—I hope that the Bill will receive the scrutiny and consideration that it deserves. If it does not become law, that will not be the end of the line. It is my intention to set up with others an all-party group to build up strong support, with the assistance of hon. Members from

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across the House. This matter is not going to go away. I remind the House of what I said in opening my remarks: my two previous private Members' Bills failed, but they became law soon afterwards. I do not think that we can keep on going forward knowing that we are sacrificing 28 children a year and knowing that some of them could be saved. As I said earlier, the loss of a child's life is a tragedy, but if we can do something to avoid it, such a loss is a scandal.

10.27 am

Sir George Young (North-West Hampshire) (Con): I congratulate the hon. Member for Carlisle (Mr. Martlew) on his good fortune in the ballot, and commend him for his wisdom and courage in choosing this subject. I also commend him on the way in which he introduced the Bill to the House.

On 19 April, I received a letter from the policy adviser to Sustrans expressing surprise that I was supporting the Bill and going on to say:

"All cycle world united against it."

Of course, that is nonsense. The cycle world is rarely united about anything. The cyclist is not a herd animal, but a loner who prefers to go his own way in his own time rather than get on a bus or a train. Most cyclists do not join an organisation, and those who do so have a love-hate relationship with it. I believe that I am an honorary vice-president of the Cyclists Touring Club, but I certainly do not share its view on the Bill.

As someone who has sought over the past 30 years to work with the many splendid organisations that are active in this field and to help mould them into an effective political force, I think I know what it must be like to be the Chief Whip of the Liberal Democrats. Cyclists are notoriously difficult to organise in a coherent way. Some oppose cycle lanes because they see them as the first step towards banning cyclists from the roads, while others want them. Some believe that the present road traffic laws should be observed and enforced, while others do not. So anyone who comes to this debate expecting to find a united view from the cyclist will be disappointed. I hope that the cyclists among us who end up on different sides of the argument do not let each other's tyres down at the Members' cycle rack.

I want to begin by putting the Bill in context. Of course, there is a general and legitimate debate about the respective role of the state on the one hand and of the individual and his family on the other. That is a relevant debate when it comes to lifestyle decisions, whether they relate to smoking, drugs or sexual preferences, and also in terms of activities that involve risk. I suspect that nothing that is said this morning will satisfy what I call the fundamental libertarians—those who believe that unless someone is directly doing harm to someone else, they should be free to take risks and injure themselves. Such hon. Members tend to sit on these Benches, and some of them may be here this morning—indeed, I shall give way to one of them.

Mr. Leigh: I do not oppose the Bill on fundamentalist libertarian grounds; I oppose it because it will result in a dramatic fall in cycle use.

Sir George Young: That view is perfectly respectable, and I shall come on to it in a moment.

I do not subscribe to the fundamentalist libertarian view—nor does my party, as I shall show in a moment. I recall a story told to me by a consultant surgeon at the time of one of the earlier debates about seat belts. He was about to operate on a patient in St. George's hospital, which at that time was located at Hyde Park corner. The patient had a rare blood type of which it had taken the hospital some time to acquire sufficient quantities. Just before the patient went under the anaesthetic, there was an accident on Hyde Park corner. A driver who had not been wearing a seat belt was seriously injured and was brought into the hospital critically ill. He had the same rare blood group, so the supplies were given to him and the original operation was cancelled. That shows that, in the interdependent society in which we live, the health of one's neighbour is not a matter of complete indifference to oneself. We all have a mutual interest in living in a healthier society, where demands on the NHS are minimised by justifiable accident prevention measures.

David Cairns: I am enjoying the right hon. Gentleman's speech. Given that the Bill is about children, surely not even the most fundamentalist of the fundamentalist libertarians believes that children should be free to do whatever they want.

Sir George Young: I do not share that view, and if other Conservative Members share it, they must advance it. The question for the House is where this measure falls on the spectrum of legitimate intervention by the state—does it erode the liberty of the individual or is it a legitimate intervention by the state?

Moving from the general to the specific, road accidents are an obvious target for any Government who have an interest in reducing burdens on the NHS and reducing avoidable deaths and injury. So far as transport accidents are concerned, this House has decided to compel the individual to wear a seat belt, first as a driver and later as a rear seat passenger, to wear a crash helmet as a motor cyclist and, for those under 14, to wear a helmet if they ride a horse. Many of those measures were introduced under a Conservative Government, so Conservative Members have embraced the principle of legitimate state intervention.

Turning to the specifics of this Bill, the child road cyclist is the most vulnerable of all road traffic users. He is vulnerable both because he is a cyclist and is therefore more exposed, and because he is a child and is less able to cope with traffic and to assess risk—he is at four times greater risk than adults. However, he is the only road user who has no mandatory protection whatsoever.

I do not plan to spend too much time on medical evidence, because the hon. Member for Carlisle set out the case very well. I agree with Ministers that helmets are effective, and that they significantly reduce the incidence and severity of head injuries—according to the Library, there were 28 such deaths in 2002. As the hon. Member for Carlisle told the House, a Seattle-based study found that helmet use reduced the risk of head injury by 85 per cent., and the Transport Research Laboratory has come up with a slightly lower figure. Those 28 deaths are a legitimate subject for the House to debate. If it is possible to reduce them, let us do so, unless there are overpowering arguments to the contrary.

Shona McIsaac: The right hon. Gentleman mentions the 28 deaths, but he should also mention the people

who are seriously injured, who are in permanent vegetative states or who will be disabled for the rest of their lives.

Sir George Young: That point is wholly legitimate. I entirely accept that one should not only focus on the statistics for death.

As the hon. Member for Carlisle said, the Royal College of Nursing supports the Bill, and although the British Medical Association favours the wearing of helmets, it is neutral on the Bill "at present"—it is possibly aligned with the Government, who are waiting for the voluntary wearing of helmets to increase before they legislate. In fact, nearly everyone agrees that it is sensible to wear a helmet, and the arguments then move on to the downside of compulsion. I want to examine those arguments, because I do not find them convincing.

The literature that has been sent to us contains some simplistic arguments. Obesity is, of course, an issue, but it has many causes and many cures. To ascribe to the passage of this Bill into law the dire consequences of a fresh generation of obese children is absurd. Early-day motion 774 states:

"European countries with the most cycling activity have the lowest obesity levels."

We have all been taught to avoid making such simplistic judgments and using the naive logic that because two things have happened, one is the consequence of the other. There may be other factors that explain the variation apart from cycling.

One of the booklets produced by the CTC states:

"any measure that discourages cycling will have a profound effect on average life expectancy"

and "likelihood of ill-health".

That is a heroic overstatement. Without producing any evidence, the Cyclists Public Affairs Group asserts that the Bill would increase the number of deaths from obesity. For some children, if they do not bicycle, they will have to walk, which is another healthy activity, and children who bicycle may also take other forms of exercise.

There has been no visible decline in horse riding since Harry Greenway's Bill reached the statute book a few years ago. Thirty years ago, one could ride a motor cycle without wearing a crash helmet, and when that law was changed, we heard the same arguments that it would deter people from riding motor cycles. However, I have met no one who is deterred from riding a motor bike because they must wear a helmet, and the same will be the case in a few years' time if this Bill reaches the statute book. To rest the argument on obesity, as some opponents do, is to assume, first, a large drop in cycling and, secondly, that as a result there will be substantial obesity that would not otherwise have occurred. I cannot accept that the matter is as simple as that.

The CTC has also adduced the false sense of security argument—again, we heard that argument in the context of seat belts and motor cycle helmets—where it is claimed that when safety increases, one takes risks that one would not otherwise take. Speaking personally, wearing a helmet is part of a total risk reduction strategy, rather than a pretext for taking extra risks. By the way, that strategy includes avoiding those cylindrical security drums that emerge from the road as one comes into the Palace of Westminster, which have unhorsed me twice.

On enforcement, again, we heard that argument in the debates about seat belts and motor cycle helmets. Yes, not everyone belts up, but that is not a serious argument for repealing the law on the compulsory use of seat belts. We have recently legislated on the use of mobile phones while driving, which I support, and I saw a piece in the paper yesterday indicating that not everyone obeys that law, but that does not mean that it should be repealed. If the law on helmets were changed, the vast majority would obey it, and it would be easier to enforce than, for example, the law on rear seat belts, because it is immediately obvious if someone is wearing a helmet.

Carlie Annetts is one of my constituents, and she has written to every hon. Member. I commend her courage at a recent press conference and her campaign in favour of the Bill. Her son Troy was knocked off his bicycle about two years ago when he was not wearing a helmet, and sustained what seemed at the time to be a minor head injury, which sadly turned out to be fatal. He would almost certainly have been saved had he been wearing a helmet. His mother Carlie does not want other parents to go through what she has been through, and I commend her vigorous campaign in support of the Bill.

Recent parliamentary answers from the Minister indicate that the Government want people to wear helmets, but they do not want to legislate at the moment and will review the option from time to time. It is clear that the Government have no objection in principle, and if voluntary wearing were to continue to increase, they would probably legislate at some point—but not yet. Last year, the Minister said:

"At these levels making helmets compulsory would cause enforcement difficulties and without greater public acceptance could have an effect on levels of cycling."—[*Official Report*, 5 November 2003; Vol. 412, c. 639W.]

The previous Government, in which I played a modest role, said that it was

"more effective at the present stage for Government actively to promote the voluntary wearing of helmets."—[*Official Report*, 8 July 1996; Vol. 281, c. 71.]

However, that was nearly 10 years ago.

The Minister's argument is a little perverse. More lives would be saved if there were 100 per cent. wearing of helmets. When voluntary wearing reaches, say, 80 per cent., he is prepared to legislate, but in terms of saving lives, the benefit of legislating then will be less than if he legislated now, when wearing is, say, 25 per cent. So if there is no objection in principle, why not do it now and save the extra lives? The Government's view is not whether, but when. If there is case for it, we should do it now. Of course the Government are concerned about greater public acceptance, to use the Minister's words, but the only survey that I have seen, of some 9,000 adults, found that 80 per cent. favoured mandatory wearing. That is the sort of majority with which any Member of this House would feel comfortable.

I want to bring my remarks to a conclusion because other hon. Members want to speak. I hope that the Bill reaches the statute book. I believe that it has worthwhile benefits and that the case against it is not made. I understand the anxieties of the opponents of the Bill. Personally, I would be prepared to delay its implementation—that is left to the Secretary of State—for some time to give the Government an opportunity to narrow the gap of non-wearers and make wearing more

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acceptable. What the House should do now is make a clear statement of principle that this is a sensible safety measure, but we need a bit of time for people to adjust.

I commend the hon. Member for Carlisle for introducing the Bill; should there be a Division, I shall be with him in the Lobby 100 per cent.

10.42 am

Mr. Peter Pike (Burnley) (Lab): I am glad to have the opportunity to speak in this debate. I congratulate my hon. Friend the Member for Carlisle (Mr. Martlew) on his speech and on promoting the Bill. I am delighted to follow the right hon. Member for North-West Hampshire (Sir George Young). I have always regarded him as a friend, although he is on the other side of the House. He is certainly well respected, and is one of the House's most famous cycling Members. I enjoyed his speech in favour of the Bill.

I have a confession to make. When my hon. Friend the Member for Carlisle chose this subject, I supported it right from the start, but it was not my intention to be here on a Friday to take part in the debate. I think hon. Members will know that I have for many years campaigned for the House to make all Fridays non-sitting days and to take private Members' Bills on another day. That is not because I want a shorter working week, but because I believe that it is important that Members can work in the constituency on a Friday, as it is the only time available to us when factories, schools and other places are working. Some Members who live in the south-east may not fully understand that, but it is a problem. Today, many Members throughout the country are involved in back to school day. I had a full programme of visits to four schools, but with their co-operation I am having my back to school day on 21 May, so Burnley's will be a bit later than the others.

I changed my mind about attending the debate following a tragic incident in my constituency—the tragic death of James Hadfield, a young boy of 15, who was killed on his bike. As my hon. Friend the Member for Carlisle said, it happened not on the road, but in Piccadilly park, a children's play area less than five minutes from where he lived—just round the corner, in fact. It is a small park with a skateboard area. He cycled into the park at some speed down the road on to the skateboard area, came off and, tragically, died. The incident received a lot of press coverage and my hon. Friend the Member for Carlisle spoke to the family.

I went round to see the family the following Sunday. I did so with some trepidation, because contacting a family in a tragic personal situation is not the type of thing I normally do, but I understood from my own experience the impact of the tragedy of that boy's death on the family and the wider family. In 1956 and 1957, I did my national service in the Royal Marines. I was home for the August bank holiday when my younger brother, who was 17, went out on his motorbike. It was not compulsory to wear helmets in those days, although he normally did so. He went out for five minutes to fill up with petrol, hit a bit of broken road surface, hit the kerb and was killed outright. I will always remember the tragedy of my brother dying at that age. He was a very successful apprentice working for the London Electricity Board. I remember the tragedy not only of his death, but of the impact on my family. It took my mother many, many years to get over it. In fact, I do not think that she ever fully got over it, because the last thing that she did before he went out on that Sunday morning was to tell him off. We had gone out for a short walk, and when we got home the tragedy had happened.

I therefore fully understand how the Hadfield family felt, and it was with some trepidation that I went round to see them. It was very clear that they fully support the Bill. I asked them how the press had treated them. These days, MPs tend to criticise the press and the press criticise MPs, and we are two of the professions of which the public have a poor opinion. However, the family said that the local press had treated them very fairly, sympathetically, compassionately and helpfully, and that its reports had been very clear and accurate. I want to quote from the report in the *Lancashire Evening Telegraph* on Monday 15 March. It says that the accident happened on a Saturday afternoon when the family was out buying a car. James's father says:

"Our son Dylan was with him when it happened, he was the one to run home and get Victoria to ring us."

Victoria was Jamie's sister. It continues:

"He added: 'James loved life. He loved football, especially Burnley, fishing, cars and his BMX bike. When he was on that bike he had no fear, he was just like me when I was a child . . . We are not sure if a helmet would have saved his life because the handlebars crushed his chest but we know he suffered head injuries so it could have saved him."

The family are being fair—they are not saying that it is 100 per cent. certain that a helmet could have saved his life, but that he would have had a better chance if he had been wearing one.

The article states:

"His parents today revealed that their son refused to wear a helmet because he claimed it wasn't fashionable. They are now urging other parents to ensure their children wear helmets."

That is the problem, of course. Young people, especially those aged 13, 14 and 15, have a habit of thinking, "My mates won't wear that helmet—why should I?" They go out without one because they do not want to be laughed at and experience peer pressure.

The article continues:

"Step mother, Melanie . . . who is married to James' father also James . . . said: 'No matter what we said to him about wearing the helmet he just wouldn't do it. He was a typical teenager and wouldn't be told anything. All the other children wear them—it was a matter of course to them but to James, wearing a baseball cap was all he would wear. If this tragedy persuades one more person to wear a helmet then his death won't have been in vain."

On the Tuesday, the *Burnley Express* reported:

"The parents of James, 15, yesterday revealed how he refused to wear a safety helmet because it wasn't fashionable."

It stressed that they support my hon. Friend's Bill and believe that if it helps to reduce the number of tragedies and serious injuries in future it is the right thing to do.

My hon. Friend the Member for Carlisle and the right hon. Member for North-West Hampshire attended the press launch of the Bill and campaign in the Jubilee Room a few weeks ago. Anyone who previously held a neutral view would have been persuaded by the medical evidence, not only about death but the injuries that a young person could sustain as a result of a serious accident. If the Bill saves some lives and prevents some serious injuries every year, it is worth supporting.

The *Burnley Express* stated:

"According to Lancashire County Council 26 people in the county were killed or seriously injured in cycle accidents and 127 injured between 1998 and 2002 . . . Bike Helmet Initiative Trust Executive Angie Lee said: 'If we are serious about protective clothing then the only effective way to do it is by law.'"

The article continued:

"Halford's who sell their own brand of helmets, Trax, and have a superstore based in . . . Burnley, said: 'We constantly work with the manufacturer to help make the helmets more fashionable, more colourful and more aerodynamic to escape the old skull-cap look. When we sell bikes we always encourage buyers to purchase a helmet and we cater for all pockets to make them accessible to everyone."

Jamie had several younger brothers. Although that young boy would not wear a helmet because of facing his mates, he always encouraged his younger brothers to wear theirs. Indeed, he would not let them go out on their bikes if they were not wearing helmets because he believed that it was important that they should have them. However, because he was at that slightly older age, he would not wear one. People could say that that was a silly mistake—it was—but if it had been the law to wear a helmet, James would have done so. His mates would also have worn helmets and they would all have gone out wearing them.

Yesterday, I received a fax, which I am sure that other hon. Members also received, to say that cycling supremo David Millar supports the Bill. He is an Olympic hopeful and he joins David Coulthard, who has done much to support wearing protective headgear. Of course, a bike is not David Coulthard's normal vehicle but he is a keen cyclist. He supports the Bill, as does Olympic cycling medallist Jason Queally. The fax states:

"'Mr. Millar challenges the notion that the measure is unpopular with cyclists. He said, 'If cycle helmets did not work it would be a different matter, but they do as a great many cyclists like me appreciate. As you would expect, I am fully in favour of cycling but recognise you must undertake the activity for sport or for pleasure responsibly, particularly if it is someone else's life. I would not put my child on a bike without ensuring their safety. I am sure this is the first of many provisions to be introduced for children, who, let's face it, are vulnerable because they are novice cyclists and who in many cases are not aware of potential dangers.'"

I accept that many responsible parents will voluntarily try to persuade their children and teenagers to wear helmets but we know what teenagers are like—after all, we have all been teenagers. Enacting the Bill will provide protection and make wearing a helmet the norm. I do not accept that cycling will become less popular and that young people will be discouraged. Once the Bill is passed, there might be a few months of resistance, but once people have got used to it, they will accept it. The right hon. Member for North-West Hampshire was right to suggest a transitional period of a few months before implementing the Bill. His point was fair and reasonable.

David Cairns: On peer pressure and what children will or will not do, does my hon. Friend agree that young people regard going to school as deeply uncool and unpopular and that if it were voluntary, many would not go? However, it is the law, so young people go to school. It is feeble to argue that we should not even try simply because something is considered uncool and there is peer pressure to resist it.

Mr. Pike: I agree. Many young people would not go to school if it were not the law. Once the law exists, people accept it. The breathalyser has been mentioned several times. When we introduced that and other drink laws, they were resisted. Nowadays most people accept them. When I first started to drive and I worked in a bank, we opened on Saturdays. We used to cash up at 12 o'clock and rush over to the pub where the senior staff had to buy all the junior staff as many drinks as possible before closing time, when they drove us home. I now wonder how on earth they drove. That was not challenged in the 1950s but we would regard it with horror nowadays because we understand that someone who has had a drink is a dangerous driver, just as we increasingly accept that speed is a killer and a cause of accidents. The same applies to seat belts. Who nowadays would say that we should abolish the law on seat belts? It is mostly accepted. In a small percentage of incidents perhaps a driver would be better off without a seat belt, but such instances are rare.

Mr. Lazarowicz: Is that not the crux of the difference between seat belts and cycling helmets? Those who oppose the Bill suggest that its consequences of encouraging obesity and the negative public health effects far outweigh the benefits of the measure. Only a tiny number of lives would be saved by not wearing a safety belt. That is the difference between bicycle helmets and seat belts.

Mr. Pike: I have great respect for my hon. Friend but I do not accept his point. I do not believe that any evidence exists to show that fewer people will cycle and that the health effects that he fears will happen. If the Bill saves some young people, however small the number, from death or serious injury, we have a responsibility to support it. That is the overwhelming argument in favour of the measure. Earlier, I referred to the death of my brother in a motor cycle accident. It was argued that fewer people would drive motor bikes if helmets were made compulsory, but that did not happen. Nowadays, more and more people are driving motor bikes. The increase in motor bike use is incredible.

I accept that there is a balance to be struck, but I believe that it is in favour of passing the measure. I have examined the evidence of those who oppose it and those who have written to me to say that it will discourage bike riding. I have received three copies of the postcard published by the campaign to oppose the Bill. The postcard shows a photograph of a father with two kids on bikes, with the caption "Criminals?" splashed across it. People who organise such campaigns should be a little more sensible because the cards do not include space for an address, so I cannot reply to the three people who have written requesting my views. I take it that they are from Burnley, but I do not know.

The postcard states:

"Whatever your views on helmet-wearing it is clear that such a law would seriously threaten the efforts of Government and others to maximise the many health and other benefits of cycling. The available evidence shows that imposing helmet-wearing reduces cycle use, whilst the safety case for such a measure is far from clear. At a time of acute concern about Britain's obesity epidemic, the last thing we should be doing is legislating children and young teenagers into car-dependent sedentary lifestyles."

[Mr. Pike]

Although one agrees with the objective of encouraging cycling, I do not agree with the conclusion. The campaign has not changed my view.

Mr. Russell Brown: My hon. Friend has been reading part of the postcard, but the card also says of the Bill:

"Its purpose is to ban under-16s from cycling unless they are wearing a helmet."

That is not what this legislation is about; it is about encouraging young people and ensuring that they make safety a priority. It is not about banning under-16s from cycling.

Mr. Pike: My hon. Friend makes a valid point. It is a question of how we read the card. It has been written in a way that is most damaging to the case made by the Bill.

We are debating a Bill that will protect young people, and I would hope that every young person would be encouraged to cycle as well as to participate in other healthy sports. I have no objection to that, and all of us who support the Bill want to see it happen. We do not want to see any reduction in the number of young people cycling. All we want is to see them cycling safely and getting to the end of their journey safely—whether it is for pleasure or for going to school or work—and not suffering serious injury or death that could have been prevented by their wearing a helmet. I shall certainly vote for the Bill, and I congratulate my hon. Friend the Member for Carlisle on introducing this most sensible measure.

11.1 am

Mr. Edward Leigh (Gainsborough) (Con): I very much enjoyed the speeches of the hon. Member for Carlisle (Mr. Martlew), my right hon. Friend the Member for North-West Hampshire (Sir George Young) and the hon. Member for Burnley (Mr. Pike), but I shall be the first Member today to oppose the Bill. I am a father, and all my children have cycled. Like all fathers, I have tried to encourage them to wear helmets. As they get older, it gets increasingly difficult to make them wear helmets, to cycle or to take any exercise at all.

To take up the point made by my right hon. Friend the Member for North-West Hampshire, I do not take an extreme libertarian view on this matter. The House is entitled to legislate on matters of safety, but if it is wise, it will do so only when it is riding with public opinion. It was clearly doing that when it introduced the legislation on front seat belts, and I understand that 90 per cent. of people are sensible enough to know that it is wise to wear them. The battle to persuade people to wear rear seat belts in cars has been far more difficult. I always wear one, of course. I am certainly not going to announce publicly in the House of Commons that I break the law. I am told, however, that only about 50 per cent. of people use rear seat belts—the legislation on which was introduced by my hon. Friend the Member for Christchurch (Mr. Chope) in 1991. That shows some of the problems involved in such legislation and it is one of the problems with this Bill. We need to ride with public opinion.

It worries me that there is a huge number of statistics going back and forth in this debate. It is dangerous to produce statistics, because someone can immediately intervene and produce a statistic to support the other side of the argument. We know, however, that the use of cycle helmets by children is very small, perhaps between 6 and 15 per cent. If any hon. Member wants to intervene and tell me that the figure is actually much higher, I will certainly give way, but I think that those figures are generally accepted.

Mr. Martlew: I would agree with the hon. Gentleman's figures. If the figure were 70 or 80 per cent., I would probably not be introducing this Bill. It is because the figure is so low that I am introducing it.

Mr. Leigh: That is a very honest intervention, and the hon. Gentleman has used it to make his point.

There would be a serious problem of enforcement in regard to these measures, and I think that that is a problem for the Government. I suspect that that is why they will not give the Bill an entirely fair wind. The hon. Gentleman said that the Prime Minister supported it, but the Prime Minister actually said:

"We will give serious consideration to it . . . if we can support it, I am sure that we will."—[*Official Report*, 31 March 2004; Vol. 419, c. 1594.]

I do not know what that means; I do not know whether the Government support the Bill or not. If I were speaking from the Government Front Bench, I would be very understanding of the problems that we face.

The number of child deaths in these circumstances is small, although it is an appalling tragedy for the parents of every child who dies, and for their community. Even if only 20 children a year die, that is still 20 too many. However, the jury is out on whether we would save those lives by passing the Bill. My point is that there would be a serious problem of enforceability. When we introduce a law, we generally need to have the tide of public opinion with us.

Shona McIsaac: The hon. Gentleman and I represent neighbouring Lincolnshire seats, and I hope that he will accept that we have some of the worst road traffic accident statistics in the entire UK. I have no doubt that he constantly reads in our local newspaper, the *Grimsby Telegraph*, about the number of young cyclists who are injured in our area. Will he tell me whether he is against the wearing of cycle helmets, or purely against the element of compulsion?

Mr. Leigh: Of course I am not against wearing cycle helmets. Those of us who oppose the Bill must accept the argument that someone who wears one is probably less likely to sustain an injury than someone who does not. It would be absurd to say that wearing one made people more liable to injury. The problem with cycle helmets is that most of the 20 kids who die each year die from serious multiple injuries. They do not die from falling from their bicycle on to a hard, flat surface. In a moment, I shall adduce a learned opinion, which argues that, because of the standards applied to helmets, most of them will prevent injury only if the wearer falls from their bike on to a hard surface. They will not save someone who is hit by a car or who suffers multiple injuries.

Mr. Martlew: The figure is actually 28 children a year, based on the last three years. Obviously, that is too many.

On the hon. Gentleman's point about injuries, a high percentage of those youngsters die from head injuries. It is obvious that other parts of the body are less vulnerable than the brain. Also, the Bill prescribes what kind of helmet will have to be used, so the Government will be able to ensure that people wear very good ones.

Mr. Leigh: I am glad to hear that, because it leads me precisely to my next point. I am sure that the Government will have an opinion on the issues of compliance in this regard. If we are to impose new standards on the cycle helmet industry, there will be costs and difficulties involved. I am sure that the hon. Member for Carlisle will have read the opinion of Brian Walker, who is one of the leading experts on the mechanics of helmets. His company, Head Protection Evaluation, is the principal UK test laboratory for helmets. He argues that

"with only one or two exceptions, the helmets tested"—

these are the helmets in general use now—

"were quite incapable of meeting the higher Snell B-90 standard"—

which pertained in the early 1990s—

"to which many of the models had been previously certified. Some helmets were even incapable of meeting the weak EN1078 standard. Some people argue that helmets are effective if 'properly worn'. How those words have haunted me through many years! Apart from some racing cyclists, I hardly ever see a cycle helmet worn properly . . . we have examined many cycle helmets that were manufactured in such a manner that correct adjustment was completely impossible."

Brian Walker goes on to quote a High Court case. This relates to the important point about whether those 28 children's lives could have been saved. If that number of lives could be saved by the Bill, I accept that I should probably have to withdraw my opposition to it. It is important not to take an absolutist point of view in these debates. Mr. Walker says that, in a recent High Court case,

"a respected materials specialist argued that a cyclist who was brain injured from what was essentially a fall from their cycle, without any real forward momentum, would not have had their injuries reduced or prevented by a cycle helmet. This event involved contact against a flat tarmac surface with an impact energy potential of no more than 75 joules (his estimate, with which I was in full agreement).

The court found in favour of his argument. So a High Court has decided that cycle helmets do not prevent injury even when falling from a cycle onto a flat surface, with little forward momentum. Cycle helmets will almost always perform much better against a flat surface than any other."

Brian Walker continues:

"Referring back to the Court case mentioned earlier, the very eminent QC under whose instruction I was privileged to work, tried repeatedly to persuade the equally eminent neurosurgeons acting for either side, and the technical expert, to state that one must be safer wearing a helmet than without. All three refused to do so, stating that they had seen severe brain damage and fatal injury both with and without cycle helmets being worn. In their view, the performance of cycle helmets is much too complex a subject for such a sweeping claim to be made."

That quotation from an expert in child safety and in helmet manufacture shows some of the difficulties with those arguments. I use it only to make an argument; the House need not necessarily accept it, but there are two sides to the question. There are difficulties over how effective helmets are and there is argument over whether the 28 lives a year would have been saved had the Bill become law two or three years ago.

Mr. Martlew: I am a little confused, because the hon. Gentleman said earlier that he accepts that cycle helmets help. Now he says that the evidence is that they do not. Perhaps he can clarify that.

Mr. Leigh: To be honest, I do not wear a helmet when I ride a bicycle. I accept, however, that I would probably be safer if I did so. I am not an expert; I am just using my own common sense. As laymen, people presume that if they wear something on their head when they are riding a bicycle, they are safer. All I am saying is that, although that is a common-sense point of view, there are eminent neurosurgeons—eminent specialists in this field—who argue that it is not necessarily a given fact that those 28 lives would have been saved had the Bill become law.

Mr. Russell Brown: This morning, we have concentrated on the loss of 28 lives a year, averaged over the past two or three years. But there is also the serious issue of severe head injuries. The Bicycle Helmet Initiative Trust says that a child is twice as likely to fall off a bicycle—not necessarily be involved in an accident with another vehicle—and sustain an injury, which could be a head injury. In that respect, surely we should do something to lessen the impact of any injury that an individual, especially a child, may suffer.

Mr. Leigh: It would be ridiculous if I argued from an absolutist's point of view that people should not try to persuade their children to wear a cycle helmet. If a young child falls off a bicycle on to a hard, flat surface, wearing a cycle helmet will undoubtedly help. Therefore, all of us in the House and parents want to encourage our children to wear a helmet. All I am saying is that there is low use of cycle helmets and no conclusive evidence that the 28 lives would have been saved if the Bill had become law.

To move on to the second aspect of my speech, it is possible that there will be a serious impact on cycle use if the Bill becomes law.

Mr. Lazarowicz: I thank the hon. Gentleman for giving way, as I want to intervene on that point. Like him, I encourage my children to wear cycle helmets. My hon. Friend the Member for Dumfries (Mr. Brown) referred to children who fall off a stationary bike with no impact from a vehicle. The distance fallen by such children could hardly be more than 2 ft or 3 ft. Falling down a few stairs could cause head injury, but no one suggests that because of that danger, pedestrians should wear helmets when they walk the streets.

Mr. Leigh: That is a difficulty with the Bill. We have established that cycle helmets are certain to save people from serious injury only if they have a relatively low fall with an impact which an eminent expert described as involving

"no more than 75 joules".

How far should we go? Reference has been made to the nanny state. I hesitate to use that term because I believe that the state has a right to intervene in a matter in

[Mr. Leigh]

certain circumstances where there is general public consent. I do not think that there is such public consent over this matter at the moment.

We must refer to what has happened in other parts of the world. I intervened on the hon. Member for Carlisle over what happened in Australia. He said that cycle use had since recovered there, but in New Zealand there was also a large fall—20 per cent., I think—and there has been no recovery in cycle use. Apparently, when such laws were introduced in Sydney, the immediate effect was a dramatic drop of about 91 per cent. in secondary school children cycling to school.

The hon. Gentleman, I think, said that it is not cool to wear cycle helmets. That is a real difficulty that he has to face. If his Bill became law, there would be a genuine, immediate difficulty in persuading many secondary school children to wear helmets. Many simply would not ride to school. He must address that point, along with all the evidence from around the world—Nova Scotia, New Zealand, Australia—which all points to a dramatic fall in bicycle use.

My right hon. Friend the Member for North-West Hampshire mentioned obesity. I have read the literature from those who oppose the Bill and I accept his point that perhaps it is a little extreme to suggest that if the Bill became law the obesity epidemic would suddenly become much worse. That overstates the case and, as usual, my right hon. Friend, in his moderate and sensible way, made that point very well. The fact of the matter is, however, that in 2001, 16 per cent. of six to 15-year-old children were obese. That is a real problem.

I am not suggesting that if we pass the Bill we will suddenly have an obesity epidemic, but do we want to discourage cycle use when everybody in the Chamber—we are a load of cycling enthusiasts—cycles?

Mr. Forth: No.

Mr. Leigh: A possible exception is my right hon. Friend, who would not be seen dead on a bicycle.

Mr. Martlew: Earlier, the hon. Gentleman warned us about statistics, but he has gone on to quote them several times, although he has not mentioned British Columbia in Canada. May I point it out to him that cycle use in this country is dropping like a stone anyhow? We do not have that particular policy, but there has been a 30 per cent. drop in 20 years. That is set out in the document, "Bicycle Helmets: review of effectiveness", which I am sure the Minister is aware of. The number of people using bicycles is declining. I believe that parents would be happier if they felt that their children would be safer.

Mr. Leigh: That is a fair point. Obviously, we each have our opinion. The hon. Gentleman is right: since 1991 in Great Britain, the fall in cycle use has been almost twice the increase in helmet use, so that fall has been dramatic without a dramatic increase in helmet use. I doubt whether the Bill would discourage that fall in cycle use.

The hon. Gentleman will not accept any of my statistics and I am sure he could introduce others to the debate, but surely, as a reasonable man, he accepts it as a reasonable supposition that there has been a dramatic fall in cycle use in this country. Relatively few children wear helmets; his Bill might aggravate the situation. There is already a problem with child health and a huge problem with encouraging children to take exercise, walk, play games and cycle. We have different medical and expert opinions on how many lives would be saved by the Bill. Given all those facts, is this the time to introduce the Bill? I do not believe that the Bill is timely. There is a lot more that the Government could do to encourage safety, to try to take the voluntary route and to persuade parents that it is advisable that their children wear cycle helmets.

A lot of fun has been had at the expense of cycle organisations—the men in lycra—and over whether it is possible to achieve any agreement among those people, who are just enthusiasts. We should beware any Bill that appears to be opposed by so many representative organisations in the cycling world. Does not that give us pause for thought, at least for a moment?

Cycling use has declined dramatically and virtually every cycling organisation is against. The hon. Member for Carlisle has already been asked in an intervention whether a single cycling organisation supports his Bill.

Mr. Martlew: The organisation that supports the Bill is behind professional cyclists. Wearing a helmet is compulsory for them.

Mr. Leigh: I heard the hon. Gentleman making that point, which, if he does not mind my saying so, I think is very weak. Professional cycling is a completely different world from what we are talking about. Those are sporting people who are at the edge of what is safe. They often ride in very difficult circumstances. Does not the fact that only one organisation supports the Bill give us pause for concern?

We are supposed to be encouraging people to cycle, and I do not think that this Bill will do so. I am sorry to say that ultimately, the Bill will result in more ill health in the long term, as there will be less healthy exercise, which will have an impact on the national health service. I do not think that this measure would have saved all those 28 lives, and the Bill should be opposed and resisted, or at least heavily amended.

11.20 am

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I congratulate my hon. Friend the Member for Carlisle (Mr. Martlew) on the way in which he presented his Bill, and on taking on a subject that any of us who have been involved in transport issues, especially cycling, knows will be liable to provoke strong emotion on either side of the argument. When I was fortunate to come high in the private Member's Bill ballot a couple of years ago, the subject that I chose, employee share schemes, did not seem to provoke the same enthusiasm or emotion on either side of the argument that understandably exists on an issue of this nature.

My constituency is a long way from London, so I, like my hon. Friend the Member for Burnley (Mr. Pike), do not find it possible to attend regularly on Fridays for private Member's Bills. I therefore look at the agenda to work out which Bills I want to be in Westminster for. On

this day, this Bill, and the subsequent Bill, which I am sure will also be worthy of detailed examination, attracted my attention, so I decided some time ago to make a specific effort to be here for Second Reading. At that stage, I generally supported the Bill's objectives; like most people who are interested in road safety, including those in the Chamber today, my gut reaction was that the Bill must be a sensible idea. However, as I have had information sent to me, and as I have tried to investigate the subject in more detail, I have swung from being generally supportive to being extremely sceptical—certainly about the breadth of its proposals. I am not saying that I would oppose the Bill in its entirety, but I would have to be convinced strongly that it would be right to take it forward. In those circumstances, I am sure that my hon. Friend wishes that I had not bothered coming here today, but having made arrangements to be here a long time ago, I want to contribute to the debate.

My earlier interventions may have given some indication of the reasons for my shift of position, and I want to explain the reasoning behind my growing doubts. My attention was first drawn to possible problems with the Bill by the postcard from the CTC to which my hon. Friend the Member for Burnley referred. Like him, I was somewhat amused that the letter inviting me to express my opinions did not give me an address to which I could respond. I was also struck by the way in which the postcard featured a picture of a happy family cycling in summer on a rural path, with, stamped across it, the word "criminals". I wondered whether that was really the content of the Bill.

On issues of this nature, I am aware that when people try to lobby MPs, they put their case in the strongest possible terms, and, like the right hon. Member for North-West Hampshire (Sir George Young), I am aware that, in this field in particular, emotions and simplifications of the argument can be the order of the day. I was therefore dubious about whether the Bill would make this happy cycling family into criminals. I therefore studied the Bill, and it is true that it would make that family, apparently doing no harm to anyone by cycling along a rural off-road path, into criminals.

I looked at the Bill in a little more detail and considered an example that I gave in an earlier intervention from when I took one of my children to a local park, and she met one of her friends, who offered to let her ride her bicycle for a short period. That indicates the problem with the Bill's approach. We must move towards regarding cycling as being as natural a way of getting around the community as walking. We do not want it to require special protection. No one suggests that pedestrians should have to wear helmets when they cross the road, but pedestrians are much more likely to suffer head injury than cyclists.

Mr. Martlew: Is my hon. Friend really saying that, in percentage terms, children are more likely to suffer injury as pedestrians than the 6 per cent. of children who cycle? I do not accept that.

Mr. Lazarowicz: I am saying that if we consider the overall figures, we see that children are more likely to be injured as pedestrians than as cyclists. When using statistics in this argument, we must be very careful, as I said earlier. My point was that we want to make cycling a natural activity. One of the reasons that I was happy on the occasion that I mentioned to let my child cycle without a helmet, although I encourage my older children to wear cycle helmets, was precisely that I wanted to encourage the younger child to learn to cycle. It seemed natural to allow my child to cycle in the park on that occasion. My hon. Friend says that, although in theory I would be a criminal for allowing her to do that, the law will be ignored, and nothing will be done to enforce it. That may be the case, but as a general principle we should avoid making laws that, in many circumstances, we do not want people to obey. The Bill provides for the banning of off-road cycling without a helmet by children under 16, which is an extreme measure that I would not find acceptable.

I accept that there will be some occasions when an injury or, in extreme cases, a fatality, of a child riding a bicycle off-road could have been prevented if a cycle helmet had been worn, but we must guard against seeking to legislate against all danger that could conceivably occur. There are many dangerous things in the world, including in playgrounds, but we do not legislate to make them all entirely impossible. I do not want to go into the statistics in great detail, but I suspect that the most dangerous thing in many playgrounds is play equipment. It has been made much safer in recent years, but injuries and fatalities of children still occur in playgrounds. We are not suggesting, however, that we should take away play equipment in its entirety to reduce injuries and deaths. We try to minimise the danger, but we must recognise that there must always be some level of risk in any human activity.

Ms Oona King (Bethnal Green and Bow) (Lab): My hon. Friend is right that there must be some level of risk. Over the past 150 years, however, have we not legislated consistently in terms of harm avoidance, and in terms of prevention being better than cure? As for being arrested for allowing children on bikes, surely common sense would prevail, in the same way that parents are not arrested at present for doing various such things. It is unlikely in the extreme that that would change in this instance.

Mr. Lazarowicz: If it is unlikely in the extreme that this aspect of the law would be enforced, it is questionable whether there is much point in the law in the first place. If we do not think that the law should be put into effect, why put it on the statute book in the first place?

Mr. Martlew: My hon. Friend's argument is lost on me. When he was talking about play areas, he said that we do not take away the play equipment but make the play safer. My Bill will not take away the bicycle but make the riding of the bicycle safer.

Mr. Lazarowicz: I was merely suggesting that there were various ways of incurring various types of injury. We are not talking about protecting people against all injuries; we are trying to establish whether the benefits

[Mr. Lazarowicz]

of the Bill are proportionate to the downside. That downside—the health implications and the problem of obesity—distinguishes this from measures relating to the wearing of seat belts and motor cycle helmets.

Mr. Pike: It is true that playground equipment, at least in Burnley, is much safer than it was when I was seven or eight, during the war. Steps have been taken to make it safer, and most positive councils have changed the playground surface to minimise injuries if children fall from the equipment. We have not stood still in that respect, so why should we do so in this instance?

Mr. Lazarowicz: Of course I am pleased that playgrounds have been made safer. Indeed, I was involved in such measures when I was in another area of politics. The Bill, however, would not just encourage higher safety standards; it would ban certain activities if a helmet was not worn. The logical corollary would be requiring children to wear helmets in playgrounds, because they still fall off even safe playground equipment.

Mr. Leigh: I have led a busy life ski-ing, riding and engaging in a number of extreme sports. The only serious injury that I have incurred was sustained 18 months ago in a playground. I broke my leg badly in two places when I was walking down a ramp 2 ft high. It was a brand new playground featuring all the latest safety equipment described by the hon. Member for Burnley (Mr. Pike). I was in hospital for four days.

Mr. Lazarowicz *rose—*

David Cairns: What was the hon. Gentleman doing in a playground anyway?

Mr. Lazarowicz: That is a good question.

My point is that all sorts of human activity involve dangers. We must ask what response is proportionate, given that we cannot legislate against all the risks that may be posed to us or our children.

Mr. Russell Brown: We cannot wrap children in cotton wool. Certain injuries are reparable. I remember seeing the hon. Member for Gainsborough (Mr. Leigh) after he sustained his injury having severe difficulty in moving around the Palace. Broken bones are one thing, but head injuries are another. Serious head injuries are not easily repaired and may be fatal. We want to lessen the impact that an accident may have on a child.

Mr. Lazarowicz: Of course, and I should make it clear that I wear a helmet when riding a bicycle and encourage my children to do the same. I do not suggest for a moment that helmets should not be worn. It is a question of the possible negative consequences of a ban.

I said that I began to change my mind when I realised that the Bill would prevent children from cycling in parks without wearing helmets. My constituents then started to express their views. Obviously, Members must take account of how widely and how strongly constituents express an opinion, and I was surprised by the number of letters—not a vast number, but certainly a fair number—that opposed the Bill, in reasonable and measured tones. Members are not always able to represent their constituents' views in votes, but it does no harm to try to represent their views in the Chamber if there is no powerful argument against them.

Mr. Martlew: I am surprised that my hon. Friend, an experienced Member of Parliament, believes that those who shout loudest normally constitute the majority. A poll of 900 people showed that 80 per cent. of the public favoured my Bill. Did my hon. Friend talk to staff in accident and emergency departments, for instance?

Mr. Lazarowicz: I shall come to the views of the medical profession shortly.

It is true that those who shout loudest do not necessarily constitute the majority, but it is also true that the majority do not always produce the best arguments. That poll was taken among the general population. I am not sure what the result would have been if cyclists and those whose children cycle had been polled, but such a poll might have been more helpful.

Shona McIsaac *rose—*

Mr. Lazarowicz: I do not want to stop the Bill making progress, but I will give way.

Shona McIsaac: My hon. Friend says that it might have been more instructive to ask for the views of cyclists, as opposed to umbrella organisations. I discussed the matter with Mike Davis, editor of BIKEmagic, who put a discussion thread on the website and on that of RoadCyclingUK. That suggested that opinion on the Bill was fairly evenly split, but the "antis" were keen to stress that they were not opposed to the wearing of helmets, but were concerned about the compulsion issue. My hon. Friend seems to be saying that cycle helmets should never be worn.

Mr. Lazarowicz: If my hon. Friend thinks that I am saying that, she cannot have heard what I said earlier—three times, I believe. I support the wearing of helmets, and wear a helmet myself. The issue is what the consequences of a ban might be for public health and obesity rates.

Undoubtedly, if the Bill is passed some lives will be saved—although the number may be disputed—and many more injuries will be prevented. In debates such as this, Members tend to say that any measure that saves a single life must be supported, no matter what. That is a natural response, and of course if a life can be saved with no negative consequences we should take action to save even that one life, but actions designed with the best of motives—to reduce the number of injuries and save lives—often have unintended results elsewhere. It has been suggested, for instance, that safety measures designed to prevent a few deaths on the railways discourage rail traffic and hence lead to more deaths on the roads. This is a complex area, and we should take account of the knock-on effects of the best-intended measures.

That is particularly important in respect of this Bill, and it brings us to the crux of the argument. If it were just a question of lives being saved by the compulsory wearing of helmets, no matter how few, I would certainly strongly support such a measure, but what concerns me is the evidence that, if fewer children rode bicycles, it would increase obesity and have negative public health effects. That might not be a consequence of this measure but the evidence and other arguments strongly suggest that it could be.

I want to refer to some of the views that have been expressed, albeit not at too great length. The first powerful arguments are those advanced in the Transport Research Laboratory study. My hon. Friend the Member for Carlisle referred correctly to the conclusion of that extensive, excellent study which stated:

"There is now a considerable amount of scientific evidence that bicycle helmets have been found to be effective at reducing head, brain and upper facial injury in bicyclists."

That is a correct and important point to make. It is a powerful argument, it would appear, in favour of the compulsory wearing of helmets, as proposed in the Bill, but my hon. Friend did not go through the other points in the TRL report. I do not blame him for highlighting that point because it was relevant to his arguments, but the TRL identified four criteria against which any measures for compulsory helmet wearing legislation should be judged. The first is

"There must be a high level of scientific evidence that bicycle helmets are effective in reducing the rate of head injury to bicyclists."

The report effectively says that and we do not disagree. However, the second criterion is:

"The benefits to society and others of mandatory bicycle helmets must be convincingly demonstrated, mandatory bicycle helmets cannot be justified simply to protect individual adult bicyclists."

The TRL concludes that that criterion

"is less easy to demonstrate . . . bicycle helmet promotion and legislation needs to be seen as one part of a broader package of measures which enhances bicycling safety."

The third criterion probably does not point either way in this argument, so I will not waste the House's time by going over it, but the final criterion is relevant. In the view of the TRL

"There must be good evidence to suggest that compulsory helmet wearing would not make the public health benefits of increased levels of bicycling significantly harder to obtain."

The TRL concluded in relation to that criterion that

"there is some evidence that legislation may have resulted in decreased levels of bicycling . . . but there are confounding factors and no clear long-term trends. Attention needs to be paid to enhancing the bicycling environment generally rather than concentrating solely on the individual approach of wearing helmets."

Mr. Martlew: I am pleased that my hon. Friend has given way; he has been very patient with me. My notes are upstairs, but the first quote that he used goes on to say that bicycle helmets are effective for everyone, but especially for children. He did not quote that bit. This measure will apply only to children. I considered whether it should apply across the board. I decided, because of the points that he has made, not to go ahead, but I think that the case for protecting children is overwhelming.

Mr. Lazarowicz: My hon. Friend is correct. I did not set out the quote in full simply because I accepted his point on that criterion and did not want to delay the House unduly.

The TRL report is interesting. It certainly does not point conclusively to the Bill having the overall beneficial effects that my hon. Friend suggests it will.

My hon. Friend asked for the views of local hospitals. We have a report from the British Medical Association, the conclusions of which are very interesting. It says:

"Focusing on cycle helmets as the answer to reducing cycle accidents could detract resources from other more effective means of accident prevention. The promotion of cycle helmet wearing"—

which I understand the BMA supports, as I do—

"should, therefore, form only one part of a broader strategy to promote cycling as a healthy, physically active, mode of transport. It should be accompanied by other measures for reducing the number and severity of cycle accidents, such as reducing vehicle speeds and traffic volume in urban areas, and the provision of a safer environment for all cyclists, including riders of tandems and tricycles."

It seems that efforts could be more usefully focused on that than on measures that could have effects, it is strongly suggested, on public health in terms of encouraging obesity, particularly among the young generation of today, who, if they do not cycle as children, are less likely to cycle in later life.

David Cairns: I apologise to my hon. Friend for missing the preamble to his speech. Much as I am enjoying hearing him reading out the House of Commons Library brief on the debate, the thrust of his argument appears to be that the Bill would lead to a substantial reduction in the number of people who are bicycling. In that case, why does he think that the Bill is supported by Halfords, the largest retailer of bicycles? It cannot just be because it also sells helmets. Helmets are far cheaper than bicycles. Surely, it will have made a business case. If it thought that the Bill would lead to an enormous tailing off in the number of people buying bikes, it would not support the Bill.

Mr. Lazarowicz: I think that we heard earlier that there are those within the industry who are against the Bill. There is a range of views on the matter. I am sure that Halfords has considered the matter carefully in reaching its opinion on the Bill.

As my hon. Friend rightly indicated, the question has to be seen in its overall context. I am extremely sceptical about the Bill. I have indicated that I could still be persuaded, certainly as far as cycling on the road is concerned, but the proposals on cycling off the road go much too far. What concerns me are the possible public health consequences.

Mr. Russell Brown: Will my hon. Friend give way?

Mr. Lazarowicz: I will in a second if my hon. Friend will allow me to make a bit more progress.

The issue that must influence our final decision is the balance between the lives to be saved as a result of the Bill, and its downside in terms of public health. I do not

[Mr. Lazarowicz]

want to repeat statistics that, I accept, could be met with other statistics, but it is the case that we have an increasing obesity epidemic in this country. Obesity is becoming more of a serious problem among children in particular. When not just the more opinionated organisations within the cycling lobby but a wide range of reputable organisations—those that are somewhat removed from the high emotions on the subject—express severe concerns about the public health consequences of the Bill, that should make us think before going ahead with it in the way that my hon. Friend the Member for Carlisle suggested.

Mr. Eric Joyce (Falkirk, West) (Lab): Does my hon. Friend agree that common sense has its place, too? As I was cycling in this morning, I was navigating a busy junction near Brixton and I cycled past someone who had a helmet on—full marks for that—but who was also using a mobile phone. Does my hon. Friend think that common sense and education have their place in reducing injuries among cyclists on the roads?

Mr. Lazarowicz: I am not entirely certain what my hon. Friend's point is in relation to my argument, but I am certainly to happy to agree with him. As I was cycling to the House of Commons yesterday and while stationary at a red traffic light, I was almost knocked off my bike by another cyclist who went past me at high speed and through the red light. Such behaviour by cyclists is as reprehensible as any breaking of the rules of the highway by other users of public highways.

Mr. Dismore: Perhaps my hon. Friend could tell us whether the cyclist who sped past him and through the red light was wearing a helmet. One of the important arguments is that helmets can sometimes provide a false sense of security.

Mr. Lazarowicz: Although I was stationary, I was wearing a helmet, but the cyclist who went past me at high speed was not. I am afraid that is a point against my hon. Friend's argument. Because of the speed at which the other cyclist was travelling, I was not able to see whether it was my hon. Friend the Member for Falkirk, West (Mr. Joyce) who went past me at high speed.

Mr. Russell Brown: My hon. Friend suggested that he could be won over and said that he saw some sense in a Bill to deal with cycling on the public roads. However, I remind him that the research paper from the Bicycle Helmet Initiative Trust showed that 90 per cent. of injuries to child cyclists occur off-road.

Mr. Lazarowicz: As I have indicated, I want to weigh all sides of the argument. If that research is accurate, it may well persuade me not to support the Bill at all. If the issue is off-road cycling, we must ask ourselves whether we should put into effect a measure that would make it illegal for parents to allow young children to cycle around their local public park. That is what the Bill would do. If that it is what we are really proposing, we may be approaching the issue in the wrong way. Perhaps it should be a question of encouraging the wearing of bicycle helmets rather than legislating if legislation has such effects.

Ms Munn: I agree with much of what my hon. Friend has said. Is it not sensible that, in off-road conditions, parents or carers should decide whether the circumstances merit the wearing of helmets? In the case that he described involving his five-year-old daughter, wearing a helmet was probably not necessary.

Mr. Lazarowicz: Indeed. The problem is that I do not see how to include in legislation an option for parents to decide whether the wearing of a helmet is appropriate. It would be impossible to draft a Bill that would cover such eventualities.

It had not been my intention to speak at such length. I have never been in favour of talking out measures by making lengthy speeches, but I do not think that I can be criticised for that on this occasion, because my hon. Friend the Member for Carlisle spoke for an hour and took many interventions. However, if we are trying to reduce injuries not just to child cyclists but to all cyclists, our emphasis should be on considering the whole range of conditions on the road. Although they do not make cycling dangerous, they make it more dangerous than it ought to be. They certainly give the impression to many non-cyclists that it is more dangerous than it actually is. Many measures could be brought into effect widely throughout the country to encourage safety for all road users, but particularly for cyclists. The Government have done a lot of good work, with all-party support in some cases, to promote road safety. The overall promotion of road safety is the most pressing need if we are to reduce injuries and deaths among all road users, and particularly children—whether they are cyclists, pedestrians or passengers in motor vehicles.

Mr. Forth: On a point of order, Madam Deputy Speaker. I beg to move, That the House sit in private.

Question put forthwith, pursuant to Standing Order No. 163 (motion to sit in private):—

The House divided: Ayes 0, Noes 25.

Division No. 141] **[11.55 am**

AYES

Tellers for the Ayes:
Mr. Eric Forth and
Mr. Edward Leigh

NOES

Atkins, Charlotte
Beith, rh A. J.
Bradley, rh Keith *(Withington)*
Brown, Russell *(Dumfries)*
Cairns, David
Dowd, Jim *(Lewisham W)*
Eagle, Maria *(L'pool Garston)*
Fitzpatrick, Jim
Foster, Michael *(Worcester)*
Jamieson, David
Jones, Kevan *(N Durham)*
Joyce, Eric *(Falkirk W)*
King, Ms Oona *(Bethnal Green & Bow)*
Lammy, David
Lazarowicz, Mark
Lucas, Ian *(Wrexham)*
Martlew, Eric
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
O'Brien, Mike *(N Warks)*
Pike, Peter *(Burnley)*
Spellar, rh John
Stewart, Ian *(Eccles)*
Thurso, John
Young, rh Sir George

Tellers for the Noes:
Shona McIsaac and
Mr. Andrew Dismore

It appearing on the report of the Division that 40 Members were not present, MADAM DEPUTY SPEAKER *declared that the Question was not decided, and the business under consideration stood over until the next sitting of the House.*

Constitution for the European Union (Referendum) Bill

Order for Second Reading read.

12.9 pm

Mr. John Maples (Stratford-on-Avon) (Con): I beg to move, That the Bill be now read a Second time.

I had not expected to speak for an hour or two yet, but I am delighted to do so. I am also delighted to be, for the first time in 12 years, introducing into the House a Government Bill. It was in 1992 that I last moved a Government Bill. If the Government accept the Bill, which is apparently their policy now, it would save us all a great deal of time and trouble. We will come to the one clause on which, I expect, they will hang their objection.

I introduced an almost identical Bill as a ten-minute Bill in November. The hon. Member for Rhondda (Chris Bryant) spoke against it with passion and at length, although I imagine that in pursuit of his career he has now changed his views. The Government Whips whipped Labour Members to vote against that Bill and killed it off. This is the same Bill, and the Government's policy has changed to the point where this is what they say they intend to do, sooner or later. Far from the fox having been shot, he is now the king of the jungle, and when his head finally goes on the wall when the British public vote "No", it will be accompanied by the Prime Minister's head.

That is the nemesis for the Government's appallingly hypocritical policy of going along with everything the European Union proposes. The policy of never being isolated means that they never stand up for their rights, however right they think they are. We are seeing the culmination of that. The Government have performed not just a U-turn, but have spun an almost infinite number of times and ended up facing 180° from where they started.

I suspect that the reasons for that have nothing to do with the Prime Minister's desire to consult the peasants on what they think about the issue, but everything to do with electoral advantage—with removing the matter as an issue at the European elections and, more importantly, at the general election, in the same way as the commitment to allow a referendum on the euro meant that at the last election the Prime Minister was able to say, "This election isn't about the euro. You'll get a separate vote on that." He will now be able to say, "This election isn't about the European constitution. You'll get a separate vote on that."

The Minister for Trade and Investment (Mr. Mike O'Brien): Would the hon. Gentleman remind us of how he voted on the question whether there should be a referendum on the Single European Act? I know that he was not in the House during the Maastricht debate, but presumably he thinks that the Conservative Government were wrong to deny a referendum on Maastricht, too.

Mr. Maples: I shall come to that. One of my arguments is that at some point between the treaty of Rome in 1956 and the federal superstate to which I believe we are headed, there should be a referendum. The fact that there was not one at the time of Maastricht—I was not in the House and did not vote on it, though in my usual loyal way I would probably have voted with the Government of the day—reinforces rather than undermines the case for a referendum now. I also point out to the hon. Gentleman that there was a general election between the signing and adoption of the Maastricht treaty and the Bill ratifying it. They took place in different Parliaments. There was a general election in between, which alters the case.

The Government's proposed referendum has nothing to do with consulting the people; it is to do with saving the Prime Minister's skin. Perhaps he does admit to fundamental change. He would have to, given that he said on 29 October—not that long ago, though an aeon in the Prime Minister's ideological positioning:

"I do not believe it is necessary to have a referendum"

on an EU constitution—

"unless there is a fundamental change in the nature of the relationship between the member state and the European Union."—[*Official Report*, 29 October 2003; Vol. 412, c. 298.]

The fact that we are to have a referendum presumably means that the Prime Minister concedes that there is a fundamental change.

I would not go quite that far. I think that there is a significant change, and the fact that what is proposed is called a constitution introduces some legal points that I should like to explore. There has been a piecemeal collection of treaties that have advanced the position considerably during the past 48 years.

The Government have held 34 referendums so far. I am probably one of the few people who know that, as I had to count them up for my ten-minute Bill. Most of those have been held from the desire to do something positive or to give people a positive choice. This is the first to be held by the Government out of fear. That will come back to haunt them whatever they do on the issue, because they have got the fundamentals wrong and they do not have a policy that makes sense.

David Cairns (Greenock and Inverclyde) (Lab): The question to be put in the referendum appears in the Bill. How many other referendum questions were included in legislation, and how many were devised through some other mechanism?

Mr. Maples: The hon. Gentleman makes an interesting point. In the case of the Scottish Parliament, this House decided on the powers of that Parliament, so the legislation enacted those powers. If the Government adopt the treaty establishing the European Union constitution at Dublin, or whenever it comes up, the House can only ratify it or not; it cannot amend it. The difference in the case of the other referendums that there have been is that the House was in a position to set the substance of the legislation on which the country was voting. In this case the question is simple: "Do you or do you not approve the ratification of the treaty establishing the European Union constitution?" I imagine that when the Government come forward with their Bill, they will pose a similar question.

David Cairns: Just to clarify this point, because I am not sure what the process will be, the question that the hon. Gentleman wants to be put to the British public is one that presumably he has devised and has put in the Bill. It is not as he just said; it is subtly different. It is:

"Should the United Kingdom be bound by the Treaty establishing a Constitution for the European Union?"

It could be argued that the way in which he has framed that question betrays his view of what the answer should be. Should we not be trying to devise a question that is a bit more neutral than that?

Mr. Maples: I am missing the hon. Gentleman's point. I would be perfectly happy in Committee to accept an amendment that made the question neutral. If the hon. Gentleman is saying that the question is not neutral and seeks a "No" vote, I would be perfectly happy to accept an amendment to achieve neutrality. At the end of the day, the Electoral Commission will have something to say about the nature of the question. I am sorry if I misunderstood the hon. Gentleman's first intervention.

If the treaty is adopted in June, the Government can set about this in two ways. They can combine ratification and the referendum in one Bill. They can set out the treaty in the Bill and then say that it will not be ratified unless and until there has been a referendum, and that Bill could go through the House. Alternatively, they could separate the matters into two Bills, and it would be possible to pass the referendum Bill and seek the referendum before even introducing the ratification Bill. The simplest way is probably to make the referendum a pre-condition for ratification and to have them in the same Bill, but the point that I was seeking to make is that the constitution itself, when it comes before the House, will not be amendable by us. We either have to accept it or reject it in total. Therefore, the legislation will be fairly simple, and it could go through Parliament fairly quickly.

My Bill calls for the referendum to be held within six months of the treaty being adopted, and I understand that that technically means the point at which it is agreed at the intergovernmental conference. There will then be a delay during which the full text is made available for signature, which usually happens a few weeks later, and then ratification. I want the six months to run from when our Government and every other Government agree the constitution and adopt it at an intergovernmental conference. It looks as though that will happen between 18 and 20 June. It could run longer, but I do not think that there is any need to delay past that. There is a serious issue, for reasons that I will come to, and if the British public are to be invited to settle the matter, they should be invited to do so fairly soon.

The only matter of substance in my Bill to which the Government might object is the call for that referendum to be within six months. Who would want to delay the referendum beyond six months? Not even the most Eurosceptic Conservative Member would want to delay the referendum, because that is what we have been asking for. We are willing to abide by the decision of the British public, so we will not try to delay it. The House of Lords will not try to delay it. One of the reasons why the Government have changed their policy is that they feared that the House of Lords would introduce into the Bill a provision for a referendum.

The only people who have an interest in delaying the referendum after the treaty is adopted are the Government. The reason for that is that they do not want it before the general election; they want to defer it beyond the general election. The earliest that the general election might be is next spring or summer, so we are talking about a referendum in the autumn of 2005, which will be 15 months after the treaty setting out the constitution was adopted. What can possibly be the excuse or justification for that, other than proving what I firmly believe to be the case—that this referendum is nothing to do with asking the British people what they think about this issue but with getting the Prime Minister and his skin through the next general election?

I suggest to the Government that it would be simpler to use my Bill. We could all save each other and the House of Commons an awful lot of trouble by letting the Bill go into Committee. I would very much welcome any such concession from the Minister. I am sure that, in such a Committee, we could accept amendments or agree a text for the resolution, timetable and everything else that is necessary. The measure would be on the statute book, and the Prime Minister and Government would not be able to say, "Oh well, we've got to get the referendum Bill through Parliament", because it would have been done in advance.

I believe that the ratification Bill could then be passed very quickly. It would be for those above my pay grade and that of my hon. Friends who are present to agree a timetable with the Government now, but I think that I can confidently say that the Conservative party would be willing to ensure that the two necessary measures, if there are to be separate ratification and referendum Bills, go through Parliament in very short order. I agree that they should be properly debated. A very important issue is at stake, and before the public make up their mind it would be best for them to hear what their representatives in Parliament have to say. However, that could be done in two or three days on the Floor of the House. Such a Bill would not be amendable: there would be no point in having a Committee stage or, for that matter, even a Report stage. It would need fairly lengthy consideration on Second Reading.

I am sure that my party would like to see such a measure on the statute book. Obviously, I cannot speak for the Liberal Democrats, who have been in favour of a referendum for a very long time, for slightly different reasons and rather more honourably than the Government, but I am sure that they would also like to see such a measure. If the Government do not accept my Bill, it will prove my point, which is that their desire for a referendum is nothing to do with seeking the public's decision.

I do not know whether my neighbour, the Minister for Trade and Investment, the hon. Member for North Warwickshire (Mr. O'Brien), can speak for the Prime Minister, but I ask him whether the Government are going to accept the result of the referendum. We do not know about that. The Prime Minister said yes in his news conference, but a hurried press release—no doubt it would have been drafted by one of these part-time Mandelson or Campbell figures—said "Oh no, that is not what we meant at all." There is a wonderful Brookes cartoon in today's edition of *The Times*; I recommend it to those who have not seen it. In the top left hand corner, under "2005", it has a big "No", along with "The plebs

have spoken". After that, there are three pictures showing the Prime Minister rearranging the pieces of the "No" into a "Yes".

That cartoon speaks volumes about what I suspect is going on. In respect of both the Danish and Irish people, we heard Governments say: "You've got the answer wrong guys, peasants; you don't understand this issue, but we in the Government understand it. Have another go and see if you can get it right next time; take another GCSE next year and see whether you can do a little better." That is what is going to happen, but I would prefer to hear the Government say that the referendum is a genuinely democratic move and that they will accept the result.

What is happening in other EU countries? Of the 14 countries, I think that six are committed to holding referendums. France and Italy are consulting. I suspect that the Government's decision to hold a referendum will mean that we see one in France, and I do not suppose that that will earn the Prime Minister any brownie points with President Chirac. It was not so long ago that the Government's mission in Paris was lobbying the French Government not to hold a referendum, because if they held one, we would have had to do so. Now, the pass has been sold by the Prime Minister. No doubt, Mr. Chirac was not one of the two or three people whom the Prime Minister consulted on the U-turn, and I suspect that he is pretty upset about it. Nevertheless, I am sure that the result will be that the French will hold a referendum too, and there will also be referendums in several of the accession countries.

The Laeken declaration, which set up the Convention, did not ask for a constitution at all. The issue was hijacked by the arch federalists—Dehaene, Giscard d'Estaing and Amato—and they produced a draft constitution pretty much before anybody knew what had happened. During the process, I spent a lot of time talking to my right hon. Friend the Member for Wells (Mr. Heathcoat-Amory), who was one of the representatives of the House of Commons on the Convention. Latterly, I talked to the hon. Member for Birmingham, Edgbaston (Ms Stuart), who was the other representative, and read her pamphlet. They both said that the constitution was railroaded through the Convention. A small group of people decided what the text should say and pushed it through. There was no formal procedure enabling people to table amendments that would be voted on—they were simply ignored. Nobody would accuse the hon. Member for Birmingham, Edgbaston of being a Eurosceptic, but she said that even the sort of things that she was proposing were left to one side. She was on the politburo, or whatever it was called, that ran the Convention, but even she was unable to have any influence.

What we have seen is a racket. The Euro-elite, which I long tried to kid myself did not exist and is really not very interested in what people think, see the constitution as a huge and wonderful way of extending their influence and power at an international level. That is given away by the incredibly pompous preamble—all about democracy and including quotes from Thucydides—to the Convention. I recommend it to anyone who wants a lesson in pomposity. It says:

"Our Constitution . . . is called a democracy because power is in the hands not of a minority but of the greatest number."

Well, we are about to find out.

Mr. Eric Forth (Bromley and Chislehurst) (Con): If my hon. Friend is in the mood, he might turn back a page and go to the preface, which is signed by three of the more pompous figures in Europe: Valéry Giscard d'Estaing, Giuliano Amato and Jean-Luc Dehaene. They are three of the perpetrators of this outrage. The amount of Euro-balls in the preface is similar to that in the preamble, which my hon. Friend just quoted, and he might consider sharing it with the House, if he feels in the mood.

Mr. Maples: My right hon. Friend has done that for me.

Another interesting piece of the preamble is where it says:

"Convinced that, while remaining proud of their own national identities, the peoples of Europe are determined to transcend their ancient divisions and, united ever more closely, to forge a common destiny."

That is what these three guys, and the people who go along with them, really think.

I shall quote another telling piece, which may have escaped the attention of my right hon. Friend. Article 1, part of the treaty, refers to

"Reflecting the will of the citizens and States of Europe to build a common future".

How do we know that that represents the will of the people? The constitution was not an issue at the general election, or in the elections in any other European Union or accession country. The Government have now conceded that we will find out, but they have been fighting that for a long time. As I said, they resisted my ten-minute rule Bill, which was in almost exactly the same terms, three or four months ago. We need to find out the will of the people.

The existence of that ambitious European elite is always denied by middle-of-the-road Europhiles, who say, "No, no, no. That's not the agenda. This treaty is more intergovernmental; it weakens the power of the Commission." We were told that at Maastricht, at Amsterdam and at Nice, and we are being told it about the constitution. I heard a couple of my hon. Friends say privately the other day that the constitution weakens the power of the Commission. How does it weaken the power of the Commission to give it a role in foreign policy and the whole of the home affairs pillar? How does it weaken its power to have the Foreign Minister, dual-hatted, in the Commission? It does not weaken its power at all.

Mr. Forth: I am sticking with the preface, which says that the Convention

"establishes the necessary measures to improve the structure and enhance the role of each of the Union's three institutions".

There, again, one does not have to guess these people's motivation; it is there in black and white. In that sense they are transparent; they do not hide anything from us, but state, in black and white, what they want to do.

Mr. Maples: I am sure that my right hon. Friend, like me, has an argument with, but no moral objection to, the people who espouse that cause. There is an argument for a united states of Europe, and there is an argument against it, which I will make during the course of my speech. What there is no argument for is pretending that the agenda does not exist, and that is what is happening.

I return to my conversation with a couple of my hon. Friends who are, by my standards at any rate—and probably by the nation's standards—Europhiles. It was a private conversation, so I will not mention their names. One of them asked me, "What are you going to do at the next IGC?" I said, "Hang on a minute. This is not the end of the road." Once we've got the constitution, we'll have another IGC, perhaps in two or three years time, and there will be an attempt to erode the few things left in the treaty which stop it being the constitution of a united states of Europe. I will come on to the detail of what will have to be done to make this the constitution of a superstate. It is not that yet; I can see that, but it is jolly close. The establishment of full-scale qualified majority voting, the inclusion of powers for harmonising direct taxes and the removal of the veto on foreign and defence affairs would do it. They are big steps, and they are three of the Government's red lines, but we are getting very close to them.

We are an awfully long way from 1956, when we signed the treaty of Rome. We lived with that, perfectly happily, for 29 years, until 1985, when we collectively decided—I was a Member of the House at that time, although, perhaps regrettably, it was not an issue to which I paid much attention—that a single market was a good idea and it needed additional powers for the European Union in the form of qualified majority voting. We were told that that would be confined to making the single market work, since when, under the Single European Act, we have had a raft of legislation about employment, health and safety and the environment. If one asked Lady Thatcher, who was Prime Minister at the time, about that, she would say—in fact, I think that she does in her memoirs—how seriously betrayed and misled she felt over undertakings that she was given at that time. It only took her one betrayal to wise up. Since then, we have had Maastricht, Amsterdam and Nice: next, presumably, will be Dublin.

It is time for those of us who do not share the agenda of a united states of Europe to wise up. The Treaty of Rome was purely a customs union, a free trade area and an attempt to ensure that business could develop. It flew the free market flag in a Europe that was not at that time much in favour of the free market. The treaty of 1985 took that a bit further, but was distorted by the way the powers contained in it were used. Maastricht took the big steps, including the treaty of the European Union, the setting up of the single currency and the social chapter. It had a pillar structure. Home affairs and foreign affairs remained intergovernmental—the Commission had no role in them at all. Nevertheless, the social chapter opt-out that we secured in Maastricht was bypassed. The working time directive was passed under health and safety provisions: a different legislative basis was used to bring it into effect because we would not be bound under the social chapter. That is an example of how such provisions are distorted.

In Amsterdam we saw the partial collapse of the home affairs pillar and the extension of qualified majority voting. Nice is the least offensive of all the treaties, because we needed it to make provision for enlargement. When the Prime Minister sold the Nice treaty in this House—I had Front-Bench responsibility for foreign affairs at the time—he said that it was needed to make enlargement work. We were never told that we would need another intergovernmental conference, a constitution or a treaty to make it work. Not everybody was happy with the system of qualified majority voting and the nature of the Commission that came out of Nice, but nobody said at the time that another intergovernmental conference was needed. One is pocketed, then we are told two or three years later that we must have another one.

David Cairns: I recall the debate in this Chamber on the ratification of the treaty of Nice. It happened to be the debate in which I made my maiden speech, as history will recall. A series of Conservative Members said there should be a referendum on Nice. Now, the hon. Gentleman is saying that it was not that significant, but that was not the message from his Back Benchers at the time.

Mr. Maples: One of the joys of being a Back Bencher is that one has only to speak for oneself, and on that basis I think that the treaty of Nice was the least offensive of all the treaties.

Each of these treaties advances the process of ever closer union, and it will not stop advancing until we have a united states of Europe. A referendum is required at some point between the treaty of Rome and a federal superstate. One could argue that it should have been at Maastricht or at Nice, but we must have it some time. Such treaties provide an opportunity for a referendum to take place, because one can ask this very simple question: do we or do we not ratify it? We have not yet reached a superstate, but we are well on the way to it, and there has to be a referendum at some point. I suggest that now is the time.

If the constitution is ratified and put into place, and the intergovernmental conference about which my hon. Friend told me in confidence takes place in 2008, what has to be done to move from what I foresee will be the treaty of Dublin to a federal superstate? The competences are pretty much complete—the only thing that is not in there is direct taxation. On QMV, there are few areas where the veto is still applicable, but they mainly relate to the Government's red line areas of tax, social security and foreign policy.

It will be necessary for the European Court of Justice, and perhaps the supreme courts of one or two member states, to elevate the EU constitution over member states' constitutions. That is not the same as the supremacy of EU law. One of my fears about this being called a constitution is that courts may interpret it very differently from normal law that results from treaties.

The only safeguard that we are left with is the ability to leave, which is a very crude weapon. I do not want to leave the European Union, because there are many things that we need to do together, especially in business and trade—for example, in negotiating with Japan and the United States. If we did that as individual countries in World Trade Organisation negotiations, we would get absolutely nowhere. It is tremendously important to perceive that we have many common interests. The

history of Europe has been a history of warfare and the closer we are and the stronger our business and personal relationships, the better. I do not want to have to use the nuclear weapon of leaving as a way of preventing the European Union from doing things that we do not support.

One can make an intellectually coherent case for a federal European superstate.

Mr. Mike O'Brien: I have listened carefully to the hon. Gentleman's argument. Earlier, he conceded that, if the Government's red lines on defence, social security and taxation were adhered to, a superstate would not be created. If we stick to the red lines and adopt a constitution that places limitations on the role of the EU, we must accept that the limitations would not exist without a constitution. The Conservative party position of not having a constitution at all would therefore be more likely to lead to some sort of European superstate than the adoption of a constitution with the red lines. Surely that would provide the limitations.

Mr. Maples: My hon. neighbour and friend can do much better than that. The constitution advances the competences of the Union and qualified majority voting. There is currently a veto over foreign affairs and defence positions. Taxation is not even a competence. Some aspects of taxation could become the subject of qualified majority voting. The passerelle clause, or whatever one wants to call it, allows the Council of Ministers to institute qualified majority voting on other subjects. We are better off without the constitution, which considerably advances the federalist cause.

There is a respectable case for a united states of Europe. I understand it and perhaps someone will make it in the debate. It contends that pooling our resources and our power in the modern world where there are giant superpowers such as China and the United States is the way forward. I have great respect for people who make that case openly. I have been on platforms with them and I especially remember a Liberal Democrat Member of the European Parliament who presented that respectable case openly.

However, I believe that I am making a respectable case for saying that although we want close relations with other European countries and that we need institutionalised arrangements to deal with some common problems and issues, we do not want a constitution or to go any further in the direction of a federal superstate.

There is no respectable argument for pretending that we are on the second track when we are on the first. The Government do that all the time.

There is another good reason for holding a referendum at some stage in the process. Perhaps it should have happened when the Amsterdam or Maastricht treaties were considered, or during the passage of the Single European Act; perhaps the 2008 intergovernmental conference might be a good opportunity. The decision about whether we are wholeheartedly in the European Union fundamentally bedevils British policy making. Successive Governments have experienced that—it is not new to this Government and it was not a characteristic only of the previous Administration. Some Labour Members are worried about the advance of European federalism and some Conservative Members wholly support it. It is not a party issue but it bedevils policy making. That applies to defence in particular. The Prime Minister asserted that NATO was the only institution that had a defence role, subsequently signed up to the St. Malo agreement and then tried to extricate himself from holding two positions at once.

Anyone who spoke to people in the United States State Department, as I did at that time, knew about all their work to unscramble the matter. I agree that it has largely been done and that the European defence capability has been effectively hauled back into NATO. However, in a giveaway action in November 1998, the Prime Minister signed the St. Malo agreement because we were not joining the euro the following year and he wanted to be at the top table at the next intergovernmental conference, then spent four years trying to row back from it. In the process, he upset all sorts of people, including the United States and Turkey, and European allies such as France and Germany, which wanted a European defence policy and now feel that the Prime Minister misled them.

Until we settle the matter one way or another, it will continue to bedevil us. A referendum will settle it. Without it, the problem will continue. We want to co-operate on many issues where our interests are the same. We need institutional arrangements to effect that but our alliance with the United States is fundamentally important to our security. We have a worldwide outlook and interest that is shared in the European Union only by France—certainly nobody else. What is more, we have a history of successful institutions of government; no other member of the European Union or accession state does. The second world war was a complete constitutional disaster for all those countries. They either put in place fascist Governments or were defeated, and they all had to reinvent their institutions after 1945.

For us, the second world war was the triumph of the nation state, the triumph of our institutions, the triumph of virtually uninterrupted parliamentary government for several hundred years. Why do we want to change that? I can understand why those other countries want to change. I can understand fully why countries such as Belgium, which do not have a strong national identity, countries that do not have much power and countries which are difficult to run as a unitary state because of large regional factors would want to be in this arrangement. I can understand why France and Germany want to tie each other down, although I can never understand why the Germans are prepared to play junior partner to the French the whole time. Nevertheless, I can understand their agendas. I cannot understand ours. We have very successful institutions of state. We have had a successful history as a nation state over many hundreds of years. Why do we want to abandon that?

I want to spend a few minutes considering some of the provisions of the constitution. One of the things that bothers me about calling it a constitution is that that makes it more than just a treaty. Article 10 gives this away when it states:

> "The constitution, and law adopted by the Union's Institutions in exercising competences conferred on it, shall have primacy over the law of Member States."

[Mr. Maples]

So far, we have had a series of decisions in the courts in Germany, France, Denmark and—sort of—here, which effectively say that European law takes primacy over domestic law, but it cannot take primacy over the constitutional arrangements of the country in question. In other words, the law that is made at European level must comply with the powers that were delegated to the EU in the various treaties in pursuance of the constitutional arrangements of the nation states. There are quite a lot of cases to illustrate that, and I shall come to them in a moment. A constitution would normally set itself above that, and I am concerned, given that phrase in article 10, that by calling it a constitution we should be implanting it as a constitution in the domestic law of member states and not simply as another intergovernmental treaty.

It is worth pointing out that that supremacy covers everything. There are bits later in the treaty that exclude elements of the common foreign policy, for example, from the jurisdiction of the European Court of Justice, but that supremacy includes the common foreign policy and the charter of fundamental rights, and I believe that there is a danger that if we implant a constitution in domestic law it might eventually be seen to be superior to that law, perhaps not here but in other countries. That is something that the European Court of Justice will try to achieve, because it is a very constructivist court. We have seen how, given a little power and a bit of a gateway, it advances that idea. That is what the supreme courts of all federal states do. The United States was effectively built by Supreme Court decisions.

Case law in several European countries illustrates the point that I have just made. The supremacy of law does not extend to supremacy over the constitutional arrangements. I shall quote from rather a good pamphlet by Martin Howe QC, who is something of an expert on these matters. He is a European lawyer, practising in the European courts. He says that the European Court has argued that

"Community law is even supreme over the constitutional laws of the Member States."

I should like to quote from the Handelsgesellschaft case, which was probably the most famous ECJ case on this matter:

"The law stemming from the Treaty, an independent source of law, cannot because of its very nature be overridden by the rules of national law, however framed"—

I think that most of us would accept that that is the position—

"... therefore the validity of a Community measure or its effect within a Member State remains unimpaired even if it is alleged that it runs counter to either fundamental rights as formulated by the Constitution of that State or the principles of a national constitutional structure."

The German constitutional court gave that short shrift in the Maastricht case, stating that, if international conventions impose binding obligations on Germany

"which require internal implementation in a way which would infringe guaranteed constitutional rights, then the measures providing for internal implementation are 'subject to review in full by German courts. In this respect the protection of basic rights provided by the Constitution is not displaced by supra-national law that could claim precedence.'"

The judgment in that case continues:

"the resultant legislative instruments would not be legally binding within the sphere of German sovereignty. The German state organs would be prevented for constitutional reasons from applying them in Germany. The Federal Constitutional Court will review legal instruments of European institutions and agencies to see whether they remain within the limits of the sovereign rights conferred on them or transgress them."

In France, there has been a similar case in the Court de Cassation, which is the supreme court.

In the so-called "metric martyrs" case here, Lord Justice Laws reiterated the position that there is nothing that the European Union could do that would take away Parliament's right to change the law—in other words, to repeal the European Communities Act 1972, or for that matter any other law, even if it put us in breach of the treaty. However, counsel for a United Kingdom public authority—admittedly, it was only Sunderland borough council—argued that Parliament could not do that.

Here we have a lawyer for a United Kingdom public authority arguing that the British Parliament cannot repeal EU legislation, or cannot repeal the foundations of such legislation. What concerns me is that we are in danger of moving much further in that direction by calling this measure a constitution, and that the European Court of Justice will certainly suggest that it can override domestic constitutional arrangements—it has done so already, and article I-10 will give it far greater power and reason to do it.

I suggest to hon. Members that a constitution is conceptually different from other law, although it is difficult for us to understand that because we do not have a written constitution. Law is made pursuant to a constitution while a constitution is an organic measure. From it, other things flow. I am concerned that, by calling this measure a constitution as opposed to just another treaty that changes the powers. In one way or another, we are opening the way for courts in member states—and perhaps, eventually, even in our own country—to do just that.

Mr. Andrew Dismore (Hendon) (Lab): I want to raise with the hon. Gentleman his definition of a constitution, and to put to him the mirror image of that point, which is that a constitution also circumscribes what laws can be passed by member states.

Mr. Maples: Of course it does. We do not have that. As the hon. Gentleman knows, there are few limits on the powers of Parliament to do things, but my point is this: why should our legal arrangements be subject to being overruled by the European Court of Justice? If we are to have a written constitution, let us have a British supreme court with those powers, as is the case in the United States.

It is worth recalling that on 20 December 1860 a constitutional convention in the state of—

David Cairns: Will the hon. Gentleman give way?

Mr. Maples: I have been interrupted as I was about to make a rather nice point, but I give way.

David Cairns: The hon. Gentleman has been given the chance to start his point again from the beginning. He

advocates a British supreme court—or perhaps he is saying that that would be preferable to having the European constitution. As a first step towards that, will he support the Government's proposal for a supreme court in this country?

Mr. Maples: What the Government propose is not a supreme court in the sense of a constitutional court, but simply renaming the Appellate Committee of the House of Lords the supreme court. I think that that is a mistake, because it implies that it will have the powers of a supreme court. The Lord Chief Justice said that we are exchanging an extremely good court of final appeal for a poor man's supreme court. Government policy in that respect is a mistake. A supreme court where there is a written constitution is an entirely different matter from something that is called a supreme court where there is not.

I quote for the House an 1860 constitutional convention in South Carolina, unanimously passed:

"That the Ordinance adopted by us in Convention on 23rd May 1788, whereby the Constitution of the United States of America was ratified, and also, all Acts and parts of Acts of the General Assembly of this State, ratifying amendments of the said Constitution, are hereby repealed; and that the union now subsisting between South Carolina and other States, known as the United States of America, is hereby dissolved."

As we all know, the US federal authorities took a different view of that matter.

David Cairns: As did the rest of the world.

Mr. Maples: It does not matter what the rest of the world thought about the United States civil war; the question was what the US federal authorities thought.

Mr. Deputy Speaker (Sir Michael Lord): Order. I remind hon. Members that if they want to intervene they must rise in their place in the normal manner.

Mr. Maples: As I was saying, we all know where those matters led.

People will say, "This is incredibly far fetched. We are talking about Europe in the 21st century. People aren't going to fight each other again." I am sure that people said the same thing at the 1788 constitutional convention in Philadelphia. I do not suggest that anyone will attack us, but I suspect that if a small European country tried to go its own way, very heavy pressure would be put on it not to do so. We have seen the pressure that was put on Ireland to sign up to the Nice treaty. That was kids' stuff compared with what could happen.

My first substantive point to the Government, which I reach shortly after starting, is that article I-14 needs to be clarified to make it clear that while we call this a constitution, it is not a constitution in the sense of creating an organic law. It is simply another inter-governmental treaty that changes the arrangements for managing the European Union. I do not particularly care what it is called, although I would prefer that it was not called a constitution, but that bit in article I-10 that says that the constitution will have precedence over member states' laws, and, as an afterthought, the laws that are passed under it, is dangerous.

Mr. Mike O'Brien: I was bemused by the hon. Gentleman's references to the American civil war, and was moved to suggest that he looks up the Lincoln-Douglas debates. These issues in American history were far more complex than he suggests, and in terms of drawing analogies, his point verges on being utterly ridiculous.

Mr. Maples: I am sure that if somebody in South Carolina had made that point in Philadelphia in 1788, James Madison, Samuel Adams or somebody else would have made exactly the point that the Minister has made. Seventy-two years later, however, the issue became slightly different. As he has jogged my memory about the Lincoln-Douglas debates, Lincoln's quote about Douglas,

"I will promise to stop telling the truth about him if he will stop telling lies about me"

seems very apposite to the way in which the Government handle these issues, because they lie about them. They do not tell the truth about what they are doing, why they are doing it, and what the consequences are.

Mr. Christopher Chope (Christchurch) (Con): Does my hon. Friend agree that one example of that was the Prime Minister's answer in Prime Minister's questions the other day, when he implied that the whole of the common fisheries policy would still be an issue of shared competence, when we know that part of the common fisheries policy, under this constitution, would be under the exclusive competence of the Commission?

Mr. Deputy Speaker: Order. I ask the hon. Gentleman to choose his words carefully. The words that he just used were in a general sense. I am sure that he would not want to refer to anybody in particular.

Mr. Maples: They were carefully chosen, Mr. Deputy Speaker.

Is the European Union a state or not? I believe that it is getting close, but it is not a state yet. The most commonly accepted definition in international law of a state, however, is contained in the Montevideo convention, which strictly applies only to the American hemisphere. Nevertheless, it gives four characteristics for being considered a state:

"the state as a person of international law should possess the following qualifications . . . a permanent population"

which Europe has, "a defined territory", which we have, "government", to which we are getting very close, and crucially,

"capacity to enter into relations with the other states",

which is what this treaty gives. It gives that to the whole Union, not just the Community—previously, the Community, for the purposes of trade issues, had legal personality, but the Union as a whole did not. By giving it that legal personality, and the exclusive right to enter into treaties, certainly, by the Montevideo convention definition, we are coming very close to being a state.

I have talked about tax, social security and foreign policy remaining at least partly inter-governmental. The erosion of the veto in those areas, however, would end it. The constitution involves the Commission in those areas in a way in which it has not been involved previously. All that is needed is an erosion of those qualified majority voting provisions, which can come

[Mr. Maples]

through article 24 by a so-called passerelle clause without further reference to this Parliament or an inter-governmental conference—the inter-governmental conference in 2008 will not be needed to do it. I think I am right that the Council of Ministers can give up its veto and introduce qualified majority voting in any area in which it wishes to do so.

I suspect that were we sitting our GCSE politics exams and being asked to list the characteristics of a state, we would come pretty close to an A* if we wrote down that it has a Parliament, a President, a constitution, a Foreign Minister, a supreme court, a bill of rights, a central bank, a common foreign and security policy, military capability, a public prosecutor, a currency, a police force, supremacy of federal law over state law, treaty-making powers, legal personality and citizenship. That is not an exhaustive list, but any 16-year-old would get an A* for listing those in answer to what constitutes a state. The fact is that a huge number of the characteristics that, to most people, imply a state, are there. A great many of those that I have listed—nine of the 16—are in the constitution. Nine of those 16 do not currently exist. We do not have a president, we do not have a constitution, we do not have a Foreign Minister, we do not have a Bill of Rights—only an annexe to the Nice treaty—and we do not have a public prosecutor. Federal law is not supreme. It does not have treaty-making powers in all areas. It does not have legal personality. All those things stem from the constitution. We are taking a huge step down that road.

I think it is crucial for common foreign and security policy to remain inter-governmental. The Government have said that that is one of their red lines; but they have agreed to the collapse of the pillar. Under the Maastricht treaty, pillar two—I think; I also get two and three mixed up—remained inter-governmental. Now it is collapsing. The European Union is getting a Foreign Minister. It has not had one so far; it has had a high representative of the Council. I am a great fan of Mr. Solana, who does a very worthwhile job extremely well, but he will now be called the Foreign Minister—and he will have two hats: he will also be a Vice-President of the Commission. The Commission is securing an involvement in foreign affairs that it has not had before, which is an important departure.

Article 39.5 in part I of the treaty says, in regard to common foreign and security policy,

"Before undertaking any action on the international scene or any commitment which could affect the Union's interests, each Member State shall consult the others within the European Council or the Council of Ministers."

That applies to virtually any international action we might wish to take. It means that we must tell those others what we are going to do, or thinking about doing; we must share our analysis with them, and share the issue with them as it affects the United Kingdom. It is a very wide provision. Article 201 contains a let-out proviso, which says that if we think that vital issues of national policy are at stake we can insist that a vote is not taken. Perhaps we, France or Germany could do that, but I think it would be very difficult for any other country to exercise the power. It is like nuclear weapons again: it is like threatening to withdraw.

The European Court of Justice is excluded from articles 39 and 40, but not from the whole common foreign and security policy. It is not, for instance, excluded from article 15, which states:

"Member States shall actively and unreservedly support the Union's common foreign and security policy in a spirit of loyalty and mutual solidarity . . . They shall refrain from action contrary to the Union's interests or likely to impair its effectiveness."

That means that although they could not interfere under articles 39 or 40 with decisions on the common foreign and security policy, the European Court of Justice will have an overview of how member states behave in relation to it. Article 282, which concerns the imposition of economic sanctions, gives the European Court of Justice oversight of that as well, and I am sure that there are other examples.

There are two big gateways allowing the Court a role in foreign policy decisions. If the Government are really going to draw their red lines around the common foreign and security policy, which I believe they want to do, they must tighten up those arrangements considerably. The European Court of Justice does not need very big gateways; the gate needs to be open by just a fraction of a millimetre, and a couple of cases later it will be through. The Government would be well advised to make sure that the gate is firmly closed, and that there is no way in which the European Court of Justice can secure any role whatever in reviewing this country's foreign policy decisions.

Home affairs is now fully under pillar one. It was under pillar three, I think. We gave up part of that at Amsterdam, when immigration and asylum were given a role. We have now gone the whole hog, and home affairs has been sold out to the Commission. That is clear from page 89 of the treaty, which states that the Union

"shall ensure the absence of internal border controls for persons and shall frame a common policy on asylum, immigration and external border control, based on solidarity"—

whatever "solidarity" means.

The home affairs pillar goes very much further than that. Article 170 confers a great deal of power over the harmonisation of civil law. Article 171 deals with criminal law. Article 175 deals with police capabilities, and article 176 establishes a public prosecutor. Those are characteristics of a state. We are giving the European Union enormous powers to take action in areas that we have hitherto considered to be the exclusive preserve of domestic law. That is one huge area in which we have given up power. Those who say that the treaty makes no difference should look at that section and at what has happened to the home affairs pillar, which has remained intergovernmental before.

May I make one technical point to the Minister, to which he may like to reply now or, if not, write to me about? What has happened to the Schengen opt-out? A protocol to the Amsterdam treaty gave us an opt-out from the Schengen arrangements. That protocol is not repeated in the treaty. I should be grateful if he would take that matter on board. He does not need to listen to the whole of my speech, but I should be grateful if he would listen to one or two points to which I shall draw his attention. This constitutional treaty repeals the Amsterdam treaty. The protocol is not repeated in it. The same point applies to our opt-out on the euro in a

protocol to the Maastricht treaty. When Maastricht and Amsterdam are repealed, any halfway-good lawyer will be able to argue that the protocols have gone too, because there will be no treaty on which they are based. Where, then, do our opt-outs on Schengen and the single currency survive in the new treaty? I hope that the Minister can satisfy me on that point, either now or at some later time.

Anyone who reads the charter of fundamental rights can see that it is not a Bill of Rights in the sense that most of us would understand our Bill of Rights or that of the United States. It is a list of political aspirations. They are pretty good political aspirations and I do not argue against them, but they are very vague. Again, we are leaving the door open to the European Court of Justice running roughshod all over our domestic law.

Let me give an example. Article II.50 on fundamental rights says:

"No one shall be liable to be tried or punished again in criminal proceedings for an offence for which he or she has already been finally acquitted or convicted within the Union in accordance with the law."

We have recently passed—or at least if not passed, the Government have proposed—measures providing that the double jeopardy rule be set aside in the case of compelling new evidence. The European convention on human rights, from which this was drawn, contains that proviso, but it is not in the charter of fundamental rights. If we were to agree this, we would be unable to do as we want—I do not particularly want to do it, but the Government do—which is to say that people can be tried again if compelling new evidence comes to light. That is just one example of how that measure will be stretched.

If people do not think that this is the sort of thing the European Court of Justice does, it is worth reflecting on what happened with the equal treatment directive, which I think was adopted in 1978—quite a long time ago. It was designed to give equal treatment to men and women, and it has resulted in the European Court of Justice saying that Germany must include women among its tank crews in front-line units. The hon. Member for Falkirk, West (Mr. Joyce) knows more about this than me. One may or may not think that having women in front-line tank units is a good idea. I think that this Parliament should be free to decide that, but the European Court of Justice has built on the equal rights and equal treatment provision. That is how far it has got. That is why I say that, if we leave a chink open to it, it is through it.

The Government think that the "horizontal clauses" that they have had put in will protect them against that, but they are very weak and clumsily drafted. The treaty says that the charter is confined to EU institutions and EU law, but EU law now includes almost everything. Of course, EU law includes the European Court of Justice. Whatever the European Court of Justice does, it is by implication EU law. Let us consider some of the gateways in the constitution through which it may go. It is worth reflecting that the United States Supreme Court got whole rafts of stuff in place using the equal protection amendment. Those things exist in the constitution. Article III.7 prohibits discrimination on the ground of nationality, while article III.8 permits measures to combat discrimination on the grounds of sex, racial or ethnic origin. All that people have to be able to do is hang it on that. If they can show that they are being discriminated against on the ground of nationality, they get the right in one country but not in another. It therefore seems that the ECJ will find a way of getting through.

Let us take the health article, which says that everyone has the right to access preventive health care and to benefit from medical treatment under the conditions established by national laws and practices. The Government say that the conditions established by national laws and practices safeguard us from the European Court of Justice telling Britain what preventive health arrangements we must have. If that is the case, the whole paragraph is completely unnecessary and meaningless. It does nothing; it does not create an additional right. If it does not create a right over and above what we have under national law, why is it there at all?

If I were sitting as a judge in a supreme court, I could say that the intention manifestly must have been to give some superior rights to what were being given under national law, otherwise there would have been no point putting the provision in the charter or the declaration of fundamental rights. When we have a constructivist court such as the European Court of Justice, it will be through there in a flash.

Another issue on which the Government will run into trouble is their quite tough proposals for asylum seekers. I am not arguing the merits or otherwise of withdrawing the social security benefits from asylum seekers, but I very much doubt that the Government will be able to do so once the constitution is in place. The first chapter of the declaration of fundamental rights is pretty all encompassing. It states:

"Human dignity is inviolable. It must be respected and protected."

One does not have to be a very clever judge to hang on to that almost anything that one wants in respect of how human beings are treated, particularly if it is alleged that they are being treated badly.

On employment law, the issue of collective bargaining rights may be dear to some Members' hearts. Article 28 confers rights to take collective action, including strike action. There is no limit on that in the charter but, under our law, there are serious limitations on the right to take strike action. The ECJ, and not Parliament, will have the ultimate power to decide whether restrictions on strike action or collective bargaining should be allowed in circumstances that might have a vital effect on national security. GCHQ is an example. However, we place many more restrictions on strikes. There must be ballots and cooling-off periods, and certain things have to happen first. There are also certain industries in which strikes cannot take place. We will also find it difficult to maintain the conditionality of the working time directive whereby people can contract out or a number of occupations are exempt.

The charter of fundamental rights is really dangerous. The Government resisted it for a long time. They did not want it in the Nice treaty or in an annexe, but they got it in an annexe. Now they have it in the constitution, so why do they not just say "No"? The charter is not fundamental to the constitution; it is a political agenda to which most of us at a political level could subscribe. We would not argue with much of it in an election

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campaign. Why do we not just exclude it from the treaty? Why does the Prime Minister not simply go back to Dublin and say, "Listen guys. I've got to have a referendum and they are never going to agree to this. Take it out. It does not make the constitution less effective in terms of making the EU's institutions function. We never wanted it in the Nice treaty even as an annexe in the first place"? This is an illustration of the Government's appallingly weak negotiating abilities. They make pre-emptive concessions just because they want to feel good in Europe. They think that they are at the top table and they want to sit alongside Mr. Schröder and Chirac at dinners. If the Government do not like the provision, they should just say that they will not have it. They have a veto. However, once the provision is in the constitution, the gateway will be open and they will regret that at leisure.

The Prime Minister has told us that we have raised a completely false scare about energy. However, page 89 of the draft treaty states:

"In establishing an internal market"

which means qualified majority voting

"and with regard for the need to preserve and improve the environment, Union policy on energy shall aim to:

(a) ensure the functioning of the energy market;

(b) ensure security of energy supply . . . and

(c) promote energy efficiency"

That is pretty all encompassing and it means that, when the Union has acted, we cannot. Does that cover nuclear power generation? Will we be subject to Union rules about our nuclear power stations of which we still have quite a lot?

What about our treaty over North sea oil with Norway? Under the constitution, we cannot make treaties with other countries in areas where the Union is empowered to make them. We have treaties with Norway over North sea oil and gas. Will they go out of the window? We cannot make any third-party agreements. Therefore, it is true that we are opening up an area of our energy policy. I think that we are the only country in the EU that has oil and gas - Holland may have some access, but only to the gas fields—but we are surrendering that policy to the Union. We were one of the only countries in Europe that had a decent fishing industry, but we gave control of that away. Why do we give such things away? Why do not we say that energy is a matter of particular concern to us and that we want unanimity on it or its exclusion from the treaty altogether?

I mentioned to the Minister how the protocol on the euro in the Maastricht treaty will be extended. Article 14 of the draft constitution gives the Union complete competence over economic policy:

"The Union shall adopt measures to ensure coordination of the economic policies of the Member States . . . The Member States shall coordinate their economic policies with the Union . . . The Union shall adopt measures to ensure coordination of the employment policies of the Member States . . . The Union may adopt initiatives to ensure coordination of Member States' social policies."

Frankly, I do not know what is left. Outside foreign policy and defence, there is little that Parliament or the Government do that does not come within that definition. Not only economic policy, but employment and social policy are being opened up.

I should be grateful if the Minister would reply to this particular point. Article 53(4) addresses the Union's resources and qualified majority voting:

"A European law of the Council shall lay down the modalities relating to the Union's resources."

I am concerned that our rebate may have gone to qualified majority voting. If the Minister cannot reply today, I should be grateful if he would confirm that that point is covered in some other way—I cannot pretend to have read every word of the treaty. Our rebate is worth a lot of money—some £2 billion a year—and it is tremendously important that any change requires unanimity and cannot be done under qualified majority voting.

My final specific point on the treaty concerns tax. Article III-62 contains the power to harmonise indirect taxes by a unanimous vote, although it reduces that condition to qualified majority voting in

"combating tax fraud and tax evasion.".

The same is true of company taxation, which can also operate by qualified majority voting on tax fraud and tax evasion. I used to be a tax lawyer, and one can hang an awful lot around tax evasion and tax fraud. One man's definition of tax evasion is not another's definition of tax evasion—the European savings directive is all about what the Union calls tax evasion. We are opening a big gateway for the European Union.

Finally, I shall examine the consequences of a refusal to ratify the draft constitution. We are being sold all sorts of scare stories that a refusal to ratify would be a disaster. If we refuse to ratify the treaty, as far as the European Union's organisational and institutional arrangements are concerned, we will end up where we are now—at the end of the Nice treaty—and there is no need to do anything else. The European Union functions reasonably satisfactorily, and it functioned satisfactorily before the Nice treaty, too.

The other countries of Europe cannot go ahead without us. They can use the enhanced co-operation provisions of the existing Maastricht treaty, but they cannot tear up the existing treaties and sign this constitution. There is no provision for them to leave the European Union, to renounce the treaty establishing the European Community or to renounce the treaty establishing the European Union. If they did so, it would be a clear breach of those treaties, and they could not inherit the European Union institutions—effectively, they cannot leave. If we, or any other country, veto the draft constitution, we will be where we are now, which is a perfectly acceptable status quo. The scare stories about the consequences of not ratifying the treaty are simply not true. On other European countries renouncing the Maastricht treaty, it is also worth bearing it in mind that the Maastricht treaty is the basis for the euro, and that the 11 countries that have the euro do not want to scrap it.

The ultimate protection is the right to leave, which was one of my red lines, which I discussed earlier. The right to leave requires a leaver's agreement, and the arrangements that reduce that right to qualified majority voting are not entirely satisfactory. If such an agreement cannot be obtained within two years, the constitution ceases to apply to the member who wants to leave, and such arrangements should be more even-handed.

The treaty moves things along in several fundamental areas, and it is not only a tidying-up exercise. It opens gateways for interference by the European Court of Justice in all sorts of areas in which it should not be involved, including foreign and security policy. Finally, the danger of creating a European constitution is that we create a different kind of law within the EU. I believe that that is what it would do in its present form, although that could be dealt with fairly easily by amending article I-10.

The former right hon. Member for Chesterfield used to say that the two fundamental characteristics of a democracy are that the voters can throw out the Government and the Government can change the law. If voters do not like the way in which the Government are behaving, they can throw them out. The electors threw out the Conservatives in 1997, but when they throw the Labour party out of government – next year, we hope, but it will happen at some point – they will not be electing a Government who can change laws made pursuant to the European treaties. We are agreeing to delegate Parliament's power to make legislation to a group of people who cannot in any circumstances be controlled by the British electorate.

Let us take an example of an action taken domestically – that the Bank of England should set interest rates. A new Government could change that, perhaps even without legislation being passed, but certainly with it. Parliament could change that law. However, the House cannot change laws, regulations and directives – or framework laws, as they will be known in future – introduced by the European Union. There is a fundamental question of democratic accountability to be addressed: such accountability does not and will not exist. As elected politicians, we all share the view that those in opposition can hope that, one day, the voters will throw out the Government and they will be able to put right all the awful and stupid things that that Government did. There are fewer and fewer things that we can put right, and once the treaty is in place there will be very few indeed.

I welcome wholeheartedly the Government's conversion to holding to a referendum, but I believe that they are making a terrible mistake in leaving it until after the next election. First, that will enable people like me to traduce their motives. Secondly, and more important, it will leave outstanding an issue that has bedevilled British politics for two generations and will continue to do so until it is settled. I shall accept the results of the referendum. If the answer is "yes", it is clear to me what direction a chunk of British policy will take in future. I believe that, however much jiggery-pokery and gerrymandering they try, the Government will have to accept a no vote, and it will also be clear in that case where things go from there. I believe that the sooner the question is settled in a referendum, the better for all of us.

1.17 pm

David Cairns (Greenock and Inverclyde) (Lab): I begin, Mr. Deputy Speaker, by wishing you and all hon. Members a happy St. George's day. I have been going out of my way to say that to as many of my English colleagues as possible, to which their response is to look at me bizarrely. They are swift to complain when people celebrate St. Patrick's day or St. Andrew's day, but when one tries to generate support for St. George's day, no one seems to reciprocate.

Mr. Forth: Thank you.

David Cairns: The right hon. Gentleman is a Scottish exile, but he is the only one to have reciprocated when I mention St. George's day. I thought that the hon. Member for Stratford-on-Avon (Mr. Maples) might have made some sort of reference to it – perhaps in connection with slaying the mighty Euro-dragons that he paraded before us. However, they were inflatable dragons, which he had to blow up himself in order to slay them during the course of his speech.

Mr. Dismore: Without wishing to derail my hon. Friend's peroration about St. George, it is important to point out that St. George is the patron saint not only of England, but of several European nations.

David Cairns: Indeed, he is a great European figure, even though I believe he originated in Palestine. Anyway, happy St. George's day and happy birthday to my brother, too.

Mr. Dismore: And Shakespeare.

David Cairns: Indeed.

In the course of my speech, I shall do something that the hon. Member for Stratford-on- Avon did not do in the one hour and 10 minutes that he spoke, which is address the Bill. I stand to be corrected, but I never heard him do so: he spent the whole time speaking about the draft constitution. I shall mention that, too. He presented it as axiomatic that those who support a referendum – as we all do – must support his Bill; but as one who is profoundly attached to the idea of a referendum, I cannot support his Bill, because it is deeply flawed. I shall go through it, even though the duration of his speech might mean – I do not presume to know the will of the House in advance – that we do not have time today to commit his Bill to Committee.

Mr. Maples: And that is the end of it.

David Cairns: As the hon. Gentleman says, that will be the end of it. The Bill may never reach Committee. I do not want the record to show that I voted against the Bill, if given an opportunity, because I am against the idea of a referendum. I would vote against it because I am against the Bill, which is profoundly flawed. It is not in the interests of democracy to pass a Bill that contains such profound flaws, which I shall detail in the course of my speech. Those of us who believe that the British public have a right to have final say on the matter, and that they should be consulted as a result of the constitutional treaty negotiations, do not think the Bill is the mechanism by which to deliver that.

I congratulate the hon. Member for Stratford-on-Avon on securing a place so high in the ballot for private Members' Bills. Last year I came second in the ballot and succeeded in getting my own private Member's Bill, a much smaller and more modest measure, on to the

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statute book. It came into force a fortnight ago today, so I know how exciting it is to pilot a private Member's Bill.

Mr. Dismore: Will my hon. Friend give way?

David Cairns: I happily give way to another champion of private Members' business.

Mr. Dismore: My hon. Friend makes an important point. We are here today to legislate—to try to get Bills through the House. Perhaps we will be able to vote on the Bill today; perhaps we will not. If the hon. Member for Stratford-on-Avon (Mr. Maples) was serious about trying to achieve a referendum on the basis of his Bill, he would have not have spent so much time arguing about it himself. He would have allowed a proper debate to take place in the House with all hon. Members present contributing, which would have given it a better chance of being debated, rather than talked out. That is inevitable, given the short time left to debate the Bill.

David Cairns: I am, sadly, forced to agree with my hon. Friend. I expect the headline on the press releases has already been written—"Government talk out Euro referendum Bill"—and that there will be yet more confusion, not just the alleged confusion that the hon. Member for Stratford-on-Avon spoke about at great length at the beginning. I do not know what will happen. We might draw matters to a conclusion and have a vote, with the Bill going into Committee.

Mr. Forth: Since we are in a relaxed conversational Friday mood, I remind the hon. Gentleman and the hon. Member for Hendon (Mr. Dismore) that the hon. Member for Carlisle (Mr. Martlew) spent an hour introducing his Bill, which, sadly, fell as a result of a pathetic lack of support, so the fact that my hon. Friend the Member for Stratford-on-Avon (Mr. Maples) made an excellent speech setting out his views for about the same length of time is not exceptional. It is almost normal for a Friday.

David Cairns: I posit one distinction. My hon. Friend the Member for Carlisle (Mr. Martlew) referred to his Bill during his speech. The record will show that the hon. Member for Stratford-on-Avon made almost no reference to his Bill. He spoke at enormous length about the constitution, which is obviously at the heart of the matter, but he hardly referred to his own Bill. My hon. Friend the Member for Carlisle talked us through his Bill and explained the effect of the various clauses. He took a considerable time to do that. I enjoyed the speech of the hon. Member for Stratford-on-Avon. Unlike the right hon. Member for Bromley and Chislehurst (Mr. Forth), I was present for the entirety of his hon. Friend's very good speech. The right hon. Gentleman flitted in and out of the Chamber.

Mr. Forth: I distinctly remember my hon. Friend referring explicitly to clause 1(2), saying that although the Government now happily supported the thrust of most of his Bill, that element might be more contentious. That is one example of a reference that my hon. Friend made to his Bill. Perhaps he did not have to go into quite as much detail as usual because, as he pointed out, the Bill is in all other respects Government policy.

David Cairns: What the hon. Member for Stratford-on-Avon did not do when he spoke to clause 1(2) was explain what he meant by "adoption" of the treaty.

Mr. Maples *rose—*

David Cairns: If the hon. Gentleman did explain that, I apologise. If he wishes to clarify the matter, I am happy to give way.

Mr. Maples: I am grateful to the hon. Gentleman, as I did speak for a long time. I specifically said that "adoption" is a term of art meaning that when the treaty is agreed at the intergovernmental conference, it is usually signed two or three weeks later when the text is finalised. The hon. Gentleman is being unfair on me. I did speak about my Bill but, as it is Government policy, there did not seem to be much on which the Minister and I differed.

David Cairns: "Adoption", as the hon. Gentleman knows, is not the normal word used in the present context. It needs clarification, and I intended to ask him to provide such clarification, should his Bill go into Committee. It may be a matter of weeks between the intergovernmental conference and the signing of the treaty, but, on an issue of such magnitude, there could be many months between it being agreed and it being signed. Merely to talk about adoption without specifying that further is one of the many flaws in the Bill, which means that regrettably, although I support a referendum, I am unable to support the Bill today.

Mr. Dismore: The only part of the Bill to which I recall the hon. Member for Stratford-on-Avon (Mr. Maples) referring was the referendum question itself, which of course goes to the heart of it, but he simply said that if we do not like the question it can be changed in Committee. If the heart of the Bill is the referendum question, does not that simply show that the hon. Gentleman has no real intention of taking the Bill forward, but is simply playing with the House's time?

David Cairns: Yes, and one cannot condone such an infantile approach to making laws as simply speaking for the sake of speaking. My hon. Friend tempts me to pre-empt my own speech because I want to speak at some length on the question. He is right to say that the hon. Member for Stratford-on-Avon spoke about the question, but he did so only because I asked him about it. I intervened on him twice to clarify the matter and he conceded immediately that the question could be amended in Committee. How often do we hear Opposition spokesmen and spokeswomen condemning the Government for introducing amendments in Committee?

At the moment I am serving on the Committee considering the Pensions Bill—a magnificent measure representing real social progress—but because of its technical nature the Government have had to introduce a large number of amendments, and every amendment that we introduce is heralded by Conservative

spokespeople whingeing about the fact that we are introducing amendments that should have been on the face of the Bill so that they could have been properly scrutinised on Second Reading.

Yet here we have the hon. Gentleman saying that if we do not like the referendum question, which is at the heart of this Bill, it can be amended in Committee. That approach is entirely unsatisfactory. As far as possible, Bills should be accurately drafted in time for Second Reading so that hon. Members can scrutinise them, not send them off to a Room Upstairs for debate. Again, that is part of the flawed nature of the Bill.

Mr. Dismore: Would it not be far better for the hon. Member for Stratford-on-Avon (Mr. Maples) simply to withdraw the Bill, get it in order and perhaps try to secure a further ten-minute rule slot? In Committee on the Planning and Compulsory Purchase Bill, I remember the Opposition jumping up and down and protesting about changes to the very nature of the Bill, which meant that it had to be withdrawn, redrafted and have a second Committee stage. Would it not be far better for the hon. Gentleman simply to withdraw the Bill and start again?

David Cairns: I fear that my hon. Friend is correct, and I have mentioned only two of the flaws; I have yet to reach the meat of the Bill. It has many other flaws.

Walking towards King's Cross tube station coming into the House today, I saw a huge poster saying "Kill Bill". I thought that the Labour Whips had generated such a magnificent operation that every Member of Parliament making their way to the Commons today would get the message to kill the Bill. However, I have been told by those more culturally aware than I am that it is the name of a film. It is not my intention to kill the Bill, but to vote against it because of its flawed nature.

The hon. Member for Stratford-on-Avon tries to make his case by attacking the constitution, on some elements of which I would agree, and inventing other reasons for attacking the constitution and for voting no, irrespective of what is in the treaty. His case was about as credible as Kevin Spacey. *[Interruption.]* At least my references are contemporary. At Prime Minister's questions this week the Leader of the Opposition referred to the words "Help me, Rhondda. Help, help me Rhondda." I had to have that explained to me because I am far too young to know what he was talking about. The right hon. Member for Bromley and Chislehurst (Mr. Forth) is an Elvis Presley fan and a Beach Boys fan, too. I did not know that song and I had to have the reference explained to me, as did other youngsters here.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): As my hon. Friend rightly points out, the Bill needs detailed scrutiny—it affects the whole of the United Kingdom. More than half the Government Members present represent Scottish constituencies, and I see that the Liberal Democrats are represented 100 per cent. by Members from Scottish constituencies. What does my hon. Friend say about the absence from the Chamber of any Scottish National party Members, who advocate a referendum in Scotland but are not here today—

Mr. Deputy Speaker: Order. Not only is that a very long intervention, but it is totally irrelevant to the debate.

David Cairns: Thank you, Mr. Deputy Speaker. Of course I shall not stray down that path, other than to say that the Bill that was considered earlier would also apply throughout the United Kingdom, as would the Bill that is scheduled to be debated after this one. Three United Kingdom-wide Bills have been scheduled for debate this morning, so my hon. Friend has made his point very well.

Mr. Dismore: Would my hon. Friend care to explain the example that he cited earlier, for the benefit of those who did not understand it? I congratulate him on making a contemporary reference, when the best references that we heard from the Opposition were to 1860 and the American civil war.

David Cairns: Now my hon. Friend really is pre-empting my speech, as I have some thoughts about the civil war. I might not be a great constitutional expert, but I happen to know a wee bit about the American civil war and the experiences that led up to the secession of the south. That period is directly relevant to our discussion. Indeed, the hon. Member for Stratford-on-Avon spoke about it at length, and he will be delighted to hear that I will say more about it anon.

The first flaws in the Bill have already been mentioned in passing, but they require further reflection. Clause 1(2) states:

"A referendum shall be held within six months of the adoption of the Treaty."

We are entitled to ask what adoption of the treaty means. The term "adoption" is not common in respect of European treaties, which are not spoken of as adopted. They can be agreed, ratified, signed and endorsed by Parliament, but not adopted. The hon. Member for Stratford-on-Avon is therefore including in the Bill a brand-new term. It might be the correct term and precisely the one that we need in this case, but we would need to examine the implications for future treaties and consequent Acts of introducing that new legal term into the corpus of our domestic law. He admitted that the term is not commonly used in this context and had to define it, and it would be unwise to proceed with the Bill while it remains. He might say "Okay, we'll amend the Bill in Committee", but that brings me back to my original point: it is not acceptable to bring a Bill to the House for its Second Reading having had quite a while to prepare it, and then immediately say that we can amend it in Committee. That is not a good way of making laws. If we had 5p for every time we heard the right hon. Member for Bromley and Chislehurst make precisely that point—I am indebted to him for drawing it to my attention—we would all be considerably better off.

Mr. Maples: I explained what the word "adoption" means. It is a term of art and I checked it with the Clerks. Furthermore, this Bill is, word for word, exactly the Bill

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that the right hon. Member for Birkenhead (Mr. Field) introduced in the previous Session. I shall draw the right hon. Gentleman's attention to *Hansard* and to the hon. Gentleman's criticisms of the drafting.

David Cairns: I have enormous respect and admiration for my right hon. Friend the Member for Birkenhead (Mr. Field), but there are many things on which I firmly disagree with him. If he were present, I would tell him so to his face, but perhaps he is visiting a school or something. As he is not present, I do not think that we should discuss his views in any great depth.

Mr. Dismore: Perhaps the hon. Member for Stratford-on-Avon (Mr. Maples) would like the House to start adopting Bills. In the context of his own Bill, perhaps he is asking us to take on a somewhat unwanted orphan. Perhaps that is what he means by "adoption".

David Cairns: That may well be the case, which illustrates the problem: as the term is not usually used in such a context, it is open to various interpretations. Frankly, such a situation is not good enough when we are passing laws. We will not adopt the Bill, foster it or take it into care; we will vote either for it or against it on the basis of what it contains. Such loose language is not acceptable, which is why the Bill should not be given its Second Reading.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): I thank my hon. Friend for giving way, and I apologise for being away from the Chamber while I gave in to the temptation to have a bit of lunch.

The Bill says that a referendum should be held "within six months", and a great deal was made of the need to proceed swiftly. Does my hon. Friend have views about how soon after a treaty is adopted or ratified, or whatever the correct term is, we could try to hold a referendum?

David Cairns: It is not so much how many months, but whether the Bill can be given adequate parliamentary scrutiny. That is what is at stake, not whether we set up an artificial guillotine or time frame. We need to get a treaty that is acceptable to the UK and recognises our red-line issues; in other words, one that does not encroach on the UK's veto powers on central issues and does not take over our foreign policy or our policy on defence, taxation, immigration and so on. The hon. Member for Stratford-on-Avon referred to many of those matters during his speech.

If we can secure a treaty that we agree with, it must then be formally written up and signed, which could take months. As with the treaty of Nice, a Bill has to be published and introduced, and parliamentary time has to be set aside for scrutinising it in both Houses. Then, and only then, can we consider having a referendum. In other words, the timetable leading up to a referendum will be dictated by the process of parliamentary scrutiny—and we would have to ensure that the treaty received the closest possible scrutiny—and could not be arbitrarily set at six months.

Can you imagine, Mr. Deputy Speaker, what would happen if we were trying to stick to a timetable but there was a delay in the signing ceremony? There would then be a delay in bringing the Bill to the House, and midway through our debate or perhaps even before it had started we would have to have a referendum simply because we were adhering to a timetable that had been plucked out of the sky and included in this flawed Bill. My approach, then, is to think in terms not of weeks or months but of the process of parliamentary scrutiny.

Mr. Lazarowicz: Is there not another possibility that we should consider? What if, as a result of negotiations, the Conservatives did a U-turn and were no longer against a constitutional treaty? If there were unanimity among the major political forces in the country, there might not be a case for a referendum at that time. There might be a case for a referendum at some future date, but it would be premature to assume that the political position in the House would be the same a few months later.

David Cairns: My hon. Friend makes a fair point. I slightly disagree with him because I am wedded to the notion of a referendum. I believe that that is the right policy, and I can foresee no circumstances in which we would not have a referendum, unless the constitutional treaty had already been killed off by a series of "no" votes elsewhere and the whole process had ground to a halt. Even in those circumstances, however, we might still go ahead with a referendum. Although I hear what my hon. Friend says, and we should not prejudge what will happen in the months ahead, I am firmly convinced that the policy of committing the matter to a referendum is right, and I look forward to that happening.

Mr. Dismore: My hon. Friend has highlighted the issue of the six months, which start from the date of adoption, although we do not know what that means. Of course, we do not know when the Bill itself will come into force, because yet another of its flaws is the fact that it contains no commencement provisions. I should have thought that one way round that issue would be to insert a commencement clause at the end. Will my hon. Friend give us his views on that?

David Cairns: My hon. Friend never ceases to amaze me. I studied the Bill in depth in preparation for today's debate, and I thought that I had picked out all its flaws, but I missed that very glaring one. I can therefore forgive the hon. Member for Stratford-on-Avon for making that mistake. Is not this an example of parliamentary scrutiny at its very best? Hon. Members can study a measure in detail and point out its flaws.

The same will happen when we scrutinise any constitutional treaty laid before the House as a Command Paper. However, the Conservatives do not want us to do any of that; they want the treaty to go straight to a referendum before it has even received parliamentary scrutiny. The intervention by my hon. Friend the Member for Hendon (Mr. Dismore) brilliantly highlights why our policy of scrutinising a treaty in the House before a referendum is correct. The official policy of Opposition Front Benchers, which is to have the referendum before we even have the treaty, is flawed, and the policy of the hon. Member for Stratford-on-Avon, which nuances that by saying that we should

have a referendum six months after the treaty's adoption, whatever that means, is equally flawed for the reasons that my hon. Friend just gave.

Mr. Dismore: Let us suppose that adoption means agreement in principle in June. Bearing in mind the parliamentary timetable, the six months for which the Bill provides could expire before the Bill comes into force.

David Cairns: That is yet another flaw in the Bill and another reason why even those of us who are wedded to the idea of a referendum cannot support it.

My next problem with the Bill concerns the question that will be asked in the referendum.

Mr. Dismore: I am sorry to keep pursuing this point, but the hon. Member for Stratford-on-Avon looks bemused by my last intervention, and I should perhaps explain what I mean. Let us suppose that the Bill passed through to Committee today. It would then have to come back on Report, which I envisage would not happen much before June, and go to the other place. The prospect of its completing its parliamentary passage much before the spillover Session is pretty limited. As there is no commencement date, it would come into force three months later, by which time six months would already be up.

David Cairns: We would have to have a retrospective referendum of some kind. My hon. Friend is deep into the realms of metaphysics, but I think that I follow him. The Bill would come into force more than six months after the treaty had been adopted, so we could not have the referendum laid by down by the timetable in the Bill because six months would already have lapsed. I am glad that he clarified that, because I did not quite get it the first time round either.

Ms Munn: Neither did I.

David Cairns: Now that my hon. Friend has confessed, I do not feel uniquely stupid.

Mr. Maples: Are the hon. Gentleman and the hon. Member for Hendon (Mr. Dismore) suggesting that the Government would delay the Bill to that extent? Otherwise, it could go through Parliament very quickly, as all hon. Members appear to be in favour of the principle.

David Cairns: I am in favour not of the principle of the Bill, but the principle of referendums. The hon. Gentleman has consistently conflated the two—

Mr. Dismore: Will my hon. Friend give way?

David Cairns: My hon. Friend is clamouring for me to give way, but I will just finish this point. The hon. Gentleman has consistently conflated the two notions to suggest that if one loves good and hates evil one must support this Bill, but that does not follow. I support the idea of a referendum following the successful completion of negotiations and the securing of a treaty that respects the British red lines. Given the involvement in those negotiations of my hon. Friend the Minister for Trade and Investment, who is on the Front Bench, I have every confidence that the Government will secure such a treaty.

Following that—we do not know whether it will be during the summer or later than that—we must subject the treaty to parliamentary scrutiny. That process will take a few months. I have no idea how long the passage of the Bill would last, but, given its many flaws, including his failure to specify a commencement date, I would expect it to have to spend quite a while in Committee. He has already said that he would table a couple of amendments, and we have not yet got through Second Reading. It is not a question of padding it out; it would take such a long time to rectify its flaws that the bizarre parallel time line outlined by my hon. Friend the Member for Hendon is plausible.

Ms Munn: Does my hon. Friend agree that the hon. Gentleman's great haste to rush to a referendum is about ensuring that the people of Britain do not have the opportunity properly to examine and understand the constitution, which would be more likely lead to a no vote than a proper discussion in this Parliament and in the country on the important issues that it contains?

David Cairns: My hon. Friend is being uncharacteristically unkind to the hon. Gentleman. I think that he genuinely has concerns about the constitutional treaty—as do I, as do the Government, and as does my hon. Friend, I am sure—but the arbitrary nature of the timetable that he sets out and the difficulties that I envisage, which have been complicated further by the forensic insight of my hon. Friend the Member for Hendon, mean that the Bill cannot be allowed to continue.

I want to speak about the issues that we must tackle before the constitution is put to a referendum. Parliament must be at the heart of dealing with those matters. One cannot simply pluck an arbitrary period, for example six months, out of thin air, include it in the Bill and tell people, "If you oppose the Bill, you oppose a referendum and you don't want the people to have their say. If you oppose the Bill, you want a European superstate, straight bananas, people driving on the right-hand side of the road" and all the usual nonsense. I support a referendum but I oppose the Bill.

Mr. Dismore: My hon. Friend is generous in giving way. Perhaps I can help him a little with the previous intervention by the hon. Member for Stratford-on-Avon (Mr. Maples). I assume that he did not consult the right hon. Member for Bromley and Chislehurst (Mr. Forth) before he made it. If he had done so and was a more regular attender on Fridays, he would know that a private Member's Bill has a timetable and a specific date is set for it. That means that he should take his turn in the queue with everybody else. If he was genuinely worried about enacting his Bill in time, he would have set a commencement date—either on Royal Assent or within a month of Royal Assent—that would have enabled his timetable, such as it is, to be fulfilled. That shows how badly drafted the Bill is.

David Cairns: My hon. Friend amplifies the point that he made earlier with great clarity. There was a vote on the young cyclists helmets Bill—it was called something like that—

Ms Munn: Protective Headgear for Young Cyclists Bill.

David Cairns: Yes, that was the title. It has now been shunted to 18 June, when my ten-minute Bill is scheduled for Second Reading. As I understand it, the Protective Headgear for Young Cyclists Bill will take precedence because it is a ballot measure. My Bill is currently scheduled to be considered first on 18 June. I am sure that my hon. Friend the Member for Carlisle is disappointed, and I was keen to support his Bill. It will now be considered before my Bill on 18 June. My hon. Friend the Member for Hendon is therefore right to say that there is a set timetable that is not arbitrary.

The Government are not trying to pad matters out until the Bill falls off the end of the cliff. The hon. Member for Stratford-on-Avon need only look through the Order Paper, which sets out all the Fridays when such matters will be debated. I am not trying to ensure that the Bill does not succeed through some sort of procedural mechanism. I should be happy to vote against it, not because I oppose a referendum—I am not sure whether I have made it clear that I support a referendum—but because I oppose the Bill.

Mr. Chope: The hon. Gentleman says that he wants an opportunity to vote against the Bill, but he has been speaking for half an hour. Does he realise that if the Minister is to have time to respond to the pertinent questions that my hon. Friend the Member for Stratford-on-Avon (Mr. Maples) asked, he should sit down soon? Or is his motive to talk out the Bill?

David Cairns: It will take me a few moments to deal with that question. As my hon. Friend the Member for Hendon said earlier, the hon. Member for Stratford-on-Avon took an hour and 10 minutes, not at the beginning of the day but halfway through the morning, to make his case. The right hon. Member for Bromley and Chislehurst, on one of his periodic visits to the Chamber, which seem to last approximately 10 minutes before he leaves again, leapt to his feet and accused my hon. Friend the Member for Hendon of committing an outrage. He asked how my hon. Friend dared criticise the hon. Member for Stratford-on-Avon for speaking for an hour and 10 minutes and whether he realised that the material was important and salient. I pointed out that the right hon. Gentleman had not been present for most of the speech. None the less, I agreed that it was a good speech and an hour and 10 minutes well spent.

Mr. Deputy Speaker: Order. Perhaps the hon. Gentleman will now start to talk about the Bill.

David Cairns: Thank you, Mr. Deputy Speaker, I have been striving to do so. I was about to speak about the Bill when I was interrupted from the Opposition Front Bench. Let us revert to the measure.

Mr. Dismore: Will my hon. Friend give way?

David Cairns: I shall not on this occasion. If my hon. Friend lets me make a little progress, I shall happily give way later. I want to continue my analysis of the measure because, as I have already said, I would be the first speaker to conduct such an analysis.

Let us consider the second flaw in the series of flaws that means that the Bill cannot be supported—the referendum question. When the hon. Member for Stratford-on-Avon referred to the 34 referendums that have already taken place, I asked him how many had the question decided by an Act of Parliament. I genuinely did not know the answer. I was not a Member of Parliament when the Bill that dealt with the Greater London authority was considered and I do not know whether the referendum question was included in the measure. I am happy to give way to any hon. Member who can tell me whether it is custom and practice to specify the question in the Bill.

Clause 3(6) states:

"The Electoral Commission shall publish a report setting out when and how the referendum shall be conducted",

but that presumably does not include the wording of the question, because that is on the face of the Bill. That being the case, the Electoral Commission would have no say in that matter and would simply have to implement the measure.

Mr. Lazarowicz: We are now coming to the crux of the Bill, namely, the wording of the question. My hon. Friend makes a relevant point about the Electoral Commission. Does he accept that the way in which a question is phrased can often determine the type of response that it gets? The question in the Bill asks:

"Should the United Kingdom be bound by the Treaty establishing a Constitution for the European Union?"

Does not that give a hint, at least, of the Conservatives' view that the treaty in some way restricts the sovereign rights of the UK? Is not the question itself designed to get a "no" answer?

David Cairns: I fear that it is. My hon. Friend's hackles were raised in the same way as mine were when I first read the question. I think that he might have been taking some refreshment after his magnificent speech in the earlier debate when I made precisely that point to the hon. Member for Stratford-on-Avon. I scored a bull's eye when I did so, because as soon as I had made the point, the hon. Gentleman said, "Fair enough; let's amend it in Committee." It was hardly the most robust defence of his own Bill to say, "Well, okay, if you think it's a bit biased we'll discuss it in Committee."

I want to explore the general principle of whether we should put the wording of a referendum question into primary legislation. If someone can convince me that that is where it belongs, and that that is what we have done for the last 36 referendums, my fears would be calmed. Perhaps the Minister can help me here; he used to be in the Home Office. No one has yet explained to me why this wording needs to be in the Bill.

Mr. Dismore: Did not the hon. Member for Stratford-on-Avon give the game away when he said that this was exactly the same Bill as the one that was promoted by my right hon. Friend the Member for Birkenhead (Mr. Field)? Is he not simply using the Bill as a vehicle to

expound his anti-European views, rather than seriously intending to legislate? If he had had serious intentions, he would have made sure that his Bill was in order.

David Cairns: I agree with my hon. Friend. The hon. Member for Stratford-on-Avon is a parliamentarian of long standing. Indeed, he was the author of the Maples memorandum—if I am allowed to call it that—which Labour Members thoroughly enjoyed reading. I think that at one stage I knew every word of it and was able to campaign on it during the 1997 election. He had a brilliant forensic mind when he was setting out the flaws of the then Conservative Government. Unfortunately, it seems to have deserted him when he was drafting this Bill.

If the hon. Gentleman has lifted a previous, flawed Bill without studying it in any great depth and put his own name to it, that would be a tiny bit irresponsible. Hon. Members tell me that that has been done in the past, but I cannot imagine that it is a common occurrence. I certainly would not want to put my name on a Bill as flawed as this one. I know that this might sound self-aggrandising, but my private Member's Bill went through all its parliamentary stages in both Houses last year without the need for any amendments.

Mr. Dismore: It seems to be a Tory party tactic to do this. The Retirement Income Reform Bill and the Food Labelling Bill have been brought back time and again without any of their flaws being corrected, and the result is the same every time: they get thrown out.

David Cairns: My hon. Friend is a more assiduous attender here on a Friday than I am, and I bow to his superior knowledge of these matters. It is a terrible shame if that is what is happening, and if this is part of a pattern. I thought that this was just a random occurrence, but it is very sad if my hon. Friend is right.

There are two issues relating to the wording of the question. The first is the principle of whether a referendum question should be included in a Bill, irrespective of what it says. Hon. Members will correct me if I am wrong, but I understand that, as and when we have a referendum on the euro, the question will be framed by the Electoral Commission or some sort of independent body. I might be wrong; the Government might be intending to frame the question themselves—I am not entirely sure. However, if we were to give the Electoral Commission a significant role in the conduct of this referendum, excluding it as a point of principle from having anything to do with the framing of the question—after all, what is a referendum if it is not a question?—seems to be the major flaw in the Bill. I might have been more inclined to support it, the other flaws notwithstanding, had it said, "The question to be asked in the referendum shall be decided by the Electoral Commission and ratified by Parliament." However, it says:

"The question to be asked in a referendum held in pursuance of section 1 is"—

and it goes on to outline a question.

I want to talk about the question—the words themselves—in a moment, but we must not pass on to that discussion without discussing the principle of fettering the Electoral Commission in its rightly ordained role. This Parliament gave the commission powers so that there would be no hint of party political bias in any such sensitive matter to do with elections or referendums. It would have had a lot to say about how the 1975 referendum was conducted—it was clearly one-sided in terms of the money spent and the publicity given to the "Yes" campaign. *[Interruption.]* I am far too young to remember it; I have read about it in the history books.

The commission exists to ensure that no hint of bias or one-sidedness can creep into any part of the electoral process, including a referendum. The hon. Member for Stratford-on-Avon recognises that, because he would give the Electoral Commission a key role in publishing

"a report setting out when and how the referendum shall be conducted".

However, the commission may decide when the referendum is to be conducted provided that it is six months after the date of the adoption, whatever that is, of the constitutional treaty. The commission would be told, "You can oversee the referendum, but you can't decide what the question is because we have already decided it. You can't decide on the timing of the thing because we have already decided it." The Bill also refers to the referendum being held on a public holiday, so the commission would also be told, "You can decide when it is, provided that it is on a public holiday six months after the adoption of a treaty." The commission would be outraged to be so fettered.

John Thurso (Caithness, Sutherland and Easter Ross) (LD) *rose—*

Mr. Lazarowicz *rose—*

David Cairns: I give way first to the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso); I will come back to my hon. Friend.

John Thurso: The hon. Gentleman made a point about the referendum being held on a public holiday, which is referred to in clause 3(10). It states:

"The day chosen for holding the referendum shall be a public holiday."

Does he interpret that to mean that there shall be a holiday on the day of the referendum or that thereafter, for ever, it shall be a holiday to celebrate it?

David Cairns: The hon. Gentleman has succeeded in getting a laugh from a joke that I was hoping to make later, so I may not give way again during my speech. That is precisely the point that I wanted to make and I will return to it.

Mr. Dismore: Assuming that the Bill did not come into force until autumn, the first public holiday on which the referendum could be held might be Christmas day. Bearing it in mind that we have previously debated Christmas day trading, does my hon. Friend believe that it would be appropriate to hold the referendum on Christmas day, which is the implication of the Bill?

David Cairns: I have not studied the timetable in such depth, but clearly that would not be acceptable. My hon. Friend highlights the point that the Electoral

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Commission, which is supposed to decide such things, would be so fettered—so hemmed in—by this flawed Bill that its freedom for manoeuvre would be nugatory. He has pointed out yet another anomaly.

Mr. Lazarowicz: I am grateful to my hon. Friend for giving way once more; he is being very generous with his time.

Surely another reason for it being wrong to exclude the Electoral Commission from the process in such a way is that, on the face of it, the Bill takes no account of any minor name changes to whatever treaty eventually emerges from the European negotiations. If the treaty were called the treaty establishing a constitutional framework for the EU, or if there were some other change to the wording that was not covered by the Bill, no referendum could be held. The Bill introduced by the hon. Member for Stratford-on-Avon (Mr. Maples), rather than enabling a referendum to be held, could prevent it.

David Cairns: I had not even considered that, but of course my hon. Friend is right. The flawed nature of the Bill involves not only how it would fetter the Electoral Commission, but how it would fetter us. We might have to wait to hold a referendum and perhaps this issue would become another important matter for the Government: our hands would be tied by such an Act of Parliament, so the name of the treaty that emerges would have to be a red-line issue. We will have to insist that it translates into English as a constitution for the European Union, and we cannot have it any other way because we have already been fettered by this legislation.

Mr. Maples: I want to deal with the public holiday point. I thought that the Liberal Democrats had understood the provision properly, whereas the hon. Gentleman had not. I take it to mean, and it is intended to mean, that whatever day is chosen for the referendum shall also be designated a public holiday, not that the referendum must be held on what is an existing public holiday, because that would constrain the timetable seriously and we would have had to have it on Christmas day. My intention, and what the Bill says, is that whatever day is chosen—let us say that it is 31 October or 15 November—will as a consequence also be a public holiday.

Mr. Dismore: It does not say that.

David Cairns: As my hon. Friend anticipates from a sedentary position, it does not say that. It says:

"The day chosen for holding the referendum shall be a public holiday."

There are three interpretations of that: one is that it must be held on a public holiday that was going to be a public holiday anyway; another is that whatever the day is, it will be made a public holiday; and the third is that it will become a public holiday for ever, heading off into the future. The Bill is ridden with flaws—not just the ones that I have noticed, but the ones that my hon. Friend the Member for Edinburgh, North and Leith has drawn to my attention, and the nuance in the flaw that the hon. Member for Caithness, Sutherland and Easter Ross has drawn to our attention. It is almost embarrassing to point it out to the hon. Gentleman, but it must be done.

Mr. Dismore: If the promoter of the Bill is correct, although he is probably making it up on the hoof, there are two possible interpretations. One is a significant impact on the British economy from losing a working day, and the second, if it turns out to be a public holiday for ever more, is a significant bribe to the electorate, which he could claim as a result of his Bill to try to persuade people to vote the way that he wants.

David Cairns: My hon. Friend highlights another point. Where is the regulatory impact assessment? If it is going to be a public holiday, we need to know the cost to the British economy. However, there is no such assessment. I understand, because I have introduced my own private Member's Bill, that the promoter is not obligated to provide a regulatory impact assessment, economic impact assessment or environmental impact assessment, but every time that someone asks for a new public holiday—whether Trafalgar day or some other day—the CBI rushes forward with some figure of billions of pounds that it will cost the economy. I presume that there is a standard figure, whereby a day's public holiday costs X billion pounds—the hon. Gentleman does not have to do the calculation himself but just ring up one of his mates at the CBI who could tell him. I would have expected to know such a figure. I will not vote for any legislation today that makes a commitment to have a public holiday when I have no idea what the cost to the British economy might be. It would have helped the hon. Gentleman's case if he had been able to provide an explanatory note or impact assessment saying what the cost would be.

Of course, that only follows from the second of the three interpretations, which is that it should be a new public holiday. My first reading was that the referendum must take place on a day that is already a public holiday, which was my hon. Friend's understanding when he was looking to have it on Christmas day. Whether it is option one, two or three, it is simply not clear. The hon. Gentleman said that it was perfectly clear and then used a completely different formula and set of words, which, to his credit, were crystal clear, but they were not what is in the Bill.

The hon. Gentleman said that we should bring forward an amendment in Committee. I hope that somebody, somewhere, is making a tally of all the amendments that must be tabled in Committee—my hon. Friend on the Front Bench might be doing that. It is not treating the House with contempt, but it is stretching the patience of the House to introduce legislation that is so flawed that, before we have even reached Committee, it requires a string of amendments. Under these circumstances, all that we can say is that the Bill has become nothing more than a long string of amendments held together with a few standard clauses, which is simply not acceptable and simply should not be given a Second Reading.

Mr. Dismore: Did not the hon. Member for Stratford-on-Avon (Mr. Maples) give the game away when he made a passing reference to the Electoral Commission, saying that it could be involved further down the line? If

he was serious about legislating, surely he should have consulted the commission before drafting the Bill to make sure that it did not contain so many flaws.

David Cairns: Absolutely.

We have discussed the flaws relating to the issue of adoption and the insertion of words that fetter the Electoral Commission, which was probably not even consulted. The next major flaw lies in the wording of the referendum question. I suspect that the hon. Member for Stratford-on-Avon—or the right hon. Member for Birkenhead, if he drafted the Bill—tried hard to think of wording that was studiously neutral. Speaking as one who would be more inclined to vote yes than no, I do not consider this wording to be studiously neutral. My hackles are raised by the word "bound". Voters are to be asked:

"Should the United Kingdom be bound by the Treaty establishing a Constitution for the European Union?"

My hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz) also felt that the question was not entirely even-handed and free from bias.

Those of us who think that the British people should be given the final say cannot support the Bill. We did not observe the process that created that question. How did it come about? Who was consulted? What are the precedents? Is the question modelled on referendum questions that have been asked in Britain, or across Europe? There may be perfectly good answers to all those queries, but I do not know what they are, and in a speech lasting an hour and 10 minutes the hon. Member for Stratford-on-Avon left us none the wiser. Unless we gain some understanding of where the question has sprung from, I shall certainly not be minded to give the Bill a Second Reading.

Mr. Dismore: One body that was clearly not consulted is the Plain English Campaign. If subjunctives are built into a question, it becomes extremely complicated. Why not simply ask, "Do you agree or not?"?

David Cairns: I understand that a best-selling book at Christmas was about grammar. It was called "Eats, Shoots and Leaves", and concerned the apostrophe. The hon. Member for Stratford-on-Avon might have done well to study that book before framing the question, because I think that it contains grammatical errors. I am not as concerned about grammar as my hon. Friend, who is far more learned in these matters, but I do not like the notion of being "bound" by the treaty.

The hon. Gentleman could argue that that is precisely what the treaty does—that it does what it says on the tin—and in one sense he would be right. We should, however, bear in mind the connotations of "bound". Someone who is bound is tied up and constrained. His freedom of movement and freedom to act independently are severely limited. The hon. Gentleman may say that that is exactly what he meant. Of course it is what he meant, for it is what he believes, although it is not what I believe. His belief, either consciously or subconsciously, affected the drafting of the question. He, or perhaps my right hon. Friend the Member for Birkenhead, has allowed his better judgment to be clouded.

There are two problems with the question. First, should any question be included in the Bill? I am open to persuasion, but I think that the answer is probably no. Secondly, is this question acceptable? In my view it is biased, and designed to elicit a "No" vote. Certainly it has negative connotations. Even if I were minded to support the principle of including a question in the Bill, I would not support this question.

Mr. Dismore: There is one good reason for not including the question. The hon. Member for Stratford-on-Avon (Mr. Maples) argued that the wording could be amended in Committee, and indeed on Report. We might find ourselves dealing with a dozen amendments with a dozen different wordings, ranging from what Conservative Members might prefer—"Do you want Britain out of Europe?"—to something more neutral, and from that to a question biased in favour of a "Yes" vote. We could debate all that for ever.

David Cairns: That is true, and the Bill will follow the usual route of a private Member's Bill. Debates will be timetabled—which does not mean that they can go on for ever, but they will have to take place on certain days.

I want to talk about some of the other flaws before discussing where I think the hon. Member for Stratford-on-Avon was wrong in his comparisons with the Americans. Clause 3(6) says:

"The Electoral Commission shall publish a report setting out when and how the referendum shall be conducted"—

but not the question, because that has already been decided, and actually not when it will be conducted, because it has to take place within six months of the adoption of the treaty and on a public holiday, or perhaps not. The clause says that the report should include

"what information is to be provided to those entitled to vote."

This is a very interesting point.

Ms Munn: I want to clarify one issue before my hon. Friend goes into further detail. One thing that concerns me is that the Bill says that the Electoral Commission "shall publish a report". It does not say when or how soon, so we have a time scale within which the referendum has to take place but we do not have a time scale that sets out at what point before the referendum the Electoral Commission report should be published. There may be provisions that I am not aware of, but it seems that, if we want an informed debate about the referendum, there must be sufficient time for that information to be provided. I am sorry that I seem to be boring the hon. Member for Stratford-on-Avon (Mr. Maples), but there has to be time for that information to be duly provided. If that is not sufficient, how can Parliament be satisfied that the population of Britain will have a real chance to discuss these very important issues?

David Cairns: My hon. Friend is correct. We have three parallel timetables, three parallel universes. The first is the timetable for the agreement of the actual treaty. It may be agreed this summer. It may not be. It may be months before the thing is agreed. Let us say that it is agreed this summer. We have summer holidays. It is a very long document. It may be a long while before it is

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signed. We do not know what adoption means, so we do not know when that particular timetable even starts. However, let us say that it starts in the summer. That is one hare that is off and running. The second hare that is off and running is the business of six months. My hon. Friend the Member for Hendon and I will not repeat the arguments. We have gone over that matter in some depth because of its importance.

The second timetable is off and running. Because the Bill is coming through the private Members' route, it is constrained. The dates are all set out and we know that its passage could last longer than that timetable. My hon. Friend the Member for Sheffield, Heeley (Ms Munn) has highlighted brilliantly the timetable within the timetable. We are working within a six months total. The hon. Member for Stratford-on-Avon said that six months is fair and gives us plenty of time to study and discuss all these things, but there is no timetable for when the Electoral Commission should produce that material. Within that overall six months, the commission has to do a job of work, decide what materials people need, what the format will be. Presumably, it works within its own statutes and consultation procedures. Then the report has to come back to the House. When it does so, it is laid by the Secretary of State in the form of regulations.

That brings me to a favourite bête noire of the Opposition. They always grudgingly say, "Why are we agreeing this before we see draft regulations?" We cannot see draft regulations in respect of the provision—we cannot see any regulations—until the Electoral Commission has done its work. It writes a report. It gives it to the Secretary of State. The Secretary of State drafts regulations and the regulations are considered not on the Floor of the House, where those important matters should be considered, but in Committee. However, we have absolutely no idea what they will be. We have subcontracted that to the Electoral Commission, fettering it all the way. We are being asked to give the green light to a process that deprives us of the chance to scrutinise those matters further on the Floor of the House. There is a structural flaw. Whenever the Government introduce a Bill and it is not specified when regulations will be laid and there is no concept of what will be in the regulations—they may not exist even in draft form—Opposition Members line up to condemn the Government for asking people to vote regulation-making powers through.

Mr. Dismore: My hon. Friend may have skated over clause 3(1). Does he not find it peculiar, as I do, that the hon. Gentleman has taken the position that the electorate for the referendum should be the same as that for the European parliamentary elections? I understand that there are about 600,000 French nationals resident in the UK. If the Bill is about defending the British position in terms of the constitution, does my hon. Friend not find it peculiar that all other EU nationals will be able to vote when they may have their own national interests in the debate?

David Cairns: I had considered that point, and I would have come to it if I had had the time.

My hon. Friend is right. The provision is peculiar. Unlike the arrangements pertaining in elections to the House, EU citizens living in the UK are entitled to vote in European elections and they would be able to vote on the binding issue of whether Britain accepted or rejected the constitution. I do not know—the question has not been answered—whether other countries would also allow someone who is resident here and on the electoral register to vote in that country. For example, someone from Ireland might end up having two votes. They could be registered in Ireland to vote in domestic Irish elections. They would therefore have a vote in the Irish referendum, but they could be registered here for European elections because they lived here and paid taxes. They could therefore vote in two referendums and, although that might be a good thing, it is a bit odd. For the life of me, I do not understand why the hon. Gentleman has specified this electorate who are different from the electorate for UK national elections.

Mr. Dismore: The position gets even worse. I think I am right in saying that a citizen of the EU can vote in European parliamentary elections in one country or the other, but not in both. However, if the referendums are on different days, a wealthy business man, who may have houses in six or seven different European countries or dual nationality, could hop around and vote in a series of referendums.

David Cairns: My hon. Friend extrapolates from my basic point.

Broadly speaking, I am pro-Europe and believe that it would be in Britain's interests to secure a constitutional treaty that respected our red line issues. That would be good for Europe and make a Europe of 25 work better than the Europe of seven or eight when many of the original treaties were drafted. I do not want to be a little Britisher on this issue, but the people who are eligible to vote in UK parliamentary elections should vote in the referendum. I am concerned about the possibility of people having serial votes around Europe and, although this may be tending towards Euroscepticism, I am concerned about hundreds of thousands of people—I am trying not to use the word "foreigners"—

Mr. Dismore: EU nationals.

David Cairns: I am concerned about the prospect of EU nationals who are not entitled to vote in UK parliamentary elections having a vote in the referendum.

The timetable that the hon. Gentleman sets out is dictated by his six months and not by the scrutiny process of Parliament. Like me, my hon. Friend believes that the proper process is to secure the treaty and have it debated on the Floor of the House of Commons by elected Members of Parliament and by Lords in another place. That is when we should go to a referendum. We should not subvert that process, but the hon. Gentleman adds insult to injury by proposing that people who are not entitled to vote in UK domestic elections should be able to vote in the referendum. That is puzzling, and I am grateful to my hon. Friend for allowing me to address that issue.

Mr. Chope: The hon. Gentleman has now been speaking for more than an hour. It is St. George's day

and millions of English people want to hear the response of the Minister to my hon. Friend the Member for Stratford-on-Avon (Mr. Maples) and to the many others throughout the country who are concerned about the referendum and Government confusion on the issue. Is the hon. Gentleman intent on preventing that response from taking place?

David Cairns: I am intent on exposing the flaws in the Bill, and I am barely halfway through the process. I am sorry that I will not be allowed to do a thorough job in exposing the flaws, which is my only motivation—I do not want to prevent anyone from doing anything else.

Mr. Dismore: Again, I can only assume that the hon. Member for Christchurch (Mr. Chope) has not contacted the right hon. Member for Bromley and Chislehurst (Mr. Forth). Our job in this Chamber is to scrutinise and legislate; it is not to provide vehicles for people to argue about general policy. The debate concerns this particular Bill, and my hon. Friend the Member for Greenock and Inverclyde (David Cairns) has done the House a service by exposing the flaws in it, and I hope to continues to do so.

David Cairns: I fully intend to do so. I am mildly hurt by the implication that the Minister has more weighty things to say about the Bill than me. I am personally grateful to him, because without his championing a previous piece of legislation, I would not even be here. As an elected Member of Parliament, my views on the Bill are as valid as anyone else's. This is a private Member's Bill, not Government legislation, and I am a Back Bencher doing my job, which I was elected to do, by making a speech exposing its flaws. There is no time limit on my speech, and I regret that I have so few minutes left, because I want to address other major flaws.

Before moving on, I want to stick to the issue of the Electoral Commission report. Clause 3 states:

"The Electoral Commission shall publish a report setting out when and how the referendum shall be conducted"—

apart from the question and the date, which will already have been decided—

"including what information is to be provided to those entitled to vote . . . The Secretary of State shall give effect to the provisions contained in a report of the Electoral Commission under subsection (6) by means of regulations."

The Bill does not allow the Secretary of State to reject any of the proposals—it only allows him to give effect to them—and he is bound by the report of the Electoral Commission.

Clause 4 states:

"There shall be paid out of money provided by Parliament"—

taxpayers' money—

"any expenditure of the Secretary of State in consequence of this Act".

Let us think the Bill through. The Electoral Commission produces a report, with no timetable on when it should be produced—presumably it has its own statutory guidelines on how it consults and reports. Next, we make a report, which includes the information provided to those entitled to vote. Finally, we give that report to the Secretary of State, who enables the referendum to happen by regulation, and the taxpayer pays for it. The Bill asks us to provide the Electoral Commission with a blank cheque.

If the Electoral Commission were to decide that every person in the country should have a 60-minute video on Europe, for and against, that the video should be shot across the European Union, that Kevin Spacey should introduce it, that my hon. Friend the Member for Hendon should be in it, that it should feature the beauties of the European city of culture, which will be Liverpool in a few years' time, and that it should be narrated by Sir Sean Connery, the Secretary of State would have no say in the matter and must produce it. Who would pay for it? The taxpayer. The Bill does not state how much the referendum should cost. We are being asked to produce a blank cheque, which is irresponsible.

The Bill has two major financial implications: one is the cost of the new bank holiday—presumably a bespoke figure for that exists in the annals of the Department of Trade and Industry, but nobody has ventured it today—the other is the blank cheque to the Electoral Commission to come up with any scheme. The Electoral Commission might decide to stage an opera about European integration and tour the country with it, and British taxpayers would have to pay. My hon. Friends laugh because they think that I overstate the case, but this deeply flawed Bill does not fetter the Electoral Commission.

Mr. Dismore: I regret to say that my hon. Friend is overstating the case, because the regulations are subject to approval by each House of Parliament. Let us suppose that the Electoral Commission produced a silly report, which the Secretary of State would be bound to bring to Parliament. We would then have an affirmative debate in both Houses on whether it should be ratified, and Parliament would reject it, in which case we would be back to square one. If Parliament rejects the regulations, there is a lacuna in the Bill.

David Cairns: My hon. Friend is right to interrupt my flight of fantasy and anchor me back to the real world, but he has also highlighted yet another flaw in the Bill. It does not say that the Electoral Commission shall produce a leaflet or present its report in some other limited form, nor that the Secretary of State shall reflect upon the commission's recommendations and bring forward the measures that he deems necessary for their implementation. The Bill says simply that the Electoral Commission shall produce a report, the Secretary of State shall bring that to Parliament, where it shall be implemented—or not, as my hon. Friend the Member for Hendon points out—by means of regulation.

Consider the impact on public opinion if the Bill were to receive Royal Assent after hundreds of MPs came in and voted for it because it reflects the will of Parliament—

Mr. Dismore: There are not many Tories here.

David Cairns: To be frank, there are not many on our Benches either. Suppose, in all seriousness, that we sent the Electoral Commission to do the job of work. The Secretary of State—a profoundly serious person—

[David Cairns]

would consider it, time would be spent preparing a report, which would then go to a statutory instrument Committee, where a handful of Members would decide its fate and the whole thing would grind to a shuddering halt. What would be the response not only of the rest of Parliament, which voted to set the whole train in motion, but of the people, who would see their long-promised referendum snatched away from them in a statutory instrument Committee sitting in Committee Room 13 on a wet Tuesday afternoon? Is that remotely the right way to approach the subject? Absolutely not. The Government's way is the right one—to argue for the treaty, secure the treaty, debate it on the Floor of the House, as such treaties are, and then move the debate out to the country.

Mr. Mike O'Brien: I am listening carefully to my hon. Friend's argument, but in view of the limited time, he needs to cut to the chase. I really want to hear his view on the fact that the Bill makes no reference to ensuring that Parliament can debate the substance of any constitutional treaty before it is put to the country. The Opposition want any debate to be based on the myths that they propagate, rather than on proper parliamentary scrutiny. Will my hon. Friend say where the Bill provides for full parliamentary scrutiny to enable the public to hold a proper discussion on the issues?

David Cairns: My hon. Friend is entirely right. That that is not the process is not an accident, an oversight, a mistake or a flaw in the Bill; it is deliberate. A six-month timetable is set out, although we are not sure when it starts, and that is the process. It does not include the people's representatives debating the matter here, on the Floor of the House where everyone has a chance to have their say, it then going to the other place, and the debate then being taken out into the country. Parliament is deliberately set aside.

Mr. Chope: Will the hon. Gentleman give way?

David Cairns: Not now—I have been generous.

My point is that it is possible to be staunchly in favour of a referendum—I am and so are all my hon. Friends: we want the people to be part of the process of scrutinising the treaty—but to believe that the Bill is utterly flawed and a complete dog's breakfast. The speech of the hon. Member for Stratford-on-Avon was entirely about the substance of the constitutional treaty. I suspect that he is aware—whether consciously or subconsciously—that the vehicle that he proposes to bring about a referendum is deeply flawed, which is why he has not marshalled the necessary number of troops to get it past a Division.

Mr. Mike O'Brien: My hon. Friend is correctly suggesting that the Conservatives are not intent on providing for a proper discussion, followed by a proper referendum. This country's only referendum in relation to Europe was provided by the Labour Government in 1975. The Labour party is now offering people the opportunity to take a view on a constitutional treaty. It was the Conservative party that, in the Single European Act and the Maastricht treaty, denied the people that opportunity. Labour trusts the people; the Conservatives never have, even though they have had the opportunity to do so.

David Cairns: My hon. Friend is entirely correct. That is absolutely the case. I—

It being half-past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 18 June.

Remaining Private Members' Bills

OLDER PEOPLE'S COMMISSIONERS BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 15 October.

Mr. John Maples (Stratford-on-Avon) (Con): On a point of order, Mr. Deputy Speaker. Can you help me find out what methods there are to draw the attention of the public to the fact that the Prime Minister says he is in favour of a referendum, but sends his Members of Parliament to talk my Bill out, abusing the rules of the House to do so and thereby belying the honesty of his intention to hold a referendum?

David Cairns (Greenock and Inverclyde) (Lab): Further to that point of order—

Mr. Deputy Speaker (Sir Michael Lord): Order. I think I can deal with the point of order once and for all. That is a matter rather more of debate than for the Chair. We should now move on.

Community Hospitals (Oxfordshire)

Motion made, and Question proposed, That this House do now adjourn.—*[Charlotte Atkins.]*

2.31 pm

Dr. Evan Harris (Oxford, West and Abingdon): I am pleased to have the opportunity to debate the important topic of community hospitals in south Oxfordshire, and I am grateful to the House for giving me the opportunity as a relatively late substitution for the original business set out on the Order Paper before the recess. I am particularly pleased to see that the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton), will respond to the debate. It makes a change for us to be discussing community hospitals on this occasion, rather than aspects, gruesome or otherwise, of human organs, which we have been dealing with in the Committee considering the Human Tissue Bill.

I draw the attention of the House to proposals from the South East Oxfordshire and South West Oxfordshire primary care trusts in a pre-consultation to reduce beds and close community hospitals in the south of Oxfordshire. The proposal could affect beds in six hospitals—Witney in the west, Henley in the east, Didcot, Wantage and Wallingford hospitals towards the south and, in my constituency, Abingdon community hospital in the middle of the south of Oxfordshire.

There is strong support for the stance that I have taken in a cross-party campaign in which people from all parties have been represented, as well as people with no strong political views. I express my gratitude for the support that the campaign has had from the hon. Members for Henley (Mr. Johnson), for Witney (Mr. Cameron) and for Wantage (Mr. Jackson). The hon. Member for Wantage has three hospitals that could be closed under the proposals and is therefore particularly badly affected.

In the debate, I shall highlight significant flaws in the proposals set out in the pre-consultation document and raise concerns with the Minister about the fact that such a substantial reduction in community hospital beds, with or without an increase in domiciliary care, would not benefit the Oxfordshire health economy as a whole. We must bear it in mind that the Oxfordshire health economy is in deep trouble financially and in terms of meeting the activity targets that the Government set. Many of those targets are inappropriate and distort clinical priorities, but if the Government use them to measure how well the health economy is doing, they will see that they are being met—where they are being met—only at the expense of significant overspends and enormous pressures in the system. Areas not covered by targets and the need to report are left to wither and be starved of resources.

The health economy is facing significant challenges from the cost of implementing the GP contract and, in the acute trusts, the cost of implementing and backdating the consultant contract, because it appears that the costings for that were based on a smaller number of sessions than the average in a large teaching hospital such as the Oxford Radcliffe, where it should have been predicted that the management would find that consultant staff were working harder than management thought their contracts required. In addition, there are significant pressures to meet national service framework targets, which are some of the more rational targets, and the requirements to fund National Institute for Clinical Excellence guidance for new drugs.

[Dr. Evan Harris]

The Government say that there is significant growth in the budget this year—and there is—and in future years. That is something that I voted for, and which the Liberal Democrats recommended before the election rather than simply coming up with after the election. But despite that, I have been told by all sides of the Oxfordshire health economy that the cost pressures that they face, even restricting themselves to what they call the "must-dos"—the things that they have to do, not things that they want to do—come to more than the growth in the budget. That is why many of us suspect that the move to reduce the number of community hospital beds, and as a consequence of that to close hospitals, is financially driven.

One of the problems with the consultation process has been that it is opaque on whether there is a financial motivation behind it. If there is a financial motivation, so be it, because the priorities of the health economy must be juggled, and it may be felt that it is not a false economy to reduce community hospital beds and to seek to reinvest that money in some of the must-do areas that I have described. But at the public meetings there has been a big inconsistency about whether it is financially driven or whether the idea is to close community hospitals and cut community hospital beds for the benefit of patients. That is hard to understand, but it is defended on the basis that those resources can be switched to providing increased domiciliary care, and I shall come on to the problem with that in a moment.

If we look at the numbers that the primary care trusts in the south-east and south-west use in their south locality plan, there are real problems with even the basic assumptions. First, it is hard to find out what sort of numbers there are overall to start with, because two different figures are given in the document. In the table on page 6, 192 beds are defined as open, and then there is a proposal to reduce that overall to a total of 153, but on page 14 in the table of options at the back, which has a range of 11 options detailing various hospital closures, it suggests that there are 228 beds, of which 24 are closed. That gives a different basic start figure. Whether one includes or excludes the 15 separate beds at Townlands hospital in Henley, they still do not round down. It is worrying to people reading the document that the basis of the research behind it seems so poor that it is not clear that the people proposing this know how many beds there are in total.

Then there are other concerns about the calculations that have been made on the need for beds. First, the beds required to cater for population growth are deemed to be an additional five on the basis of a population growth between 2001 and 2005 of 1.26 per cent. Very graciously, the authors of the document round that up to 3 per cent. because of an increase in elderly patients in particular, but we must ask why, in 2004, for a proposal that might happen in 2005, we are basing our bed numbers on a projection up to 2005. If this is really a long-term proposal, surely it is rational to go beyond 2005, even if one accepts the figures—many people recognise that there is, and will be much more significant population growth than that, including among the elderly.

There is a proposal that beds be reduced by five through a transfer of respite care—that is, people who currently receive free NHS care on a respite basis being forced into social services care where they will be means-tested. It says that there will be a separate consultation, and when I saw that I thought, "Quite right, so there should be." Then we find that, despite those words, there is to be no separate consultation. I question whether it is a lawful act to reprovide that service through social services without proper consultation of those involved, when one is proposing permanently to withdraw their care.

An analysis has been done through the Jonah project, which suggests that the length of stay for patients in community hospitals can be reduced through better discharge planning—I certainly accept that—and that beds can be reduced by 25. One would like to see the detail behind that, but it was not available online. Nevertheless, if one accepts that throughput can be increased in such a way—I do not necessarily deny that that is the case—one must recognise that the same will apply in the acute sector. Increased throughput in the acute sector will mean increased demands on the community hospital sector and other forms of intermediate care. The idea that the health economy should implement faster throughput only in the community hospitals when, if anything, there are greater efficiency gains to be made in the acute sector is wrong, but there is no area in which that is factored in.

There is a question about the findings of the balance of care project, which looked at where people should be at any given time. In its snapshot calculations, it recognised that 21 more beds would be needed, because so many people in the acute trust and the Oxford Radcliffe hospital could be better cared for in the community hospitals and other settings. That is certainly true, but I imagine that, to anyone coming to the matter anew, the two obvious empirical factors in terms of the total number of beds needed would be the occupancy level of the existing beds, which would demonstrate whether there was spare capacity, and the waiting list for those beds.

Those are two reasonable measures of whether current capacity is adequate, and they should be considered before deciding whether it can be slashed by 40 or 50 beds from a total of about 200, but, strangely, the document contains no data on occupancy levels, which prompts the question "Why?". I think that the reason is that such data would show that occupancy is almost 100 per cent. If occupancy were running at 70 per cent. or even 80 per cent., which is not far from the maximum optimal level in terms of ensuring that beds are available—beds are often wanted in surges from the Oxford Radcliffe hospital—one could understand the rationalisation. However, there is not 70 per cent. occupancy. One might understand rationalisation and the need for good use of resources in such circumstances, and I am not arguing in principle against any reprovision of services or cuts. However, a snapshot that I asked for, dated 9 March, shows that, of the total of about 213 beds in the six hospitals that we are talking about, out of the 185 or 190 beds in use—about 24 beds were closed at the time when the information was obtained—only six beds were available. One does not need to be an advanced-level mathematician to recognise that that is near maximum occupancy.

I put it to the Minister that there should be no question of closing beds until it can be demonstrated that there is spare capacity, especially in respect of the

waiting lists. The Oxford Radcliffe hospital is under huge pressure, partly because of delayed discharges. Asking the hospital for its figures shows that, despite the fining arrangements that the Government have introduced, which were controversial enough, there were still 140 delays in the week starting 12 February 2004, for example. The figure was 160 for a similar week in January, so I am not simply choosing a particularly high figure.

If one looks at the reasons for delayed discharge—clearly, not all the patients are waiting to go into community hospitals—for the Oxford Radcliffe hospital, which is the main acute hospital in the area, one sees that by far the largest reason for delayed discharge is further non-acute NHS care. Some 62 out of the 141 delayed discharges for the week ending 12 February 2004 were for further non-acute NHS care, which will generally be provided in community hospitals. When we ask the PCTs about the matter, they do not deny that there is a waiting list, and it is clear that the waits are not mainly for community hospitals in the north of the county, where there have historically been fewer community hospital beds. There are still significant numbers from the south-west and south-east areas. Indeed, the smallest number is for the north-east. Arguably, the catchment areas for four of the six hospitals are within the South West Oxfordshire PCT, whose residents have significantly greater waits for community hospitals than for hospitals in the south-east. More figures are available, but I hope that the Minister gets the picture.

The case has not been made for a reduction in bed numbers, and the onus should be on the PCT to demonstrate the need for such a reduction because of spare capacity before it starts to suggest which hospitals should close. I suspect that the table of 11 options for closing different hospitals was an attempt to change the valid question, "Should we reduce community hospital bed numbers?" to "Which hospitals will close?" and to set one hospital against another.

I do not dispute the need to ensure that there is more domiciliary care, and I am sure that I share with the Minister the view that domiciliary care, with assistance, is more appropriate for some patients than residential care and that it is the best option for some patients who do not need to be in a hospital setting of any kind, with the risks that that entails. One can countenance a switch of provision when shown that there would be an alternative increase in domiciliary care provision. The people to whom I have spoken, who populate the committees that have considered issuing a response to this document, share that view—they do not say that we should never close any beds—but they are concerned that the health economy and social services have to demonstrate that staff are available for domiciliary care before they start closing hospitals, which is an irreversible step.

Although it is difficult to recruit nurses, and beds in community hospitals close partly because of that difficulty—although I think that planning blight is also a factor to bear in mind—I am told that it is even more difficult to recruit domiciliary care workers. Their job is more difficult; they receive less support because they are moving around; and of course they are paid even less than nurses in community hospitals. It is incumbent on the health economy to show that it can afford and resource the other option before closing beds in community hospitals.

A number of people from across the parties and of no particular political persuasion have taken a mature look at the proposals, and hospital groups have made responses to the pre-consultation document. I have met the South West Oxfordshire primary care trust, which covers my constituency, and I make no criticism, in general terms, of its leadership. They have been willing to meet me, and they have performed a pre-consultation exercise, which is more than the statutory requirement; I want to put that on the record. It is still not clear to me, however, and I am not convinced that it is clear to the PCT, what are the real reasons for making these proposals at this point, without having done the work that is required.

I have raised the matter with the strategic health authority, asking it to take a view on whether it is appropriate to seek to reduce community hospital capacity when the Oxford John Radcliffe hospital is under enormous strain, as I think it will be for the foreseeable future. I suspect that the hospital is extremely concerned about the change, given the huge number of delayed discharges that occur due to a wait to get into a community hospital. When I worked at the John Radcliffe as a senior house officer in emergency medicine, my colleagues and I found community hospitals to be an extremely valuable source of step-down rehabilitation care, and I know that the staff still find that to be the case.

I am now bringing the argument to a higher level, to this House and the Minister. I hope that she will recognise that this is not an antediluvian opposition to all change, but a serious worry that the change is not thought out, it is not yet justified and, financially and in terms of patient care, it will make matters worse.

I pay tribute to the people working in community hospitals and those trying to balance the books in the health economy, but these proposals will not do, and I believe that my constituents share that view.

2.48 pm

The Minister of State, Department of Health (Ms Rosie Winterton): I congratulate the hon. Member for Oxford, West and Abingdon (Dr. Harris) on securing this debate on what is obviously a matter of great concern to his constituents. I join him in paying tribute to the staff in his area, including not only those on the front line but those working in the PCT, who are obviously committed to making improvements to the local NHS.

The hon. Gentleman expressed a number of concerns about the situation in his area. As I am sure he is aware, it is our policy, within the framework set out in the NHS plan and the "Shifting the Balance of Power" initiative, to devolve funding decisions to the front line. Oxfordshire PCTs received an extra £41.7 million this year and will receive an extra £134 million over the next three years to 2005–06. With that extra funding, it is for PCTs, in partnership with strategic health authorities and other local stakeholders, to determine how best to use their funds to meet national and local priorities for improving health, tackling health inequality and modernising services. They are obviously best placed to do that because they have specialist knowledge of the local community.

[Ms Rosie Winterton]

As part of the modernisation programme set out in the NHS plan, many NHS economies and organisations are considering, with local stakeholders, changes to the way in which they organise their services. In doing so, they need to take a whole- systems approach that takes account of the contributions of different hospitals and primary, intermediate and social care providers. They need to work in partnership and to have genuine integration and joint planning of services.

To help the NHS to build those local solutions, in February 2003 the Department published guidance that set out the principles and approach that should be applied to all proposals for service change, as well as the various stages of the consultation process. The initial stage should commence with the local health economy engaging stakeholders—staff, patients and the public—and, ideally, the process should end with the local health economy moving on to implementation once a preferred option is agreed: of course, that is what Ministers would prefer. There may be instances where, for example, an overview and scrutiny committee of a local council refers decisions to the Secretary of State for Health, who can then call on an independent reconfiguration panel to investigate the situation and to offer advice.

As regards intermediate care, our policy aim is to maximise choice, control and independence for individuals, whether they live at home, in supported housing or in a care home. We know that most older people wish to live in their own homes for as long as possible, but that requires a wide range of high-quality support services and, again, good partnership between service providers.

I am aware that a great deal of excellent work is being carried out by PCTs and social services in Oxfordshire to improve intermediate care in the county by developing services for older people that are easy to access and are provided, where possible, in people's homes, whether it be their own home or a nursing home. In Oxfordshire, primary care trusts and social services operate a pooled budget of approximately £45 million. The aim is to ensure that resources are used in the best possible way to meet the needs of older people and people with physical disabilities.

As I said, health services will wish to respond to the changing needs of local people. I understand that that is why PCTs in the south of Oxfordshire decided to review the provision of community hospital services and intermediate care. The informal consultation paper, "South Locality Plan—The way forward for community hospital and intermediate care services", proposed options for improving levels of care, providing support to other parts of the NHS and providing sustainable services within allocated resources.

The south Oxfordshire primary care trusts took the view that the south of the county has traditionally offered a more bed-based service, given the number of community hospitals. There are established intermediate care support services teams in the PCTs but the service is not available to all areas. I understand that the PCTs' preferred option has been to develop equitable domiciliary care services in partnership with local authorities and in line with progress in north Oxfordshire. The services have jointly developed access to care and rehabilitation, which brings together NHS intermediate care support services and the rapid response, re-enablement and community rehabilitation services that social services provide. The idea was to offer rapid assessment of individuals followed by intensive home support.

In May 2003, before the informal consultation, the Oxfordshire health care system commissioned "Balance of Care", a survey of the health needs of more than 1,000 patients. Several issues were highlighted in the report that followed, including work force medical cover, emergency care, out-of-hours services and delayed discharges, which the hon. Gentleman mentioned.

I appreciate the concerns that the hon. Gentleman expressed about the validity of the survey and its subsequent contribution to the south locality plan. However, I understand that the aim of the informal consultation was to gather stakeholders' views. The hon. Gentleman may know that the strategic health authority currently recommends that PCTs do not proceed to formal consultation on existing options. The work is continuing with PCTs, in conjunction with the strategic health authority and local communities, including the local authority, to consider other care options for people in south Oxfordshire in the context of local community services.

Dr. Harris: Will the Minister confirm that that means that the immediate threat to cut the number of community hospital beds and close hospitals is effectively withdrawn and that she is referring to an instruction or recommendation to the strategic health authority not simply not to consult on the matter but not to go down that path?

Ms Winterton: Yes. The strategic health authority has recommended not to proceed with those options and to consider other options of care for people in the area. I understand that work is in progress to deal with some of the local issues that the hon. Gentleman raised.

I am advised that the strategic health authority is leading on supporting trusts in implementing the European working time directive. Trusts are promoting the "improving working lives" initiative, which encourages flexible working and the provision of opportunities for training and development. Significant effort is also being made to recruit staff to the community hospitals with a series of joint recruitment open days in some hospitals.

As I said earlier, it is our policy that PCTs, in partnership with other local NHS trusts and the strategic health authority, decide the priorities for the NHS locally. That is where specific local knowledge and expertise lie. It is not appropriate for Ministers to decide on the direction of travel and exactly how services should be reconfigured—we have made that clear. The NHS locally should do that. I hope that the hon. Gentleman, who introduced a debate that is so important to his constituents, will be reassured by the points that I have made, not only about the reconfiguration of services but the action that is being taken to deal with the genuine issues that he raised.

Question put and agreed to.

Adjourned accordingly at one minute to Three o'clock.

House of Commons

Monday 26 April 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WORK AND PENSIONS

The Secretary of State was asked—

Civil Service (Relocation)

1. **Hugh Bayley** (City of York) (Lab): If he will make a statement on how the Lyons review on relocation will affect his Department. [167675]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): Eighty-two per cent. of the Department for Work and Pensions' work force is already located outside London and the south-east, compared with 71 per cent. of the population. Taking account of the Lyons review, we are planning to relocate some 4,000 posts. As the Department substantially reduces its total work force over the next few years, we intend to concentrate activity on a smaller number of sites. Work relocated is likely, therefore, to be moved to existing DWP sites.

Hugh Bayley: Is my right hon. Friend aware of how well York has coped with a number of Government Departments wishing to move additional jobs into the city, including his own Department, the Crown Prosecution Service, the Ministry of Defence and the Department for Environment, Food and Rural Affairs? Is he willing to ask his officials to meet representatives of the York inward investment board—and perhaps some senior managers of Government agencies that have moved to York—and to look at York's feasibility as a location for the redeployment of some of the 4,000 jobs to which he refers?

Mr. Smith: As the House would expect, my hon. Friend is a persuasive and energetic advocate of the case for inward investment in his constituency. At the risk of setting our officials up for an entire sequence of meetings with similar bodies elsewhere, I am happy to agree to the meeting that he suggests. I do, however, offer one word of caution. As the House will be aware, our Department is scheduled to reduce total staff numbers by some 40,000—a net 30,000—by 2008, so it is likely that there will be staff reductions in a number of parts of the country.

Sir Archy Kirkwood (Roxburgh and Berwickshire) (LD): That is exactly the point. As the Secretary of State points out, the Budget that followed the Lyons review announced yearly reductions of 6 per cent. between now and 2008, which will have a very serious effect on staffing throughout the Department and its agencies. The Lyons review asked for a timetable for the implementation of the redeployments proposed before the Budget. When will it be available, and when will he look at the irreducible core of the 2,500 London-based civil servants in his Department?

Mr. Smith: On the last point, of course, all such matters are a feature of the review of our overall staff numbers. On the timetable, I shall make further information available on overall staff reductions, and on relocations in the light of the Lyons review, following the spending review. The hon. Gentleman and the House will understand that managing change on this scale—it is virtually unprecedented in the white collar public sector—has to involve the most careful planning, and careful consultation and discussion with our staff and trade unions, as well as with the managers who must carry it out.

Mr. George Osborne (Tatton) (Con): The Secretary of State says that there needs to be careful planning and consultation. Did it take place before he made his announcement?

Mr. Smith: As the hon. Gentleman will know, of the total number of reductions announced, some 18,000 had already been discussed with the trade unions and were being planned by the Department. Of course, as I said in answer to the hon. Member for Roxburgh and Berwickshire (Sir Archy Kirkwood), before any decisions are taken concerning the announcement's implications for individual centres or members of staff, further discussions with the trade unions will take place.

Carer's Allowance

2. **Mr. Simon Thomas** (Ceredigion) (PC): If he will make a statement on his policy regarding the interviewing of partners of those in receipt of carer's allowance. [167676]

The Minister for Work (Jane Kennedy): From April 2004, partners of those receiving prescribed working age benefits—the income-based jobseeker's allowance, income support, incapacity benefit and severe disablement allowance—in Jobcentre Plus areas will be asked to attend a work-focused interview when the benefit claim is 26 weeks old.

Mr. Thomas: I thank the Minister for that reply, but she must be aware that many carers and their partners are concerned about such interviews. Can she confirm that in order to look after their partner, carers receiving the carer's allowance must be working 35 hours a week, and that their partner must be accepted as severely disabled and in need of frequent or continuous care? In that context—and in the light of Government support for carers and of the Carers (Equal Opportunities) Bill—what can she say to carers in my constituency and throughout the country to alleviate their distress at the prospect of this series of interviews? Also, can she say

something about her staff, one of whom told a constituent of mine that "35 hours a week is just a day and a half; you still have five and a half days to work"?

Jane Kennedy: If distress has been caused, I regret that, but it is worth pointing out that there is no suggestion that people should give up caring in order to work. We recognise the important work that carers do, and we acknowledge the debt that we owe to them.

Some carers do combine work and caring, and caring responsibilities do come to an end. What we are doing is offering those who want to consider work the opportunity to do so. The benefits of economic growth and record levels of employment have not been shared across households. We put forward these proposals as a result of our intention to help carers who wish to consider their options.

David Taylor (North-West Leicestershire) (Lab/Co-op): One of my constituents is the partner of a person receiving one of the benefits that the Minister mentioned. Although she was still working full time, she was asked to attend such an interview. What was the purpose of that, when the original flagged up intention was that interviews would take place only in cases where the partner contributed in some way towards the benefits of the recipient?

Jane Kennedy: The purpose is to reach all those carers who, in the circumstances I mentioned earlier, would be interested in taking advice on how to obtain work. I believe that it is important for partners of those receiving benefit to have individual support and advice from their own personal adviser through the interviews. It is worth paying tribute to the willingness and enthusiasm of jobcentre staff in embracing the changes that we asked them to undertake and in undergoing the training necessary to equip them for the interviews. I cannot respond to the specific example that my hon. Friend raised, but I point out to him and the House that a system of deferrals and waivers is in place in respect of those for whom the work-focused interviews are inappropriate. All that is necessary is for first contact to be made and for the carers to explain their individual circumstances. There will then be the possibility of the waiver.

Funded Pension Provision

3. **Mr. Desmond Swayne** (New Forest, West) (Con): What progress he is making towards his target on funded pension provision. [167677]

The Minister for Pensions (Malcolm Wicks): Our objective is to bolster security and confidence in private pensions so that in the long-term an increasing proportion of retirement incomes derive from private provision. We are doing much to achieve that. There is the Pensions Bill with a pension protection fund and pro-active regulator, which will significantly increase the protection offered to pension scheme members. We also have a strategy of informed choice that empowers individuals to take control of their retirement planning.

Mr. Swayne: What assessment has the Minister made of the proposals of the Adam Smith Institute and others to reduce the unfunded liabilities of the state's own employee occupational schemes?

Malcolm Wicks: We consider a whole range of ideas. Rather to my surprise, I was invited to speak at a seminar at the Adam Smith Institute some months ago—not bad for a Fabian. We consider all those ideas, but we are convinced that the proposals in the Pensions Bill will bring much greater security back into occupational pensions, which remains a major priority for the Government.

Mr. Frank Field (Birkenhead) (Lab): Does the Minister accept that one of the best ways of boosting his goal of increasing funding provision would be to ensure that all those who have saved towards their retirement get the pension to which they are entitled? The House has effectively provided a guarantee that when the Pensions Bill returns, an amendment will be tabled to provide compensation to those who have already lost their pensions, reclaiming the moneys through unclaimed assets. To what extent has that strengthened the Minister's hand in his crucial negotiations with the Treasury?

Malcolm Wicks: I thank my right hon. Friend for his helpful question, but I am not in a position today to add to the statements already made by my right hon. Friend the Secretary of State and the Prime Minister last week. They both made it clear that the Government are very concerned about the hardship and injustice faced by this particular group. We are examining the position very carefully and we hope to present any conclusions as soon as possible. It is important, however, even at this stage, not to raise expectations that might prove beyond what it is possible to meet.

Sir Peter Tapsell (Louth and Horncastle) (Con): Is it not a fact that the Prime Minister did raise expectations considerably when he spoke in the House last week? Can the Minister confirm that the Prime Minister clearly said that serious consideration was being given to making the compensation arrangements in the Pensions Bill retrospective?

Malcolm Wicks: Let us remind ourselves of the context. The Government are legislating to protect the future through a protection fund, which will protect the pension rights of at least 10 million scheme members. That is hugely important. The official Opposition declined to give the Bill a Second Reading, so we should pay attention not so much to what they say, but to what they do about the security of pensions.

In terms of the group that we are talking about, I cannot add to what I said a few moments ago or to what the Prime Minister has said, but our intentions for the future are clear with the protection fund.

Kevin Brennan (Cardiff, West) (Lab): Does my hon. Friend acknowledge that if assistance is to be

forthcoming, it will have to extend beyond those who were technically compelled to join occupational pension schemes and to all who have suffered as a result of the crisis?

Malcolm Wicks: We need to look carefully at the facts. We are doing that and are collaborating with industry to see just how many people have been affected in the terrible way described, and we need to examine the different groups. I must say again, however, that we do not want to do anything to raise expectations beyond what is realisable. We understand the importance of the matter to the House and will bring forward our conclusions as soon as possible.

Mr. Nigel Waterson (Eastbourne) (Con): Does the Minister accept that a new employee now has only a one in five chance of joining a company that has a final salary scheme still open? Does he accept that the Bill will not encourage a single employer to open a new scheme or to keep one open that is already in existence? Is not the Bill just an elaborate memorial service following the demise of final salary schemes in this country?

Malcolm Wicks: We have a wide-ranging strategy including tax simplification, simplifying pension schemes wherever possible, the informed choice strategy, the new regulator to stop things going wrong in the first place, and the pension protection fund. The hon. Gentleman and I have discussed all that in Committee for rather too long, and for him to dismiss as a fig leaf a Bill that will give security to at least 10 million scheme members in future is a piece of social policy illiteracy.

Pension Credit

4. **Ms Sally Keeble** (Northampton, North) (Lab): What steps he is taking to provide pensioners with information about pension credit. [167678]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): By the end of this month, ahead of schedule, we will have written to every pensioner household in the country about pension credit. From May, we will make further contact with those households that are most likely to be eligible but that have not responded so far. The campaign will be supported by TV and press advertising as well as local activity in partnership with Help the Aged, Age Concern and Citizens Advice. Thanks to record take-up in March, 2.9 million pensioners are receiving pension credit, with an average household award of £41.34 every week.

Ms Keeble: I am grateful for that response. May I put a particular point to my right hon. Friend about the need for explanations and information for pensioners to include information about housing benefit? I have raised this question with him before, and the information that he has provided has very much satisfied my constituents. None the less, there is a need to ensure that people possess all the necessary information when they make their applications so that they know exactly where they stand financially.

Mr. Smith: I thank my hon. Friend for her remarks. She has indeed raised these matters with me personally and in correspondence, and I am pleased to have been able to satisfy her and her constituents. She is absolutely right that it is important for people to have accurate information, including the extent to which thresholds relating to housing benefit and council tax benefit had already been increased to allow for those who would be in receipt of the savings credit.

Mr. Steve Webb (Northavon) (LD): A pensioner who wants to find out about pension credit might think that ringing the Pension Service was one good strategy. Yet the Minister told me last month in a written answer that in January, the most recent month for which figures are available, 100,000 pensioners abandoned calls to the Pension Service, presumably because they were fed up waiting for someone to answer. Is that not a disgrace, and what will he do about it?

Mr. Smith: If anyone wants information about eligibility for pension credit, I recommend that they ring the pension credit application line on 0800 991234. That has a record of answering well over 90 per cent. of calls within 30 seconds, hence the record take-up of pension credit in March, which has enabled us to hit our target of 2.4 million pensioner households and 2.91 million individual pensioners gaining from pension credit, which is help that they would not have had from a Conservative Administration or from the Liberal Democrats.

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): I shall follow on from the excellent supplementary asked by my hon. Friend the Member for Northampton, North (Ms Keeble). Does my right hon. Friend the Secretary of State agree that the biggest barrier is still the complexity of the present scheme? In particular, I have a constituent who has a 41-year-old daughter living with her who pays hardly any money for her keep. As a result, that pensioner continues in poverty and is also unable to claim the money that she really needs. Can my right hon. Friend ensure that the system is simplified so that take-up by people in such positions can be given a following wind?

Mr. Smith: We have made strenuous efforts to make take-up of pension credit as simple as possible. The most convenient way to do so is through the pension credit application line that I just mentioned. We have had much positive feedback, including independent research, that shows high satisfaction levels with the quality of advice and support that pensioners are given. In addition, we have the local Pension Service, which has now conducted some 400,000 home visits in especially complex cases or if the pensioner involved is frail or very elderly. I commend the home visiting service of the Pension Service, which is doing a great job.

Mr. David Ruffley (Bury St. Edmunds) (Con): In the context of savings by pensioners, can the Secretary of State explain why the national UK savings ratio has fallen by half since his party came into power?

Mr. Smith: As I have been pleased to explain to the hon. Gentleman before, the savings ratio reflects people's general confidence in the state of the economy and their expectations of low inflation. That is why the

ratio has been lower in times of economic stability and confidence, under Governments of both political persuasions, and has been higher when people undertake precautionary saving because they fear inflation. Thankfully people are not fearful of inflation at present and that helps to explain why the ratio is lower. As for pension savings, the measures that we are putting in place through our informed choice strategy—and the measures in the Pensions Bill that my hon. Friend the Minister for Pensions has just set out—will build confidence in pension savings, so that a pension promise made will be a pension promise honoured. That is in contrast to the scandalous situation that has arisen from the weaknesses in the Tories' Pensions Act 1995.

Private Pensions

5. **Bob Spink** (Castle Point) (Con): What recent representations he has received on public confidence in private pensions. [167679]

The Minister for Pensions (Malcolm Wicks): I outlined earlier that the Government believe that the issues of confidence and security are crucial. They determine many of the things that we are doing, including the employers' taskforce, which exists to consider good practice so that more people can benefit from occupational pension schemes. I emphasise again the importance of the Pensions Bill, which will introduce the new regulator and the protection fund.

Bob Spink: For such an excellent Minister that was an outrageously complacent response. It completely ignored the plight of the 60,000 pensioners who have already lost their pension rights. Last week, the Prime Minister hinted at a change in policy. When will the Government stop hinting, spinning and raising expectations, and actually make an announcement that they will do something to help to compensate those 60,000 people who have already lost their pension rights?

Malcolm Wicks: The early part of the question was along the right lines, but I dealt with the rest of it earlier. The protection fund will protect, from April next year—we hope—more than 10 million scheme members. We voted for the Second Reading, but the Opposition—presumably not including the hon. Gentleman—voted against it. We are working hard on the terrible situation facing those already affected. My right hon. Friend the Prime Minister has made his statement and the House will have to be patient a little longer.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): I welcome the statement made by my right hon. Friend the Prime Minister last week, as did the employees of H. H. Robertson, who lost their pension fund in a disgraceful way. I appreciate the difficulties facing my hon. Friend the Minister, but has he made any progress in identifying the number of schemes affected? Is the figure of 60,000, which keeps being bandied about, accurate?

Malcolm Wicks: We estimate that the figure of 60,000 is about where it is, but we are trying to refine it. That is why we need to do more research. It is a frustrating position, but some can just talk about the issue. We have to explore the facts, do the research and talk through some of the issues with industry. We do not want to raise false expectations, and I emphasise that at this stage. However, my right hon. Friend the Secretary of State and I will come to the House just as soon as we can.

Mr. David Willetts (Havant) (Con): All we are trying to do is find exactly how far round the U-turn Ministers have got. We want to know some simple facts about today's situation. May I remind the Minister of exactly what the Prime Minister said last week? He said that he was

"actively considering the position of people who . . . find that all the money that they have invested yields absolutely nothing."—[*Official Report*, 21 April 2004; Vol. 420, c. 293.]

How many people does the Minister believe are in those circumstances?

Malcolm Wicks: I cannot add to my point that we are looking at all the facts. I have said that the House will just have to be a little more patient; I would have thought that that was very clear. We are not U-turning on this issue. My right hon. Friend the Secretary of State has always said that we are very sympathetic, but that there are no easy options. There are certainly no cost-free options, so we need to determine the facts. That is what we have been doing.

On the subject of U-turns, I was distressed, as were my colleagues, when the hon. Gentleman advised his colleagues to decline to give the Pensions Bill a Second Reading. I, for one, would welcome a U-turn on that.

Mr. Willetts: The Prime Minister carried out two U-turns last week and it is hard to judge which was the messier and most incompetently executed. All that we and the tens of thousands of people who are affected by the wind-up of their pension schemes want to know is how much assistance they will get and when they will get it. Why cannot the Minister answer?

Malcolm Wicks: The protection fund will provide security to at least 10 million scheme members. That is the crucial point. The hon. Gentleman wants to play politics with pensions; we want to look very seriously at the options and bring forward, if we can, pension protection. That is the difference between us.

Pension Rights

6. **Shona McIsaac** (Cleethorpes) (Lab): What plans he has to help people who work for short periods to build up pension rights. [167680]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): It is important to enable more employees, and particularly those who change jobs frequently, to start building up a private pension when they leave a job before their rights have vested in an occupational pension scheme. We are legislating to help people who work for short periods build up pension rights. The intention is that, when a person leaves an occupational pension scheme after three months but before their rights have vested, they will get the choice of

a cash transfer sum, which includes employer contributions and tax incentives, or a refund of their contributions.

Shona McIsaac: I thank my hon. Friend for that response. Is she aware that Cleethorpes constituency has the third highest number of part-time workers in Britain because of the very nature of the work in the area, much of which is seasonal? In addition to this, many workers in the industrial sector are agency workers and, again, that means those people are on short-term contracts. Can she assure me that the new provisions will assist these two sectors of employment in my constituency?

Maria Eagle: My hon. Friend shows her usual assiduity in looking after the needs of her constituents and we can only say "Well done" to her for that. Part-time workers now receive equal treatment in pension provisions and the Part-time Workers (Prevention of Less Favourable Treatment) Regulations 2000 transposed the part-time workers directive into law in this country. I can therefore assure her that part-time workers will benefit just as much from these provisions as full-time workers. We expect 30,000 to 50,000 people to benefit by an average of about £1,000 extra to add to their pension savings.

It is unusual for agency workers to have access to occupational schemes. To the extent that they do, they will be protected similarly. However, agency workers, of course, have the option of putting money into stakeholder pensions.

Mr. Lindsay Hoyle (Chorley) (Lab): I welcome my hon. Friend's remarks about agency workers. In the north-west, as she will realise, companies have made people redundant and then taken them back on as agency workers in order to get out of making pension contributions and supporting pension funds. Will she look at that, and also at the situation of construction workers, who swap companies all the time and may sometimes work abroad, and are therefore unable to build up and benefit from their pensions in the way that others do?

Maria Eagle: I will of course consider any constituency issue that my hon. Friend wants to draw to my attention. I deplore practices such as those that he mentioned, which are used by businesses intent on fiddling their employees out of pension contributions. That is not the kind of partnership that we want to see. I should add that most companies are not like that. As I said, the small but important improvements in pension legislation should help part-time workers just as much as full-time workers. I undertake to look further at what my hon. Friend has said.

Child Poverty

7. **Vera Baird** (Redcar) (Lab): What assessment he has made of the Government's progress towards eradicating child poverty. [167681]

The Secretary of State for Work and Pensions (Mr. Andrew Smith): As a result of our policies, the poorest families are, on average, £2,900 a year better off, and there are now 600,000 fewer children living on relatively low incomes than in 1997. I am confident that the measures that we announced in the Budget, not least the increase of £3.50 a week in the child element of the tax credit, benefiting more than 7 million children, will enable us to make further progress towards halving child poverty by 2010 and eradicating it by 2020.

Vera Baird: I am very grateful for that answer. The Work and Pensions Committee, on which I am privileged to serve, recently reported on child poverty, and it seems that congratulations will be due, because almost everyone expects the target of cutting child poverty by a quarter by this year to be met. The Committee thought that it would be harder to meet the target of halving child poverty by 2010, and it suspected—

Mr. Speaker: Order. I have asked the hon. and learned Lady before to ask a supplementary question rather than telling us about the Committee.

Vera Baird: May I do that?

Mr. Speaker: Yes, the hon. and learned Lady may ask a supplementary question.

Vera Baird: I am grateful for your guidance as ever, Mr. Speaker.

The Committee thought that £10 a child was probably necessary for the poorest children. Is that the scale of the challenge that we face, and can we meet it?

Mr. Smith: I welcome my hon. and learned Friend's comments, and those of the Select Committee. I stress that even the target for reducing child poverty by a quarter this year is demanding. We are pretty confident that we will hit it on a before-housing-costs basis; it is more challenging on an after-housing-costs basis. That is why we have taken so many measures, including the child tax credit increases to which I referred, the provision of additional child care and the new deal for lone parents, which raises their employment rate and is an important route through which to help children out of poverty.

The target for halving child poverty is demanding, but we make no apology to the House or the country for being absolutely determined to progress steadily towards the eradication of child poverty in the UK. It is one of the noblest aspirations of this Government, shared overwhelmingly by the people of this country, and Members on both sides of the House ought to join us in making sure that we achieve it.

Mr. Mark Field (Cities of London and Westminster) (Con): In trying to eradicate child poverty, will the Secretary of State recognise that there are specific and particular problems in London? Can he say something about the negotiations that he is having with the Chancellor of the Exchequer to ensure that some of the problems particular to London, such as child care arrangements, are being tackled so that his admirable goal, with which we would all agree, is achieved by 2010?

Mr. Smith: Yes, there is a particular challenge in London, not least because of high housing costs and the transport costs associated with working. That is one reason why we will be rolling out across London the

return to work credit, giving extra money to lone parents returning to work, in recognition of the higher costs that they face. In addition, we are giving help through employment zones and, more widely, our employment programmes. I can assure the hon. Gentleman that our dedication to eradicating child poverty applies to London as well as to the rest of the country.

Miss Anne Begg (Aberdeen, South) (Lab): A Select Committee report showed that one of the major measures that has helped the Government to be on target to meet their goal is the introduction of the child tax credit, working tax credit and child care tax credit. However, those on income support have not yet migrated on to the new child tax credit. Will the Secretary of State make sure that the IT is working smoothly before that decision is taken?

Mr. Smith: Yes, we shall. Of course, people get the equivalent amount through existing administrative arrangements, but my hon. Friend makes a good point: it is important that the system is working properly before those people are transferred, because they are the ones who can least afford any interruption to their payment.

Mr. Paul Goodman (Wycombe) (Con): The Secretary of State knows that the Select Committee also said:

"Using the median income before housing costs figure would mask the true extent of child poverty."

Will he confirm that that is precisely what the Government have done, that 900,000 children have thereby been removed from the figures at a stroke, and that the End Child Poverty coalition was absolutely right to condemn that fix, saying:

"Children should be removed from poverty not just removed from the statistics."?

Mr. Smith: If the hon. Gentleman took the trouble to examine our proposed composite child poverty measure, he would see that that measure, which includes relative low income of 70 per cent. of median income and material deprivation, will take account of the costs and resulting poverty where people face high housing costs. We shall take no lectures from a party under which relative poverty doubled, and which gave the poorest families just £27 a week to help with the cost of a child, whereas the Labour Government are giving £58 a week. The increases in child poverty under the Conservatives made Britain's the worst record in Europe.

Mr. Bill O'Brien (Normanton) (Lab): When assessing children in poverty, will my right hon. Friend take into consideration the problems facing families as a result of the Child Support Agency failing to collect maintenance for children and carers? Will he do something to ensure that that sort of poverty is eradicated by the CSA doing its job and collecting maintenance where the assessment has been made?

Mr. Smith: My hon. Friend makes an important point. It is clear to the whole House that the performance of the CSA leaves a great deal to be desired, not least because of the failings of the IT system that was introduced. We and the chief executive and staff of the CSA, who are doing a good job in difficult circumstances, are determined to maintain the improvement that has been achieved—for example, some 17,000 families now get the child maintenance premium—but the agency needs to do better. We are determined to build on its performance so that, as my hon. Friend advocates, people get the child support they need, which is crucial to combating poverty.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): The Government are to be warmly congratulated on the progress made towards achieving the child poverty target for 2004, but the fact remains that 54 per cent. of children in inner London live in poverty. Among the principal reasons for that is that there is less part-time employment available and larger cost hurdles face people taking part-time jobs in London. Will he assure me that his officials are carefully considering ways to make part-time work available and to make it pay for families in inner London?

Mr. Smith: My hon. Friend, as ever, brings extensive knowledge, experience and positive ideas to this crucial debate. As I said, I believe that we are making progress in London, as elsewhere, but, for the reasons that she outlines, the challenges there are greater. I shall continue to look at what we can do to make sure that both part-time and full-time work pay. I mentioned the return to work credit, which has an important role to play.

Direct Payment

9. **Mr. James Gray** (North Wiltshire) (Con): How many people are still to be contacted about conversion to direct payment of benefits and pensions. [167685]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): The conversion of customers to direct payment is going well. More customers now have their benefits and pensions paid into an account than by order book and are benefiting from the greater choice about where and when they collect their money that direct payment gives them. Of the 10.2 million customers that we have contacted so far, more than 70 per cent. have responded positively, and among pensioners and child benefit customers the proportion is nearer 80 per cent. We shall contact the remaining 4 million over the next few months. I am sure that the hon. Gentleman agrees that the measure is a major step forward in the Government's fight against financial and social exclusion.

Mr. Gray: I am grateful for the Minister's response, but it was not entirely clear. He spoke about pensioners responding positively. Does that mean that they said they want their pensions to be paid directly into bank accounts? Is he saying that a total of 80 or 90 per cent. of all benefit payments go directly into bank accounts? If that is the case and if, by his logic, that is a success, does he not have concerns about rural post offices such as the Kington St. Michael post office, which I opened in my constituency recently and which will have little hope for the future?

Mr. Pond: It is true that pensioners and others are voting with their feet about direct payment. Some 89 per cent. of new pensioners are opting to have their pensions paid into an account, as one might expect. The hon. Gentleman knows that we are committed to the post

office network, especially in rural areas. That is why we are putting £2 billion into the network, including £450 million to protect rural post offices such as the one that he mentioned in his constituency. We are committed to that and we are doing something about it. What a shame that more post offices closed when the Conservative Government were in office.

Mr. Michael Weir (Angus) (SNP): Is the Minister aware that later this week there is likely to be a further round of post office closures in Scotland, largely as a result of the transfer to direct payment of benefits? How many more post offices does he expect to close if he is successful in strong-arming the remaining 4 million recipients into direct transfer?

Mr. Pond: The future of post offices depends on their ability to provide a full range of facilities for the communities that they serve. That includes banking and financial services. In the past year alone, there have been 25 million banking transactions through post offices. It is through the expansion of such services that we will be able to maintain the network, which is so valuable to all of us, and to which we all want to pay tribute. But we cannot hope that the post office network will remain there when people are, as I said, voting with their feet, regardless of what the Government do in terms of promoting direct payment.

Pension Credit

11. **Mr. Anthony Steen** (Totnes) (Con): How many pensioners have applied for the savings element of pension credit in the last year; and how many of these were eligible. [167687]

The Minister for Pensions (Malcolm Wicks): I am pleased to report that in March we had the largest ever increase in pensioner households joining pensioner credit—138,000. Now 1.67 million households are receiving the savings element of pension credit, including 623,000 households that were not formerly receiving the minimum income guarantee, so these households are being rewarded for their savings for the first time. In the hon. Gentleman's constituency, some 4,760 households are now receiving pension credit, with an average award of just over £39 a week. Of these, 3,490 are receiving the savings credit.

Mr. Steen: There could be even more pensioners getting pension credit if their modest savings were not preventing them from getting it. Can the Minister explain the Government's hypothetical figure of 10 per cent. interest per annum on pensioners' capital, whereas 4 per cent. is all they could get? They save money and are then charged 10 per cent. by the Government, but they can never get 10 per cent. on their money anywhere else. How do the Government reach the hypothetical figure of 10 per cent., which is preventing more people from getting the credit?

Malcolm Wicks: Whatever divides us, I am sure that the hon. Gentleman would agree that that is an advance on the old Conservative system of income support, where money was taken off, pound for pound. This Government introduced the savings element. Let us remember—we do not want to misinform constituents about this—that the first £6,000 of savings is not taken into account at all in the calculation. That covers the vast majority of pensioners. Some 85 per cent. are covered by the limit on the £6,000. That is a far more generous treatment of interest and savings than under the old system.

John Robertson (Glasgow, Anniesland) (Lab): I congratulate my hon. Friend on the work that he has done and on the £46 a head, on average, that the constituents of Glasgow, Anniesland are receiving in pension credit. What does he intend to do about the mop-up when we get to the end of June and have gone round all the pensioners? What do we do then to catch those who did not apply?

Malcolm Wicks: At the end of last month 2.4 million pensioner households were receiving pension credit. That represents 2.9 million individuals, so we are where we intended to be in the campaign. We have a target of 3 million by 2006. We now enter a phase in which, through home visits and by working with voluntary organisations and others, we go back to people who have not yet claimed. We all have a role in that. I have previously described my hon. Friend as a mighty champion of older people in his constituency, and he is. One of the dangers that we face, however, are the cynics in the House, not least on the Liberal Democrat Benches, who go round the country stirring up apathy and confusion about pension credit. They get headlines, and that is putting some people off claiming pension credit. That is why we will redouble our efforts to make sure that pension credit becomes a triumph of hope over fear.

Mr. Henry Bellingham (North-West Norfolk) (Con): How many pensioners in the country currently receive means-tested benefits?

Malcolm Wicks: Some 2.4 million people currently benefit from pension credit, and I can write to the hon. Gentleman with the details to give him a fuller answer. When he meets constituents who receive pension credit for the first time and who gain by £10, £20 or £30 extra a week—our local Pension Service sometimes brings extra benefits to the attention of his elderly constituents—does he say to them, "This is terrible. You are a victim of means-testing."?

Housing Benefit

12. **Dr. Alan Whitehead** (Southampton, Test) (Lab): If he will make a statement on the reform of housing benefit. [167688]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): We have already made considerable progress, both in improving administration of housing benefit and towards creating a simpler, fairer system, enhancing work incentives and cutting the risk of fraud and error. In the private rented sector, we have introduced our new local housing allowance, which is a flat rate allowance based on size of family and the area in which people live, and we are

exploring how we might extend reform to the social sector, although we are mindful of the two sectors' different characteristics.

Dr. Whitehead: Will my hon. Friend accept that reform of housing benefit in the private sector was well overdue, with about eight out of 10 recipients of housing benefit in private rented accommodation, including a large number of my constituents, not being able to cover their rent from housing benefit? Have the standard housing allowance arrangements in the pilot areas addressed that problem?

Mr. Pond: These are early days in which to assess the impact of the local housing allowance in the pathfinder areas, which started moving over to the system between November and February, but the early indications are that the local housing allowance works well. To take account of local circumstances, the housing allowance in each area is based on the local reference rent. To date, the indications from the pathfinders are positive, and the early scare stories about landlords walking away from the system or of tenants absconding without paying have not proved founded.

Miss Anne McIntosh (Vale of York) (Con): Will the Minister confirm that identity cards should be one of the tools in the reform of housing benefit to rule out fraud?

Mr. Pond: My Department is in favour of the move towards identity cards, which could, in a number of respects, reduce fraud in the system, and that is as true of housing benefit as it is of other benefits. These are early days in the development of those proposals, but we favour the principle.

Mr. Andrew Love (Edmonton) (Lab/Co-op): May I congratulate the Department for Work and Pensions on its success in using housing benefit to reduce the use of bed-and-breakfast accommodation, especially in Greater London? I understand that it is considering making changes, however, and I ask the Minister carefully and specifically to examine any policy to pay housing benefit directly to tenants, which might lead to the loss of accommodation in London.

Mr. Pond: We carefully examined whether direct payment to tenants has the effect that my hon. Friend suggests, and we will continue to consider the matter in our examination of the pathfinders. He knows that the reforms have safeguards built into them—for example, once payment is more than eight weeks in arrears, it reverts to the landlord, and vulnerable groups are exempt from the scheme. We have a pathfinder in London, and we will examine its impact especially carefully.

Jobcentre Plus (Scotland)

13. **Ann McKechin** (Glasgow, Maryhill) (Lab): If he will make a statement on the operation of Jobcentre Plus in Scotland. [167689]

The Minister for Work (Jane Kennedy): Every working day, the staff of Jobcentre Plus in Scotland receive around 1,400 vacancies, conduct 3,000 work-focused interviews, help nearly 700 people into jobs, and pay around £10 million in working age benefits. The new deal alone has helped more than 100,000 people into work in Scotland. My compliments go to the staff of Jobcentre Plus for their success.

Ann McKechin: My right hon. Friend will be aware that a new employers' forum has been established in Glasgow to tackle the high level of economic inactivity. May I urge her to meet representatives of it as soon as possible to support its work?

Will my right hon. Friend explain how the roll-out of Jobcentre Plus in Glasgow will benefit the large number of economically inactive people—now estimated to be more than 94,000—to ensure that they can benefit and get into work?

Jane Kennedy: I will of course take up my hon. Friend's invitation to Scotland to meet the employers' forum. I know that the former Minister for Work, my hon. Friend the Member for Kilmarnock and Loudoun (Mr. Browne), had a date for that in his diary, and as my hon. Friend has personally extended the invitation to me, I shall take it up. I look forward to it.

Through a combination of economic stability and radical labour market reforms, more than 1.75 million more people are now in work than in 1997, and unemployment is at its lowest for nearly 30 years. We are not complacent, however, because there is a lot more to do. That is why the roll-out of Jobcentre Plus is so important. The new services that are being delivered through the integrated offices of Jobcentre Plus are making a radical difference to the experience of people who are looking for work. I am very impressed by the enthusiasm that is being demonstrated by the staff in the new role that they are embarking on in assisting people to find work through the personal adviser system. It is a massive investment—

Mr. Speaker: Order. I will try another Member.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): I welcome the Minister to her new remit. Can she confirm that at the very top of her list of responsibilities to be pursued urgently is the creation of a new job centre for Pollok, which is one of the few constituencies that does not have one? Given that it was about to be named the Des Browne memorial job centre, does she agree that if the name were changed, she should visit the site when she goes to Glasgow?

Jane Kennedy: I apologise, Mr. Speaker, for getting carried away with the good news that is at the core of my new brief.

I am grateful to my hon. Friend for his welcome. I am happy to meet him to talk about his suggestions for the location of a new Jobcentre Plus and, if possible, to visit him in his constituency.

Disability Discrimination (Access to Services)

14. **Mr. John Lyons** (Strathkelvin and Bearsden) (Lab): What assessment he has made of the effect that

changes to the Disability Discrimination Act 1995 in October will have on disabled people's access to services. [167690]

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): 1 October is DDA day for service providers. The new duties will require them to tackle physical barriers to their services. Our research shows that nearly half the disabled people who experienced difficulty in accessing services reported entry to premises as the main problem. The new duties will enable around 10 million disabled customers to benefit from physical adjustments, where those are reasonable. Raising awareness of the barriers faced by disabled people will lead to greater improvements over time as society in general gets better at accommodating their needs.

Mr. Lyons: I thank my hon. Friend for that response. Does she accept, however, that greater clarity is still needed on access to buildings? *The Times* recently ran a report saying that museums, theatres and heritage buildings will be forced to close because of the October changes. Will my hon. Friend help to fight the scaremongering?

Maria Eagle: I hope that it was not scaremongering, but merely ignorance, which of course one would not expect from *The Times*. I recommend that people look instead at the access supplement in *Disability Now*, which was written by the Disability Rights Commission, and in which they can find good information. We are mailing 1 million small businesses to make them aware of their obligations and to give them information about where they can get good-quality free advice about what they need to do to meet their obligations.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Can the Minister confirm that no Government Department will use this Act as an excuse to close premises that are open to the public at the moment?

Maria Eagle: The hon. Gentleman should be aware that it is an important part of the public sector's commitment to service to ensure that it has the very best possible standards of access. It is important that we should lead by example. However, the law does not require buildings to close; it requires access to services. If such access is impossible in a particular building, arrangements should be made to make those services accessible in a different way. I want to make it perfectly clear that the law does not require anyone to close a building because it is inaccessible.

Jim Dobbin (Heywood and Middleton) (Lab/Co-op): Will the proposed changes to the Disability Discrimination Act 1995 force local education authorities to improve access to schools throughout England and Wales for physically disabled children?

Maria Eagle: My hon. Friend is right to identify that issue as one of great importance. Of course, the DDA does now apply to schools all the way from nursery schools to higher education, through the provisions of the Special Educational Needs and Disability Act 2001. My ministerial colleagues in the Department for Education and Skills are overseeing a programme, funded by extra resources, to ensure that every local education authority area has schools that are accessible to children with physical disabilities, so that when their parents want them to, they can get their education in mainstream schools.

Pension Credit

15. **Mr. Eric Illsley** (Barnsley, Central) (Lab): If he will make a statement on the take-up of pension credit. [167691]

The Minister for Pensions (Malcolm Wicks): As we reported earlier, the take-up of pension credit is going well, with 2.9 million individuals now receiving it. This includes some 4,460 pensioner households in my hon. Friend's constituency.

Mr. Illsley: I am grateful to my hon. Friend for that response. I very much welcome the pension credit and the take-up in my constituency. However, both he and I know that that take-up could be improved. Two of the issues that have been raised with me in meetings with pensioner organisations in my constituency are the reluctance to undergo means-testing and the idea that many pensioners who have not saved for their retirement are being rewarded as well as those who have. Does my hon. Friend have any proposals to try to overcome this resentment of means-testing?

Malcolm Wicks: That means that we need to redouble our efforts at communicating, and to point out the savings element involved. We know from our customer satisfaction surveys that the ability to apply over the telephone, for example, is going down very well with customers. This comes back to what I said earlier. Sadly, there are some in the House who say that the pension credit is too complex and confusing—the message being: "Don't claim it"—and those of us who want to tackle pensioner poverty, as we are doing, have to go out there and be positive in every constituency, including Northavon, and to tell people that this is a decent benefit for people who deserve the money.

Child Support Agency

16. **Bob Russell** (Colchester) (LD): How many fathers have been prosecuted for providing false information to the Child Support Agency in respect of their income in each of the past five years for which figures are available. [167692]

The Parliamentary Under-Secretary of State for Work and Pensions (Mr. Chris Pond): These offences were introduced in 2001, and the first prosecutions were brought in 2002. Since then, 303 prosecutions have led to 301 convictions; 287 of these were for providing false information.

Bob Russell: I am grateful to the Minister for that answer, but does he not agree that that seems to be a relatively small number, bearing in mind the hundreds of thousands of cases that the Child Support Agency deals with? In cases in which the father—usually the father—is self-employed, his declaration of income

frequently bears no resemblance to his standard of living. Does the Minister agree that there is a need for greater determination by the agency, working with the Inland Revenue, to bring to book those fathers who are cheating the system and cheating genuine law-abiding taxpayers?

Mr. Pond: May I add that those same non-resident parents are also cheating their children, which is why we must treat this matter very seriously? That is why new powers are now available for the CSA to operate in the same way as the Inland Revenue in investigating such circumstances as the hon. Gentleman describes. Although the number of prosecutions and convictions is relatively small, their main purpose is to ensure that the payments get to the parent with care and to their children. That is our main objective, and if the prosecutions act as an incentive for non-resident parents to pay that money, we will have achieved it.

Mr. Peter Pike (Burnley) (Lab): Does my hon. Friend accept that that category of self-employed father really makes operation of the system quite chaotic? Those fathers seem to make a rude gesture to the CSA, the mother of their children, their children and the legal system. We must ensure that that is ended, because it is not acceptable.

Mr. Pond: I agree with my hon. Friend, and those non-resident parents who think that they are making a rude gesture to the agency, the parents with care and, indeed, their own children will soon find that, as those powers are increasingly used, there will be not a rude gesture coming in the other direction, but something much more effective.

Orders of the Day

Justice (Northern Ireland) Bill [*Lords*]

As amended in the Standing Committee, considered.

New Clause 4

ANTI-SOCIAL BEHAVIOUR: REPORT

'The Secretary of State shall, within 6 months of the commencement of the Act, present to Parliament a report setting out legislative proposals to implement anti-social behaviour orders, child curfew orders, parenting orders and provisions for dealing with racially aggravated offences in Northern Ireland.'.—*[Mr. Swayne.]*

Brought up, and read the First time.

3.30 pm

Mr. Desmond Swayne (New Forest, West) (Con): I beg to move, That the clause be read a Second time.

Mr. Speaker: With this it will be convenient to discuss amendment No. 26, in title, line 12, after 'services', insert

'to require the Secretary of State to present to Parliament a report setting out certain legislative proposals relating to criminal justice in Northern Ireland.'.

Mr. Swayne: I am sure that all Members are familiar with the depressing complaints of constituents about, for example, fireworks being thrown, hoax 999 calls, abusive behaviour on our housing estates, vandalism and low-level disorder. Such behaviour is one of the depressing features of our modern age. With respect to my discussions with members of the Police Service of Northern Ireland, they say that they want to augment their armoury, as we have ours, with antisocial behaviour orders, local curfew orders, the power to remove truants to a designated place and specific provisions on racially aggravated crime, which, incidentally, is up some 30 per cent. over the last year—so much so that the Northern Ireland Affairs Committee has decided to launch an inquiry on hate crime.

Those preoccupations of the police force have an echo in questions that have been tabled over the last year by Northern Ireland Members. Equally, they have an echo in the reports of the Northern Ireland press, which can be easily scrutinised on the internet through that wonderful vehicle, Newshound. Over and above the requirements of the mainland for those orders, there is an added dimension in Northern Ireland in that such provisions would remove the excuse—the sickening veneer of respectability—that some fools attach to so-called punishment beatings, as if that grotesque paramilitary vigilantism is somehow performing a socially useful function.

I have reservations about the implementation of antisocial behaviour orders, although there are a number of reasons for having the debate. First, we must give voice to the frustration of some Northern Ireland Members, not least the hon. Member for North Down (Lady Hermon), who serve on Standing Committees of the House and scrutinise in detail legislation to provide for the implementation of those orders here on the mainland, in the knowledge that they are not doing that work for the benefit of their own constituencies, or at least not yet. That has given rise to considerable frustration.

Secondly, there is already a consultation under way. Indeed, I have the Minister's consultation document with me, which requires responses by 1 April. It is a reasonable document in terms of the questions that it sets out. I think, however, that the implementation of antisocial behaviour orders will be controversial for two reasons. The first is our experience of them on the mainland. I am familiar with a number of complaints that they are rather complex and bureaucratic and that, despite being civil orders, they require a standard of proof that could almost apply in a criminal case. They also require lengthy case conferences and the collection of huge amounts of evidence. So, the expectation that implementation of such orders would be a quick and easy process has been dashed.

On average, it takes 13 weeks to secure an order, but six months is not untypical. Detectives can spend more time on an ASBO application than on a serious criminal investigation. A study conducted by NACRO—the National Association for the Care and Resettlement of Offenders—stated that 56 per cent. of ASBOs required more than three hearings. It is therefore understandable that their take-up has been well short of the Government's original estimate of some 5,000 a year. Any legislation will therefore be controversial, as Members seek to avoid such pitfalls in the implementation of those orders in Northern Ireland. That will require considerable scrutiny, for which there will be a desire in the House.

Secondly, implementation will be controversial for another reason: the situation in Northern Ireland differs significantly from that on the mainland. The local government structure is very different, and that seems to be the main thrust of the Minister's consultation document, which explores how the orders will be implemented without the same partners that exist for that purpose on the mainland. Again, that will require considerable scrutiny, for which Members will have an appetite.

I understand that the Government already have statutory powers that would enable them to implement ASBOs and the related regulations by order—by administrative law. That would be a highly inappropriate way of proceeding, given the amount of scrutiny that will be necessary and the opinions that will be a consequence, first, of the experience on the mainland, and secondly, of the difference in the local government structure in Northern Ireland. It would be monstrous to bring such regulations before the House on a take-it-or-leave it, unamendable basis. Clearly, therefore, primary legislation is required. Of course, there are not many opportunities for primary legislation—this Bill was such an opportunity, and the Government have missed it. It therefore seems proper to include a provision such as new clause 4, which requires the Government to report to the House on their deliberations on the progress of the consultation, to ginger up their response and to make sure that they do not miss another such opportunity.

Mr. Edward Garnier (Harborough) (Con): I do not intend to delay the House for long, but I want to support my hon. Friend's new clause.

[Mr. Edward Garnier]

My only quibble with my hon. Friend's new clause is the length of time that he is prepared to allow the Government to prepare their report. It seems to me that six months is far too long. This is not a new issue—we discussed it in the House in relation to England and Wales in the previous Parliament, and it seems to me that the Government should be fully familiar with the issues that lie behind my hon. Friend's remarks and his new clause. I know that the Minister of State is now well in tune with the social and political climate of Northern Ireland, and he must be only too well aware of the issues in the Province, which to a large extent replicate those in England and Wales, as my hon. Friend mentioned.

I am only too well aware of the difficulties of low-level misconduct on our streets. I plan to have a conference in my constituency, which I am chairing, on 21 May, to which I am inviting local police leaders, church leaders, school heads, governors and representatives of the relevant local authorities, to discuss once again—it is the second time that I have held such a conference in the past four or five years—low-level misconduct on our streets in a particular area, South Wigston, which is the least well-off part of my constituency.

As the right hon. Member for Upper Bann (Mr. Trimble) kindly mentioned about 12 Queen's Speeches ago, I went to school in Northern Ireland. He once even sent me a copy of the record of my entry to Friends' school, Lisburn. In those days, it was in the constituency of Lord Molyneaux, as he now is. I know from my experience of Northern Ireland at that time, and from subsequent visits, that some urban parts are demographically very similar to South Wigston. If antisocial behaviour orders are relevant to my part of suburban Leicester, they must be hugely relevant to Northern Ireland. I urge the Government to treat the subject seriously, and to get on with it rather than waiting for the six months with which the new clause over-generously provides them. The people of Northern Ireland are as entitled to civilised behaviour on their streets as those in any other part of the United Kingdom.

Let me make a constitutional point, which was touched on by my hon. Friend. The hon. Member for North Down (Lady Hermon) is indeed an assiduous attender of Standing Committees on Bills and statutory instruments. It is also true that it is rather extraordinary that Northern Ireland legislation is always introduced by second-hand means. There are few opportunities for the people of Northern Ireland to see their legislation discussed on the Floor of the House. It is a pity that the Government did not think this up for themselves, and a pity that they did not introduce ASBOs and the other orders mentioned by my hon. Friend at the time of the legislation applying to England and Wales. I am afraid that all too frequently Northern Ireland gets fag-end legislation, which gives the people the impression that they are in a second-class part of the United Kingdom. They are not, and they should not be treated as if they were. In some respects they are given first-class representation in the House, and I think that they are entitled to receive primary legislation far more often.

I congratulate my hon. Friend on his ingenuity in trying to amend the Bill's long title, and on hanging the new clause on amendment No. 26. Such action is overdue. I hope that the equivalent of local authorities in Northern Ireland will not experience the problems of expense and delay that ASBOs incur so frequently here.

Mr. David Heath (Somerton and Frome) (LD): I too congratulate the hon. Member for New Forest, West (Mr. Swayne) on his new clause. I agree with much of its intention, as opposed to its detail. It is fair to say that we have our differences with the Government on the details of some of their antisocial behaviour legislation—as has the hon. Gentleman's party, judging by some of our discussions on substantive legislation in the House. In any event, the hon. Gentleman is entirely right to say that what applies on the mainland also has its place in Northern Ireland. The issues are the same in all parts of the United Kingdom.

The Minister of State, Northern Ireland Office (Mr. John Spellar): What is the hon. Gentleman's objection to ASBOs?

Mr. Heath: The Minister, typically, has immediately elided what I said into a statement that I was against ASBOs. What I said was that I was against some aspects of antisocial behaviour legislation. Some parts I still believe to be unworkable, having seen them theoretically in operation but not actually applied since they were first debated in the House. I hope the Minister will not continue to misrepresent what I said. I think that there is a place for ASBOs, and we have made that view plain here and elsewhere. We see a strong case for applying them in Northern Ireland as well—with the safeguards that we have debated at such length.

3.45 pm

We believe other parts of the Government's programme to be entirely redundant and based more on a wish to attract headlines than to deal substantively with the problems, but that is not a matter that we need to discuss today. The crucial issue is whether criminal behaviour in Northern Ireland that is not related to any specific issues associated with the specific problems in Northern Ireland is to be dealt with effectively by the Government. My argument—I share the view of the hon. Member for New Forest, West—is that it should be. I agree with his comment that it must have been very irksome to the hon. Member for North Down (Lady Hermon), who spent many hours in Committee dealing with such matters in the Criminal Justice Act 2003 as it now is, to find that they did not apply to the constituency that she represents so ably.

I had an interesting time in Northern Ireland over Easter with the Royal Marines in Dungannon and along the border. I do not claim that that makes me an expert on the difficulties of policing the Province but I hope that it has given me at least a superficial insight into some of the problems.

Mr. Seamus Mallon (Newry and Armagh) (SDLP): The hon. Gentleman is right to draw attention to the fact that there is an overlay in terms of antisocial behaviour and the type of behaviour that pertains in some areas of the north of Ireland. Can he say who would implement these orders in certain areas and by what mechanism?

Mr. Heath: As the hon. Gentleman knows, there is a complicated system within United Kingdom legislation

on these matters that involves an interplay between local authorities, the police and other agencies. One of the criticisms levelled by the hon. Member for New Forest, West is that that system is over- complicated. I do not agree. I think that the orders have a specific effect, because, in many ways, they are almost a suspended sentence. I do not agree that we should tinker with the standard of proof required, or the inter-relationship between the agencies, but those agencies should be more ready to use the measures that are on the statute book when the occasion is right. I am glad to note that I have seen them used effectively by my own authority.

I do not want to detain the House. I simply say that there is a need to ensure that authorities in Northern Ireland, particularly the police, have available to them the same tools as those available to authorities on the mainland of Great Britain. We are not discussing matters that are specific to Northern Ireland and therefore one would hope that the Government made quick progress, as has been advocated by many parties in Northern Ireland, at least to implement analogous orders to those in operation on this side of the Irish sea.

Mr. Nigel Dodds (Belfast, North) (DUP): I join others in congratulating the hon. Member for New Forest, West (Mr. Swayne) on tabling the new clause. I welcome the comments of the hon. and learned Member for Harborough (Mr. Garnier), who said that all too often Northern Ireland legislation is dealt with other than by primary legislation. It is welcome that these matters are being dealt with on the Floor of the House by way of primary legislation.

It is important that the Government get a clear message—they should have got it already in this brief debate, which I will not extend any longer than is absolutely necessary. It is clear that, throughout the community in Northern Ireland, there is much concern and fear about the low-level activity that other hon. Members have referred to, and that is characterised as antisocial behaviour. People in Northern Ireland cannot understand why there are provisions such as antisocial behaviour orders for the rest of the country but they are not yet available in Northern Ireland.

That issue was raised on Second Reading, when a number of hon. Members pointed out that the Bill implemented some of the recommendations of the criminal justice review and contained other tidying-up provisions, as recommended by the Chief Constable and others, and that its passage was an opportunity to introduce antisocial behaviour orders. That is an opportunity that the Government have missed, and we should urge them to do as much as possible, as quickly as possible, to introduce antisocial behaviour legislation in Northern Ireland.

I understand that the Minister has undertaken a process of consultation on such a proposal, and I am sure that he will not have received many objections, or heard people say that it is a bad idea. He will no doubt have heard the remarks of the chairman of the Northern Ireland Housing Executive. When I held the position of Minister for Social Development—a responsibility now held by this Minister—I was urged by the chairman of the Housing Executive to consider introducing antisocial behaviour orders as part of legislation under the housing order. However, we were advised that, as antisocial behaviour is a criminal justice issue, it could not be the subject of such an order and was not a matter for the devolved legislature. Our disappointment that such a provision has not been included in the Bill is therefore all the greater—especially given the scarcity of parliamentary time.

Like others, I urge the Minister and the Government to move quickly on this matter to give the police and the authorities the necessary powers to deal with it. One issue that is constantly brought before me as the Member for Belfast, North—an area that has suffered, and continues to suffer, more than its fair share of antisocial behaviour—is that the police are not only under-resourced in manpower but feel that they do not have the necessary powers to tackle the problem. They are very much in favour of the speedy introduction of antisocial behaviour orders.

The Government should act speedily, and I look forward to hearing what the Minister has to say.

Mr. David Trimble (Upper Bann) (UUP): I feel that I should speak, because a number of hon. Members have referred to my hon. Friend the Member for North Down (Lady Hermon) and the points that she has repeatedly made on this issue. The hon. Member for Somerton and Frome (Mr. Heath) referred to the long time spent debating it under the Criminal Justice Act 2003, during which my hon. Friend repeatedly called for the legislation to be extended to Northern Ireland. The hon. Gentleman will also remember that my hon. Friend received assurances from Ministers that Northern Ireland would be included in that legislation. Those assurances were repeated to her and to me by the Home Secretary and the Secretary of State for Northern Ireland, so hon. Members will understand our chagrin when those assurances were not honoured or acted on.

This Minister might preen himself because he is finally taking some action, but his Department has been extremely dilatory—and not only that. I can go further back on the issue—back to 1997, when the then Home Secretary gave me an assurance that the legislation that he was about to introduce on antisocial behaviour would extend to Northern Ireland. Reasons for that not being possible were given—or at least emerged later. The different local government structures have been referred to today. However, the Minister might recall the Adjournment debate on the subject in January, when he said:

> "Although there can be no direct read-across, our suggestion is to involve local councils and the Housing Executive in the first instance."—[*Official Report, Northern Ireland Grand Committee*, 15 January 2004; c. 45.]

That is obvious. It was obvious in 1997, and it did not require any great wisdom to see that that was the appropriate way of proceeding, but no action was taken.

The other excuse offered was the criminal justice review referred to in the Belfast agreement, which commenced in 1998. As published, that review contains no provisions relating to antisocial behaviour, and nor was it ever likely to do so. It was used simply as an excuse for inaction. I hope that the Minister will actually do something about the issue and do it rapidly. When he does, will he bear in mind that he is seven years late? It is a reproach to this Government that they have dragged their feet. They have been very quick on this side of the water because they know how serious the problem is, but they have not bothered with what is an equally serious problem in Northern Ireland.

[Mr. David Trimble]

I congratulate the Opposition on tabling the new clause, which gives us another opportunity to remind the Government of the way in which they have failed the people of Northern Ireland.

Mr. Spellar: The new clause seemed to me somewhat like a Liberal Democrat "Focus" leaflet. We know the idea: find out when the pavements are going to be repaired, put out a leaflet demanding that they be repaired, then put out another one saying, "Thanks to the sterling efforts of your local Liberal Democrat 'Focus' team, the pavements have been repaired."

The Opposition and others will be aware from the wide range of exchanges in the House that I announced the consultation on antisocial behaviour orders, and that I compressed the consultation period in an effort to meet the target of introducing them before the summer. My difficulty in dealing with the issue in the way suggested—by incorporating it into the Bill—is that even the compressed timetable, which finished on 1 April, would have given us considerable problems. We wanted to introduce the measure at a fairly early stage in the Lords, which, as Members know, is where the legislation started.

As the hon. Member for Belfast, North (Mr. Dodds) rightly pointed out, although the submissions were not unanimous, the great majority of them were in favour of our suggestion. In that regard, the response was fairly positive. It is true that we could not introduce a straight read-across from legislation for England and Wales because of the different structure of local government. As I have said several times at the Dispatch Box, I accept that we could have acted more expeditiously, but I can reasonably argue that we have now moved matters along fairly rapidly.

The suggested course of action of the hon. Member for New Forest, West (Mr. Swayne)—bidding for an additional slot in primary legislation—would cause considerable delay compared with dealing with such matters through an Order in Council. The situation on the streets of Northern Ireland demands that early action be taken, so I intend to proceed in the manner described. I hope that we have support for the provision.

Mention was also made of racially aggravated offences. I recently concluded a consultation on a draft Order in Council under the Northern Ireland Act 2000. It will make provision for such matters in Northern Ireland, and I intend, subject to parliamentary procedures and timetables, to have the legislation in place by the summer.

So we do recognise the problem, and we are taking action and moving matters along. In the light of that explanation and reassurance, I hope that the hon. Gentleman will withdraw the motion.

Mr. Swayne: Antisocial behaviour is not crime and it is a mistake to treat it as such. It requires a swift remedy; it cannot await the lengthy proceedings of a conviction. We all abide by certain rules in society, and if I may I shall draw a simple analogy. Those who travel to my constituency along the M27 often encounter an obstruction in the outside lane. We are directed to move our cars into two lanes, so at an early stage we begin to do so and to form an orderly queue—but someone always whizzes past on the outside, jumping the queue to get to the front.

We wait and put up with it, and they continue to whizz past. Then someone immediately behind who is unable to stand it any longer pulls out of the orderly queue and drives past. The driver faces a dilemma: to sit there and abide by the rules, or behave like everyone else and be antisocial. Antisocial behaviour is a cancer; it leads to the complete breakdown of orderly society and causes misery for so many people on estates throughout the country. It is an urgent matter, requiring attention.

I congratulate my hon. and learned Friend the Member for Harborough (Mr. Garnier) on the initiative that he has taken in his constituency. I will reflect on it and perhaps do the same in mine. On reflection, he is right; I have been far too patient in providing in the new clause for a further six-month period. As the right hon. Member for Upper Bann (Mr. Trimble) said, the Government's decision is seven years too late. The Minister may well congratulate himself on introducing the measure swiftly, but it is inappropriate to deal with such complex law through a statutory instrument.

The Bill was the proper vehicle for such a measure: it should have contained provision for antisocial behaviour orders. There is nothing urgent in the Bill—nothing that could not have waited. The only urgent matters are the antisocial behaviour orders and other measures—and they are not in the Bill. The point has been well made. The Minister has missed an opportunity. He could have delayed the passage of the Bill and done the job properly. However, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

Clause 2

Membership Of The Commission

Lembit Öpik (Montgomeryshire) (LD): I beg to move amendment No. 4, in page 2, line 3, leave out from 'Chancellor' to end of line 5.

Mr. Speaker: With this it will be convenient to discuss the following amendments:

No. 5, in page 2, line 6, leave out 'their' and insert 'his'.

No. 11, in page 2, line 9, at end insert—

'(1A) At the beginning of subsection 8 of section 3 of the 2002 Act, insert "The lay members should be selected on the basis of the additional value they would bring to the Commission's deliberation, including such qualities as experience of selection processes, the court users' perspective and the ability to assess the personal qualities of candidates".

(1B) (1) In Schedule 2 to the 2002 Act in paragraph 11 (Delegation) for sub-paragraph (1) leave out from "functions" to end and insert "except the function of selecting a person for appointment, or recommendation for appointment, to an office, to any of its committees".

(2) In Schedule 2 to the 2002 Act, leave out paragraph 12.'.

No. 13, in page 2, line 9, at end insert—

'(1C) In Schedule 2 to the 2002 Act after paragraph 8 insert—

"8A (1) A Committee for interviewing for appointment as a High Court Judge shall consist of the Lord Chief Justice or a Lord Justice of appeal acting under section 3(4), a lay member and a judicial member.

(2) A Committee for interviewing for appointments at deputy resident magistrate and above shall include one member of the judiciary at the tier to which the appointment is to be made.

(3) A Committee for interviewing for appointments to a tribunal shall include a person with detailed knowledge and experience of the tribunal concerned.'.

No. 25, in page 2, line 18, leave out clause 3.

No. 23, in clause 3, page 2, leave out lines 26 to 40.

No. 9, in schedule 1, page 12 line 5, at beginning insert 'in section 1 of the 2002 Act, leave out "of Justice".'.

4 pm

Lembit Öpik: Amendments Nos. 4 and 5 stand in the name of my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), who has had the pleasure of inspecting every detail of Kirkwall airport on a fog-bound morning. I have decided to blame the Government for the weather, which is clearly a conspiracy, because they are so afraid of the amendments that we have tabled.

The Bill establishes a judicial appointments commission for Northern Ireland. It will comprise five judges and a member of the Law Society, plus members of the lay community. Under the criminal justice review, lay members of the commission should be representative of the whole community—for an obvious reason: it is sensible to do so. However, the Bill introduces a requirement that all members of the commission should be "reflective of the community".

My hon. Friend the Member for Orkney and Shetland made several important points in Committee. It is apparent that the review recommended that lay membership of the commission be representative of the community, but it did not recommend that the entire membership should be. The Government proposals go beyond that, making the entire commission representative, which poses a number of theoretical and practical difficulties.

The amendments would restrict the duty to the Lord Chancellor and restrict the ambit to lay members of the commission so that only the Lord Chancellor could appoint such members. The Government have adopted a different position, but I do not understand what they are trying to achieve that they could not have achieved originally, or how, in a practical sense, they can meet their objectives. We have nothing against the principle that the commission should be representative of the community as a whole. Who could dissent from that? However, we are worried about how that will be achieved in practice.

The amendments would change the Bill back to the position favoured by the criminal justice review, so that the need to be representative of the community would apply only to lay members, who would be appointed by the Lord Chancellor. Our point is that, in practice, it would be impossible statistically for the commission to be representative of the whole community. The census figures—I shall not read them out—make that perfectly obvious.

Through their comments and actions, the Government repeatedly give the impression that they believe that the community as a whole consists of two large bodies of people—broadly speaking, loyalist Unionists and republican nationalists.

Is the Minister at long last going to acknowledge what many of us have said a number of times: the Government, to some extent, entrench divisions in the community by talking always about the two communities or the two halves of the community? It would be progress if he at least said that the Government accept that the Northern Ireland community is more diverse than many ministerial comments have implied.

In order to justify their position, the Government must explain several things. How exactly do they perceive the process of judicial appointments? What pressure would be put on the Law Society and on individuals to ensure that they were representative of a cross-section? An individual will come from a particular background, and unless the Government are suggesting a strange hybrid person who has spent some time in each community and in each social and ethnic background, it is clearly preposterous to think that one person can represent a cross-section. If the Government do not intend to enforce that provision for each of the four groups making appointments, the question remains of what process the Minister expects to be used to ensure that each interest group works with the others so that the commission as a whole is representative. It will not be good enough for the Government simply to speak against the amendments without giving specific and clear explanations of how they will resolve those difficulties. We are talking not about draft legislation or mere ideas, but about specific rules that will be made on the basis of what the House decides.

Another question is whether the Minister is saying that the requirement to represent a cross-section applies to disabled people, women, young people and so forth.

I shall be interested to hear what the Minister and other Members have to say. The Minister did not give a plausible explanation on those points in Committee. If he believes that a reflective composition is worth pursuing, he must give us an assurance that the Government have thought through the detail. In the absence of a plausible response, I may have to divide the House.

Mr. Trimble: I support amendment No. 4. It is right, largely for the reasons advanced by the hon. Member for Montgomeryshire (Lembit Öpik). I can reinforce his main point, which was that the criminal justice review recommended that the lay members should be representative of the community, which is understandable since they are there to represent the community. Judicial members, on the other hand, and those appointed to represent the legal professions, are not appointed to represent the community but are there to represent the judiciary and the legal professions. One might in turn hope that those bodies would bear some resemblance to society at large, but that is not the point. The point is that judges are appointed on merit and the legal professions are formed by persons who enter into them having complied with the necessary requirements and training. They are there to represent their bodies.

A fundamental mistake underlies the provisions before us. The original legislation was right and the new legislation in the Bill is wrong. I do not want to speak at great length on this point because we debated it in

[Mr. Trimble]

Committee, where I raised the particular provisions that the amendment would remove. The Bill lays a "duty" on those responsible for making nominations

"to make such arrangements ... as will, so far as is practicable, secure that the membership of the Commission is reflective".

They are placed under a statutory duty to make arrangements. I asked the Minister in Committee what arrangements would be made, and I was thinking especially of the Law Society and the Bar. Those organisations can each nominate one person, but how can they make that one person reflective of the community as a whole? How can they enter into arrangements with others to achieve that objective? Some possible arrangements would involve unlawful conduct.

We asked the Minister to give an indication of what the arrangements might be. In Committee, I asked:

"Will he also undertake to give either the Committee or the House on Report some indication of what arrangements he has in mind and how they will operate in practice?"

The Minister responded by saying:

"I certainly give the right hon. Gentleman that undertaking."—[*Official Report, Standing Committee D*, 25 March 2004; c. 32.]

Unless I have missed something, the Minister has not yet given us any indication of what those arrangements might be. I hope that at some stage in this debate the Minister will redeem his promise to me. I do not know whether any sensible or lawful—in the light of anti-discrimination legislation—arrangements can be made, and that is an important point because it means that clause 2 is wholly misconceived. If the hon. Member for Montgomeryshire wishes to press the point to a Division, he will have my support—of course, I act on behalf of my party.

Amendment No. 11, in my name, also addresses the issue of the lay members. Understandably and rightly, the criminal justice review said that the lay members should be reflective of the community as a whole, but it also added some further comments about who the lay members should be. Amendment No. 11 seeks to add to the Bill these words from the criminal justice review:

"The lay members should be selected on the basis of the additional value they would bring to the Commission's deliberation, including such qualities as experience of selection processes, the court users' perspective and the ability to assess the personal qualities of candidates."

It is important that those, or similar, words are inserted into the Bill; otherwise, it might become the practice that the lay persons can be anyone selected to represent an element of the community. That would be a departure from the intention of the criminal justice review. As the Minister knows, I am concerned that the way in which the commission is constituted will result in bringing a wholly unwarranted political influence to judicial appointments. The objective of the amendment is to try to minimise the addition of political influences on judicial appointments. Without the addition of the words of the criminal justice review, there is a danger that the lay members will become political appointees there simply to represent political viewpoints. If the legislation is left unamended, that is certainly what will happen, and that is why I would like the words of the criminal justice review to be written into it.

Amendment No. 11 would also deal with another serious problem. Great effort is being made to ensure that the commission is representative of the community but, when it comes to how it will operate in practice, we find that, under the schedule to the Justice (Northern Ireland) Act 2002, the commission can delegate its functions to a committee that could consist of only one member of the commission. What is the point of trying to ensure that the commission reflects the community if it can then delegate its functions to a body that has no such requirements or standards?

The only safeguard is that at least one member of the commission must be on the committee. We must remember that we are potentially delegating to the committee the power to make judicial appointments, but no safeguards are provided as to the composition of that committee. The idea of delegating the entire function to the committee and enabling the committee appointed by the commission to make the appointments is, in itself, a mistake. If there is to be a committee that includes people other than those on the commission, we should by all means allow the committee to conduct the process of interviewing and deciding whom it feels are the best persons to be appointed, but it should report back to, and have its conclusions confirmed by, the commission. That would be much better practice.

4.15 pm

Amendment No. 13 attempts to provide a structure for the commission's committees. The Minister will no doubt recognise the language in the amendment. It would insert a new paragraph into schedule 2 to the Justice (Northern Ireland) Act 2002, and paragraph 8A(1) quotes word for word what the Minister said to me in Committee. I raised the point about the undesirability of delegating to a committee and having no provision about the committee's composition. He triumphantly told me that everything was agreed and that, with regard to the appointment of a High Court judge, the committee would consist of the Lord Chief Justice, a lay member and a judicial member. That is not a bad arrangement, but we would like to rely on something more than a comment made by the Minister in Committee. If he thinks that that is a desirable structure for a committee considering the appointment of a High Court judge, why does he not include such a provision in the Bill? That is precisely what paragraph 8A(1) would do.

Paragraph 8A(2) is again taken word for word from the criminal justice review, which recommends that, with regard to judicial appointments, a member of the judiciary

"at the tier to which the appointment is to be made"

should be on the Committee. It would be appropriate to have an analogous provision for appointments to the tribunal, and that point is covered in paragraph 8A(3), which states:

"A Committee for interviewing for appointments to a tribunal shall include a person with detailed knowledge and experience of the tribunal concerned."

That is wholly in line with the spirit of the criminal justice review.

In the debates on Second Reading and in Committee, the Minister time and time again pointed out that the objective of the Bill was to implement the criminal

justice review. Amendments Nos. 11 and 13 would do precisely that. The challenge for the Minister is whether the words that he uttered in Committee and on the Floor of the House about implementing the committees to be set up by the commission are genuine. If they are, I expect him to accept the amendments and particularly those that would give effect to what he himself has said.

I am reminded of the request that I made at the outset that the Minister redeem the promise that he made to provide us with information about the arrangements that will be made to give effect to the Bill. As presently drafted, its provisions for the appointments by the judiciary and the legal professions are not capable of being implemented in practice. However, I shall wait to see what he has to say.

Mr. Andrew Hunter (Basingstoke) (Ind Con): Amendments Nos. 11, 13 and 25 embody arguments that the right hon. Member for Upper Bann (Mr. Trimble) made in Committee. I supported him then and I do now. If he has it in mind to press them to a Division, he will have the support of the Democratic Unionist party.

I want to put to the Minister an interesting issue that arises out of amendment No. 11, whose paragraph 8A(1) refers to lay members.

We know, of course, that devolved government in Northern Ireland has been suspended because one of the main political parties, Sinn Fein, remains inexorably linked to the IRA, and the IRA is one of the terrorist organisations that is continuing violence and refusing to decommission. The concept of being "reflective of the community" logically means that the composition of the commission should reflect Sinn Fein. To put it bluntly, that would be an intolerable state of affairs, especially in light of the recent Independent Monitoring Commission report. It is something that no true democrat could allow. I hope that the Minister will clarify whether his current thinking is that "reflective of the community" includes Sinn Fein representation on the judicial appointments commission.

I offer highly qualified support to amendments Nos. 4 and 5, and I shall explain why. As I shall argue in greater detail when I come to amendment No. 23, the reason arises from the fact that my hon. Friends and I reject the concept of being "reflective of the community". However, if that concept is to be part of the Bill and become law, it is essential that amendments Nos. 4 and 5 are accepted. Hon. Members have referred to the composite nature of the judicial appointments commission: five members appointed by the Lord Chief Justice; a barrister nominated by the General Council of the Bar; a solicitor named by the Law Society; and five people who were originally to be appointed by the First Minister and Deputy First Minister, but who are now to be appointed by the Lord Chancellor. The point has been powerfully made about how on earth those disparate bodies are to agree nominations that are "reflective of the community". Amendment No. 4 would put that responsibility solely in the hands of the Lord Chancellor, and it is the common-sense, practical way forward. If we are to have the concept of being "reflective of the community" enshrined in the Bill, the Democratic Unionist party supports, with the reservations that I have explained, amendments Nos. 4 and 5.

The purpose of amendment No. 23 is straightforward and transparent. It addresses what was for many hon. Members, both Unionist and Conservative, a grave concern that we expressed on Second Reading and again in Committee. If the amendment were accepted, the Bill would require that

> "The selection of a person to be appointed, or recommended for appointment, to a listed judicial office . . . must be made solely on the basis of merit."

No other consideration would be taken into account. We argue that the well-intentioned concept of being "reflective of the community" is fundamentally flawed and impractical. Only the qualifications and qualities of individuals should be considered when judicial appointments are made. There is a compelling argument to be made not only that proposed new subsections (9) and (10) undermine and weaken the requirement of subsection (8) that appointments should be on the basis of merit, but that, in practice, appointments reflective of the community would ultimately be incompatible with appointments based on merit alone. Nothing that the Government said on Second Reading or in Committee, and nothing that we have heard today, calms our fears on that issue.

The Minister argued on Second Reading and in Committee that confidence in the judicial system is imperative. No one disagrees with that, but I do not accept that there are any shortfalls of confidence in Northern Ireland's judiciary worthy of merit, or that there is any need for the provisions contained in new subsections (9) and (10). Indeed, those provisions are more likely to undermine confidence in judicial processes and procedures than to promote it. I ask the Minister a simple question: where is the evidence to support the allegation that Northern Ireland's judicial system and the judges who are an integral part of it are unfair or biased? The truth is that there is no lack of public confidence in the judiciary—quite the reverse. The judiciary of Northern Ireland, appointed as it has been by the Lord Chancellor, has justly earned a superb reputation for its fairness and impartiality, to say nothing of its courage and dedication to the rule of law. Members have been appointed solely on merit without creating any significant or telling imbalance. Public confidence in the judiciary has deservedly been very high indeed.

We know that the concept of being "reflective of the community" has replaced that of being "representative of the community". Perhaps that is a small step in the right direction, but adopting "reflective of the community" is a dangerous move toward the mistaken and utterly fallacious approach of seeking equality of outcome—a 50:50 outcome. Concern about "reflective of the community" is compounded when we recall that the genesis of the Bill lies in the March 2003 Hillsborough declaration—a measure that emerged from wheeling and dealing to re-create the climate that would enable the restoration of devolved government. That is not a sound basis for legislation and it does not command confidence. We should remember also that equality of outcome and approaches designed to secure it were neither sanctioned nor remotely justified by the Belfast agreement. Equality of outcome is not what the Equality Commission is charged to achieve or what is meant when human rights instruments speak of equality. In all those cases, the reference to equality

[Mr. Andrew Hunter]

means equality of opportunity and the requirement that individuals are treated fairly. That is already the case in judicial appointments and no additional legislation is needed.

In Committee, I drew attention to the Minister's words in his winding-up speech on Second Reading, when he said:

"The criminal justice review, which the Bill builds on, is about modernising the system of appointments in line with the changing needs of society."—[*Official Report*, 10 March 2004; Vol. 418, c. 1616.]

Those words encapsulate a fundamental difference in thinking between the Government and Opposition Members. The Minister argues that the judicial system must be modernised to keep in line with the "changing needs of society". Of course society changes constantly and institutions adapt—they evolve with changing circumstances. Our quarrel is with the imposition of change by legislation when changes should be allowed to happen through evolution.

We feel especially strongly about judicial appointments because we do not fall for the line that the Bill sets out to modernise the appointments system. The Bill politicises appointments. The system of appointments has been dragged into the sphere of politics to serve a political purpose demanded at Hillsborough. We certainly support a system of transparent, open and fair judicial appointments, one that is free from political intervention and politicisation, but we do not believe that that objective can be achieved by new subsections (9) and (10).

The matter is one on which we feel sufficiently strongly to wish to divide the House. None the less, I look forward to hearing what the Minister has to say.

4.30 pm

Mr. Mallon: I shall try briefly to make a rather broad point and to challenge an assumption that I have heard on at least four occasions so far in the debate—that somehow or another, if one has a political view, be it Unionism or nationalism, a Labour view or a Conservative view, one cannot be reflective of the community in which one lives. We should challenge that.

It was astounding that the entire thesis of the hon. Member for Montgomeryshire (Lembit Öpik) verged on a quasi-political, quasi-religious definition of a community. A community is not a sectarian football match or two sectarian teams. It is much deeper and much more fundamental than that. There are many more strands to it. Let me put it this way: when I sit on these Benches, I hope I am reflective of the community that I serve. I have no doubt that Members who sit on the other Benches hope that they are reflective of the communities that they serve. Even though many people in the community would not see me as representative of their political views, they might very well see me and others as being reflective of the type of standards that one might require in the whole political process.

We should challenge the notion that the matter is to be seen in little boxes: there goes the nationalist representative, and there goes the Unionist representative. How do we make room for the Democratic Unionist party representative, then get the republican representative in and, just to keep everything right, squeeze an Alliance person in at the end? It is not like that. Those attitudes are not reflective of the community in the north of Ireland. With all its problems, the community is much bigger than that and much wider. That is where we should look carefully.

There is a second element that we should consider—the extent to which those whom we charge with the protection and implementation of law are aware of what makes people tick in the community in which they live. I pose that question because there is an ivory tower attitude in some parts of the north of Ireland, whatever the political or religious views of those with that attitude. For far too long that ivory tower attitude was preserved in the legal profession. In that community there was a special place—an ivory tower—that was protected and is still being protected by the legal profession.

I noted the fine speech made by the hon. Member for Basingstoke (Mr. Hunter). I detected the tones of legal hurt in his speech, almost a confirmation that people have at last had the audacity and, in my view, the good sense to start knocking on the walls of the ivory tower and rattling a few of the cages inside it.

Lembit Öpik: I am listening to the hon. Gentleman's comments not just about the ivory tower, but about compartmentalisation, which he does not consider an appropriate way forward. Surely he recognises that his support for the Government's arrangements causes more compartmentalisation by creating an artificial requirement, beyond the lay members, to achieve the kind of outcome that we all want in principle, although it is hard to see how we can achieve it in practice without more stress and more friction.

Mr. Mallon: I thank the hon. Gentleman for that point, but I do not agree with it. Returning to my original thesis, the reality is that one can be of a community without representing every political or religious view within it. One can bring an ethos that people who do not share one's political or religious views recognise to the legal profession, politics or anything else. That is why it is right to challenge the notion advanced by the hon. Gentleman and others, and to point out that rattling the legal cages was necessary to create a broader approach. If one examines the history of the legal profession in the north of Ireland, one must admit, perhaps grudgingly, that it was the preserve of a very few, whoever they may have been and whoever chose them.

Mr. Dodds: The hon. Gentleman talks about rattling the legal cage. On judicial appointments, can he indicate where the current appointments to the senior bench in Northern Ireland—the Lord Justices of Appeal and the Lord Chief Justice of Northern Ireland—fail to reflect the community?

Mr. Mallon: I am not saying that those appointments fail to reflect the community; I am saying that there has been great resistance to the change, and that resistance remains within the profession. The hon. Gentleman entices me to do what I am arguing against—to label people in political or religious terms—and I will not do

so. I repeat that one does not have to reflect the political or religious attitudes of all the people within a community in order to represent them.

In this House, we are all elected, but does that mean that all hon. Members reflect the constituencies that elect them? I do not believe so. There is another part of this Parliament, and it bears examination, too—I do not want to stray into a different debate, but I hope that that matter will be resolved soon. The right hon. Member for Upper Bann (Mr. Trimble) is delighted, because that issue is an obvious advantage for him and his party, but the hon. Member for Belfast, North (Mr. Dodds) does not delight in it. Perhaps things will change when appointments do not reflect the community, but deal only with this terrible thing—the danger of the influence of politics in appointments. I leave the matter there.

Finally, there is a pristine honesty about those who consistently tell us that there should be no political input to judicial appointments, within a system where, as in the Republic of Ireland, judicial appointments are made by the political process.

I am as keen as the right hon. Member for Upper Bann or anyone else to ensure that political opportunism does not apply to judicial appointments, but let us at least be honest when we consider the arrangements in the Bill. I could make very strongly some points about appointments outside Northern Ireland. I could refer to the two Governments who, as the hon. Member for Basingstoke alleged, proposed this legislation at Hillsborough. I do not intend to stray into making those points, but I say this: I wish to challenge the notion that one cannot be reflective of the community if one does not share the political views of all the people in it.

In that context, we must reconsider the distinction that has been made between appointments among the legal profession and appointments of lay people. That has a tinge of ivory tower syndrome: it suggests that it is okay to have a certain arrangement for lay people but that we must not, for heaven's sake, have it for the people who have come within the compass of the ivory tower. It should apply to everybody, because the whole thesis of reflectiveness is such that such a distinction cannot be made.

Mr. Hunter: I confess that the hon. Gentleman's argument has left me completely bewildered. Is he effectively saying that appointment should be by merit alone, so amendment No. 23 should not be supported?

Mr. Mallon: I believe that all appointments should be made on the basis of merit that is reflective of the community. I remember—this may be before the hon. Gentleman's time and too far back for many people's memories—when people were appointed to the bench in Northern Ireland who had never been seen in the north of Ireland before: they had been educated and had practised abroad, and all of a sudden they were senior judges in the north of Ireland. That arrangement is not reflective of the community. I thank God that the days are gone when only those within big house Unionism got on to the bench in the north of Ireland, and I should like to think that hon. Members within the Unionist community would support me in that. I notice that the right hon. Member for Upper Bann is getting excited. I shall try to end that situation for him.

I believe that this measure is needed. We should not give a position of privilege to people in the legal profession, who already have the huge privilege of administering the law that Parliament makes for them. That should be privilege enough, without our copper-fastening it for them.

Mr. Garnier: The hon. Member for Newry and Armagh (Mr. Mallon) had the privilege of serving on the Standing Committee on the Bill that became the Justice (Northern Ireland) Act 2002, and we had the pleasure of listening to many similar speeches from him. He and I disagreed on the need for the judiciary and the judicial appointments commission to be

"representative of the community in Northern Ireland",

as section 3(8) of the 2002 Act states. Although we disagreed about the need to lay that down in statute, I could understand the worries felt by the hon. Gentleman, people like him, people whom he represents, and people whose views he reflects.

4.45 pm

I do not happen to believe that justice is capable of being described in the terms that lie behind the 2002 Act and this Bill. However, to use a disgraceful and awful expression, we are where we are. Nonetheless, I am no more convinced of the need for the adjective "reflective" than I was, during the Standing Committee in 2002, of the need for the use of the word "representative". I am provided with some hope, however, when I see the words "of the community" which follow "representative" or "reflective". To me, the concept of community does not include those outside the law or those who wilfully seek to destroy our democratic institutions through terrorism, violence or subversion.

If the Government are honest to us, to the people of Northern Ireland and to those who wish to be appointed to the judicial appointments commission, they will make it clear that they will not seek to reflect or represent on the commission people who come from the terrorist and anti-democratic organisations. They will also make it clear that they will allow nominations to be put forward only from those groups, of whatever tradition, which are wholly signed up to the institutions of a democratic Northern Ireland and a democratic United Kingdom, and which believe that judges and senior judicial officers will do justice irrespective of their origins and the origins of the people over whom they will give judgment.

I know that the Government have great faith in the judiciary of Northern Ireland. The Lord Chancellor invited Lord Hutton, one of Northern Ireland's most distinguished judges, to chair the recent inquiry into the death of Dr. David Kelly, and there are many others like Lord Hutton who have served and continue to serve on the Bench of the Northern Ireland judiciary. When these judges try cases, be they criminal or civil cases, they do not say, "Ah, I am now dealing with a case involving an allegation of breach of contract. I will try it in a Protestant way", or "I will try it in a Roman Catholic way", or "I will try it in a Sinn Fein way", or "I will try it in an Ulster Unionist way". They try each case on the facts, and by applying the facts to the law.

Similarly, I feel sure that, when those judges are dealing with criminal cases, either with a jury or in a Diplock court, they do not treat the defendant in a

[Mr. Garnier]

particular way because he is a Protestant or a Catholic. They say, "The Crown has alleged the following, and I must assess the evidence laid against the defendant in support of the charge." If the defendant is convicted either by the jury or by the judge—after the judge has considered the matters before him to the requisite standard of proof—he will then be sentenced according to law. I know that the law in Northern Ireland is—as it is in England, Wales and Scotland—blind to the origins of the person in front of the sentencing judge, save only in relation to studying the pre-sentence report to ensure that a just decision is made in relation to that individual.

So we do not really need a judiciary—and, still less, a judicial appointments commission—which is reflective or representative of the community in Northern Ireland.

That is because, it seems to me, the matters of the rule of law and how judges behave are over and above, as well as separate from and not prepared to take account of, the community, except in the special circumstances of a pre-sentencing report.

I hope the Government can reassure me and the House that when they push through the amendment to the 2002 Act by way of a clause of the Bill, which we are considering through the prism of the amendment—they will do so, as they have the majority in the House—they will ignore wholly in respect of the term "representative" or "reflective" that part of the Northern Ireland population which is distinguished from the Northern Ireland community and which advocates terror and suborning the civilised and democratic institutions and court system in Northern Ireland.

I want next briefly to discuss the amendment tabled by the right hon. Member for Upper Bann (Mr. Trimble) in relation to the committee, or sub-committee, of the JAC that could appoint a judge. It looks very worrying. Schedule 2(8) of the 2002 Act says:

"The Commission may establish committees."

Schedule 2(3) says:

"A committee or sub-committee may consist of or include persons who are not members of the Commission."

That is fine if people are ordering biscuits or furniture for the commission, but if they are appointing judges they are moving into different territory altogether. Up to a point, that is catered for by paragraph 12 of schedule 2, which states:

"If the function of selecting a person for appointment, or recommendation for appointment, to an office is delegated to a committee or sub-committee, the committee or sub-committee must include a member of the Commission and, unless he is a lay member, a person who is eligible to be a lay member."

Well, I am not sure that that went far enough to protect the integrity of the judicial appointments system, but this Bill makes me even more concerned and I share the right hon. Gentleman's anxieties.

Everything we do in the House is tinged with politics. My hon. Friend the Member for Basingstoke (Mr. Hunter)—I think he is still my hon. Friend—is a little naïve in thinking that we can pass legislation untouched by politics, even when we are discussing something as apolitical as the judiciary. He is perfectly right, however, to advance the arguments that he and his colleagues have advanced in his attack on the clause that he seeks to amend, because the Government seek not only to introduce to the judicial appointments commission and the judicial appointments system a less safe system of appointing judges on merit, as the right hon. Member for Upper Bann suggested, but, to go further, to provide for a system for the appointment of judges that could skew that system against selection purely on merit towards selection of judges on some other either directly or quasi-political basis.

That concerns me, because as I said at the outset the appointment of our judges and how they behave should be wholly outside the realms of politics. Even in this jurisdiction, for the moment at least, the Lord Chancellor—although he is a politician to some extent, or at least a party political appointee—has selected judges in England and Wales wholly uninhibited by political consideration.

I say that of the current Lord Chancellor, I was happy to say it of Lord Irvine, the previous Lord Chancellor, and I dare say that it was equally true of their predecessors in Conservative Governments. It seems to me, however, that we should not expect the people of Northern Ireland to have judges of any other quality than the very best, selected for any other reason besides legal and judicial merit. To add into the selection process these extraneous and confusing reasons will lead to trouble.

I hope that the Government can reassure me on the points that I have raised, because matters related to justice are easily written off as boring, or a lawyer's whinge, when they are so important for the system of democracy in both the jurisdictions of Northern Ireland and England and Wales.

Mr. Dodds: I find myself in agreement with much of what the hon. and learned Member for Harborough (Mr. Garnier) has said. In particular, I want to emphasise his point in relation to the interpretation of the phrase "reflective of the community", which should not under any circumstances be taken to mean that appointments to the judicial appointments commission—or any other appointments in this area—should be permitted of those who support the use of violence, intimidation, threats and so on, or who are allied to the republican movement. Especially in the light of the IMC report, as pointed out by the hon. Member for Basingstoke (Mr. Hunter), those sorts of interpretations would be simply unacceptable and totally wrong. The same issues arise in the context of ongoing calls for members of Sinn Fein-IRA to be members of the Policing Board, for instance. If that happened, there would be people in control of the accountability of the Chief Constable and senior police officers who, as we have seen in the IMC report, are still wedded to violence and to carrying out activities on the streets of Northern Ireland through criminality and terrorism. That would simply be unacceptable as far as the people of Northern Ireland are concerned.

Another issue that concerns me in relation to the phrase "reflective of the community" is what we have seen as regards appointments to other public bodies and organisations in Northern Ireland that are supposed to be reflective of the community or, to use the slightly stronger term, representative of the community. I refer to bodies such as the Northern Ireland Human Rights Commission, the Parades Commission, the old policing authority and others, which do not in any shape or form

represent or even reflect the viewpoint of the majority community in Northern Ireland. The Minister will be well aware of the complaints and criticisms—

Mr. Peter Robinson (Belfast, East) (DUP): To strengthen my hon. Friend's point, does he agree that it is total hypocrisy to have an organisation known as the Equality Commission that does not have one member who would reflect the view of the largest party in Northern Ireland?

Mr. Dodds: I thank my hon. Friend for his intervention. He is absolutely right to point to another organisation, which I have not mentioned. As he says, its title implies that it is aimed at the promotion of the concept of equality, yet it, too, has been widely criticised on the grounds of not representing, or having on it those who would reflect or represent, the majority political viewpoint in Northern Ireland. We must therefore be careful when we address such issues in relation to Northern Ireland.

Judicial appointments should be made on merit alone. As the hon. Member for Basingstoke said in his eloquent contribution, we believe that the Government's proposals would go a long way to undermine the merit principle. We therefore wish to see those elements that would undermine it removed from the Bill today.

5 pm

I hope that the hon. Member for Newry and Armagh (Mr. Mallon) will feel able to agree with our amendment. It seems to me that the logical outcome of what he said would be his joining us in ensuring that, when it comes to appointments to the judiciary, merit should be the only consideration. Towards the end of his speech he spoke of big house Unionists' being appointed, and of people returning from abroad to be appointed. I should be interested to know who he has in mind; I have no idea who on earth he could mean. I note that he did not take an intervention from the right hon. Member for Upper Bann (Mr. Trimble) on that.

The Northern Ireland judiciary are held in high esteem there. They act in the best interests of the community as a whole, as has been shown time and again during the most difficult and challenging periods in the history of the Province. The House would be well advised to accept the amendments, and not to introduce an element of political interference which I think will only damage the process and the confidence of people in Northern Ireland.

Mr. Swayne: I agree with the amendments. I want to concentrate on amendment No. 25, which raises the question of whether clause 3 is necessary. On Second Reading in the other place, Lord Mayhew—in terms echoed today by my hon. and learned Friend the Member for Harborough (Mr. Garnier)—said:

"In five years as Secretary of State for Northern Ireland and four years before that as the Attorney-General for Northern Ireland, I do not recall any serious lack of public confidence in the judiciary every manifesting itself. I suggest that there was a very good reason for that. Throughout the past 30 years, the judiciary of Northern Ireland, appointed as it has been by the Lord Chancellor, has earned a superb reputation for its fairness and impartiality, to say nothing of its courage and dedication to the rule of law."—[*Official Report, House of Lords*, 16 December 2003; Vol. 655, c. 1107.]

What are we trying to fix here?

The key to making the judiciary reflective of the community is encouraging all sections of the community to produce suitably qualified candidates. That is a laudable objective, and if it succeeds it will follow that over a period the judiciary will come to reflect the community that has produced such candidates. That is happening here on the mainland as the judiciary change to reflect the increasing number of female and ethnic-minority entrants to the profession.

This is where we part company with the Government: they would turn a natural expectation into a duty. On 25 March, the Minister said:

"As we are seeing a change in the pool from which appointments are made, do we not expect that change to be reflected in those appointments? We would be surprised if the appointments were not reflective, so it is legitimate to build in a duty for them to be so."—[*Official Report, Standing Committee D*, 25 March 2004; c. 44.]

I think the Minister is right to expect the appointments to be reflective, but entirely wrong to impose such a duty. Consider that that will inevitably, or at least potentially, compromise the principle of selection on merit alone.

Suppose that, unfortunately, it turns out that the best qualified candidate for a judicial appointment is from that section of the community that is already on balance over-represented in the judiciary, and that those who make the selection, considering the requirement to abide by the provision and their duty to ensure that the judiciary be reflective of the community, go for another candidate—a competent, qualified candidate but not the best candidate. We will then have crossed the threshold from a perfectly legitimate objective to affirmative action. That will have the opposite effect from what is intended in the clause. Rather than building confidence in the judiciary, it will undermine it.

Mr. Spellar: I note the comments of the hon. Member for Belfast, North (Mr. Dodds) about the Equality Commission and hope that, as I have recently invited new applications, he will encourage the widest possible pool of applicants for those positions. We look forward to seeing those.

My hon. Friend the Member for Newry and Armagh (Mr. Mallon) asked us to look at the wider perspective. It is worth while rehearsing the benefits of seeking reflectiveness in public bodies, principal among which is that they tend to reflect the composition of the community around them, which inspires confidence and ensures that good people are not overlooked when recruiting and promoting. Such an approach speaks of fairness and reflects criticism.

It is sometimes said in the advertising world that a good way of assessing an advertisement and whether it is working is to hold up a mirror to it and look at its mirror image. On that principle, we should consider whether we would argue that bodies should be unreflective—a position that would clearly be indefensible. With regard to reflectivity, schedule 2 to the 2002 Act requires the commission to report the following information relating to those who applied and were selected for judicial

[Mr. Spellar]

office: gender, age, ethnic origin, community background, and that part of Northern Ireland with which they regard themselves as most closely associated. To deal with the query raised by a number of hon. Members, political opinion is not included.

I appreciate that some hon. Members think—it was clear from the debate—that the Government are overplaying the importance of reflectiveness. Let me put it this way. Many people in Northern Ireland have been prepared to dismiss the important and good work of public bodies and public authorities with unfair criticisms. That undermines the bodies' authority. That is a problem that the Government can do something to address.

Let us put to one side the positive merits of a reflective judicial appointments commission. Think of the damage done by criticisms of an unreflective commission—however, unfair those criticisms may be. Let us not give anyone cause to reject and undermine the commission's work. The simplest way to do that is by seeking to ensure within the bounds of what is reasonable and practical that the commission is reflective. It does no harm and it does a positive good.

The hon. Member for Montgomeryshire (Lembit Öpik) arrived late as a result of his colleague being held up by fog in Kirkwall and assumed that the Government were responsible. When I was Under-Secretary of State at the MOD and responsible for the Met Office, I carefully claimed credit for good weather at festivals in my constituency. We welcome the hon. Gentleman. He raised the question of the possible arrangements. The Bill is not specific as to what the arrangements may be, but one could envisage that there would have to be meetings or correspondence between those with powers to appoint and to nominate. Almost inevitably, there would need to be some collective consideration of the individuals whom persons were minded to appoint or nominate to see whether that could lead to a reflective commission.

Mr. Trimble: May I go back to what the Minister has just said—that, inevitably, there would have to be some sort of collective consideration. Will he explain how the Law Society and the Bar Council could possibly take part in that collective consideration and how it could override their responsibility individually to make a single appointment?

Mr. Spellar: On the question of those bodies being overriden, on this matter we are talking throughout about aspiration—about trying to ensure a reflective commission. Those bodies might well want to secure that, and would therefore want to consider their nominations, of course on merit, but also on whether they would be able collectively to meet that aspiration. That is a reasonable argument.

Mr. Trimble: The Minister must try to answer the question. He has again used the word "collectively". We are discussing the appointment of the commission. At present, the Lord Chancellor appoints the laypersons, the judicial persons are then appointed, and then the Bar Council appoints one person and the Law Society one. How do those bodies, which are themselves collective, take part in collective decision making with the other bodies—the Lord Chancellor and the judiciary? How does the collective body known as the Law Society do that, especially bearing in mind the fact that the Minister is imposing on it a legal duty to make arrangements? The Minister has an obligation to tell us—indeed, he promised to tell us—what those arrangements might be, but he has not yet done so.

Mr. Spellar: I beg to differ on that. I have indicated—

Mr. Trimble: No, the Minister has not.

Mr. Spellar: Yes, I think I have indicated that we would envisage meetings or correspondence between those with the power to appoint or nominate, and some collective consideration, which means a degree of engagement between those bodies. They will then make their own decisions in the light of those discussions. That is not unreasonable. The right hon. Gentleman might disagree with that, but I believe that it is a perfectly credible way of undertaking that duty.

Mr. Dodds: Just to tease the issue out a little further, let us suppose that someone was aggrieved at being overlooked for appointment to the judicial appointments commission. Can the Minister tell us who they would take the case against under this arrangement? Would a solicitor take it against the Law Society and a barrister against the Bar Council, or would the case be taken against the Lord Chancellor? If the arrangement were collective, where would the remedy lie?

Mr. Spellar: I envisage that the individual organisations would make the nomination, but that they would do so in the light of their collective discussion. That is not unprecedented in this world, and maintains the individual organisations' ability to make a decision while allowing them also to consider the impact of their decision on the decisions of others.

Mr. Trimble: I am sorry to intervene on the Minister again, but I remind him that the words in his Bill are, "to make . . . arrangements". An arrangement under the Bill means something more than a telephone call. The Minister hints at some sort of collective approach, but the legislation gives to the General Council of the Bar the power to make an appointment. How can a telephone conversation with the secretary of the Bar Council in any way bind, or have any influence on, what the Bar Council as a whole does? The whole approach is misconceived.

Mr. Spellar: It seems to me that the right hon. Gentleman has put his finger on the point exactly in referring to binding or having influence. Such a call could well influence the decision, and that secretary might even then have to go back to other people to consider how his organisation could best achieve the objective. The arrangement seems to be a perfectly sensible basis, which enables each individual organisation to make nominations, but in a framework in which they consider how their individual decisions might impact collectively. That is a perfectly reasonable way of doing business.

Moving on, I recognise what the right hon. Gentleman is trying to achieve in amendments Nos. 11 and 13, and I acknowledge that he is doing so in a genuine attempt to build confidence in the system.

I am not convinced that those amendments are necessary, however, because the appointment of lay members of the commission will be within the purview of the Commissioner for Public Appointments. It will be part of her responsibility to ensure that appointments are made for the right reasons, and I have no doubt that the qualities that the right hon. Gentleman lists are of exactly the sort that she will expect the commission to look for. So it is not necessary to make that explicit in the Bill, and I shall rely on the wisdom of those responsible for the administration of the process.

5.15 pm

Likewise, prescribing how committees and sub-committees of the commission should be composed is not a matter for the Bill. The Justice (Northern Ireland) Act 2002 makes it clear that the commission shall be responsible for the regulation of its own practices and procedures, and I have every confidence that the chairman—the Lord Chief Justice—will oversee its functions with great care. I am not sure that there are compelling reasons to amend the Bill as the right hon. Gentleman suggests. But regarding his specific question on my contribution in Committee, although it is for the commission to decide in each case how it organises its business, the practical arrangements are being worked through with the Lord Chief Justice. However, the Lord Chief Justice has agreed that High Court appointments will be dealt with in the way that I described. I hope that that provides additional reassurance to that offered in Committee.

Mr. Trimble: The Minister's response to my amendment No. 13 was wholly inadequate—as, indeed, was his argument against the earlier amendments—and he has not dealt with my further point about enabling the commission to delegate its entire functions to a committee on which there might be only one or two members of the commission. We are talking about enabling a committee to make an appointment, yet there is no safeguard as to its composition, other than that one commission member be on it. How can the Minister regard that as satisfactory?

Mr. Spellar: Frankly, it is a matter for the members of the commission, which will deal with more than 1,000 judicial appointments, and for its chairman, the Lord Chief Justice. It seems that I have greater confidence in the Lord Chief Justice and his fellow commissioners than do others. The provision provides the right balance to enable the commission, which will consist of highly eminent persons, to organise its business effectively.

Mr. Garnier: Is the Minister suggesting that there are 1,000 judicial office holders in Northern Ireland?

Mr. Spellar: I am advised that 1,000 appointments are catered for.

I realise that some Members are concerned that securing a reflective judiciary will somehow compromise the principle of appointment on merit, but that is not the case: merit and reflectiveness are not mutually exclusive. The 2002 Act makes it clear that individual appointments must be made solely on the basis of merit, but equally, equal opportunities issues may arise that have implications for the judicial appointment process. In most spheres of work, where merit does not lead to a broadly reflective body, it is reasonable to ask why. Sometimes, there are good historical reasons, some of which the hon. Member for New Forest, West (Mr. Swayne) alluded to, but we would want to know what was preventing the emergence of a reflective body. Barriers, disincentives and other problems that are not obvious might mean that talent is being wasted. All that the provision requires is that the judicial appointments commission analyse and address any such problems, in the expectation that the measures put in place will achieve a broadly reflective judiciary.

Mr. Swayne: Will the Minister deal with the example that I gave? Would the commission be wrong to consider another candidate—a competent and good one—if the best one was from, let us say, a part of the community that was already over-reflected in the judiciary?

Mr. Spellar: It is a question not just of what I say, but of the merit principle's not being compromised. It will be no part of the commission's programme to recommend appointments "mainly" on the basis of merit, or to "have regard" to it; rather, it will recommend appointments solely on the basis of merit. I hope that that provides the reassurance that the hon. Gentleman seeks.

Mr. Dodds: The Minister referred to the number of judicial appointments in Northern Ireland as being about 1,000. On Second Reading, it was stated that there were only about 900 such appointments a year in England. That matter was also brought up in respect of the size of the commission, which we argued was too big for Northern Ireland. Will the Minister clarify the point? If there were about 1,000 judicial appointments per year in Northern Ireland, that fact would certainly be relevant to the size of the commission.

Mr. Spellar: The number of appointments incorporates a number of tribunals across the board, which brings it up to about 1,000 appointments in a year. I hope that that clarifies the position. I checked up on it for exactly the same reason as the hon. Gentleman: I had the same concern as him.

I hope that I have dealt with most of the relevant issues. The Bill makes some references to the Lord Chancellor, which will have to be changed in time, but that is a matter for the Constitutional Reform Bill. Other issues arise elsewhere in Northern Ireland legislation, but they are not central to this Bill.

Mr. Hunter: Do the Government specifically envisage that Sinn Fein would be reflected on the commission? The Minister said earlier that politics was not an issue, but that is hard to understand in such a highly

[Mr. Hunter]

politicised society as Northern Ireland. Will he therefore clarify whether Sinn Fein will be reflected in the commission or not?

Mr. Spellar: I do not know how I could be clearer than I was earlier when I explained that the relevant criteria for those who applied to be selected for judicial office were gender, age, ethnic origin and community background in the context of Northern Ireland. I thought that I had been very clear and explicit in that regard.

I have already said that we might consider tabling an amendment to section 1 of the Justice (Northern Ireland) Act 2002 to extend the duty to uphold judicial independence beyond those responsible for the administration of justice. The right hon. Member for Upper Bann raised that important matter, which deserves proper attention, in Committee. However, it has been decided that the point would be better addressed in the context of the Constitutional Reform Bill, so we look forward to dealing with it then. I therefore ask that hon. Members withdraw the amendments.

Lembit Öpik: My hon. Friend the Member for Orkney and Shetland has now got out of the fog in Kirkwall and has made it as far as Edinburgh, but I feel more lost in fog than when I first walked into the Chamber. My concern is that the Minister has sought to flannel his way through some questions, particularly those asked by the right hon. Member for Upper Bann (Mr. Trimble) and the hon. Member for Belfast, North (Mr. Dodds), without providing any clear mechanism that would allow us to understand how the mandate in the legislation could be brought to pass. The Minister cannot expect us to take his proposal seriously if he cannot explain the mechanism by which it is to be administered or, indeed, explain who would be held responsible if the commission did not turn out to be as representative as it was supposed to be.

The Lord Chancellor will appoint the lay members, but what process will ensure that his work—together with that of the General Council of the Bar, the Law Society and other judicial bodies—generates a cross-section that is truly representative of the community, as the legislation requires? The Minister cannot simply tell us that it is going to happen or that he hopes various people will make phone calls, have conversations or correspond with each other. He knows as well as I do of the frictions that exist in the north of Ireland that affect these discussions. Simply hoping that when the time comes, those frictions will be put aside—and that the Bar Council, Law Society and others will feel that it is their duty to create a process to fill the vacuum left by the legislation—is not good enough. I understand why the Minister may not want to advance the process. I suspect that it would be very difficult to mandate the organisations into doing so without either appearing draconian or seeming to impose impossible demands on them.

I am grateful to the right hon. Member for Upper Bann for saying that he will support amendment No. 4, if it is pressed to a Division. I am also grateful to the hon. Member for Basingstoke (Mr. Hunter), who is allied to the Democratic Unionist party, for his highly qualified support. I understand the qualifications that the Minister has made, which I shall deal with in a few moments, but he has singularly failed to convince any Members other than his hon. Friends that the proposal adds up.

The hon. Member for Newry and Armagh (Mr. Mallon) made some interesting points. At one stage, I felt that he was arguing in favour of the amendments and against the Bill as it stands.

He spoke about compartmentalisation, but the problem is that the Minister is trying to force compartments to work together, which may well increase rather than reduce the very frictions that I am talking about.

I do not feel it appropriate to talk about the privilege of the legal profession. I am not in the law myself and feel no need to discuss how much privilege that profession has had. I am interested in discussing the practicability of what is proposed, and I differ from the hon. Member for Newry and Armagh in that I do not feel that the Minister's proposals are practicable.

I understand that the hon. Member for Basingstoke intends to divide the House on amendment No. 23. I understand his concerns about reflectivity and representative cross-sections. I have had some personal concerns about positive discrimination: I am vulnerable on that since I have two Estonian parents, which means that the Estonian population of the United Kingdom is over-represented here by a factor of 30. *[Interruption.]* I can hear someone saying that that is easily remedied, but I believe that that is simple jealousy as we near the Eurovision song contest, which Estonia won recently and in which Britain got "nul points".

I take a different view from the hon. Member for Basingstoke on the question of reflectivity. I do not feel that I can support amendment No. 23 for reasons that we have discussed at some length in the past.

The Minister cannot expect us to go along with the Government's procedures when they have not been thought out. He cannot outline in any sensible way—if he can do so at this late stage, he is free to intervene—how he expects to apportion responsibility for an entirely reflective commission. If he cannot tell us how that will happen, he can hardly expect us to support an extension way beyond what was recommended in the report. To do that without cross-party consultation was somewhat irregular. To go further than recommended by experts who have studied the situation in Northern Ireland and to expect us to support that without having gone through any process with all the parties in Northern Ireland is to expect us to swallow too much. I am not aware that any such procedure has been undertaken; the Minister may correct me if I am wrong, but I do not see him getting up so I think that I must be right. In the absence of a plausible defence from the Government of how the proposals will be implemented, I intend to divide the House on amendment No. 4.

Question put, That the amendment be made:—

The House proceeded to a Division.

Mr. Deputy Speaker (Sir Alan Haselhurst): I ask the Serjeant at Arms to investigate the delay in the No Lobby.

The House having divided: Ayes 147, Noes 276.

Division No. 142] **[5:27 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Chidgey, David
Chope, Christopher
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Dodds, Nigel
Donaldson, Jeffrey M.
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkwood, Sir Archy
Laing, Mrs Eleanor
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Sanders, Adrian
Selous, Andrew
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Thomas, Simon *(Ceredigion)*
Trimble, rh David
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Bob Russell and
Mr. Don Foster

NOES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bennett, Andrew
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan

Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and Derek Twigg

Question accordingly negatived.

Amendment proposed: No. 23, in clause 3, page 2, leave out lines 26 to 40.—*[Mr. Hunter.]*

Question put, That the amendment be made:—

The House divided: Ayes 113, Noes 307.

Division No. 143] **[5.45 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Butterfill, Sir John
Campbell, Gregory *(E Lond'y)*
Chope, Christopher
Collins, Tim
Conway, Derek
Curry, rh David
Davies, Quentin *(Grantham & Stamford)*
Donaldson, Jeffrey M.
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Laing, Mrs Eleanor
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Page, Richard
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Selous, Andrew
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John

Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Wilshire, David
Young, rh Sir George

Tellers for the Ayes:
Mr. Nigel Dodds and
Mrs. Iris Robinson

NOES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Alexander, Douglas
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Beith, rh A. J.
Bennett, Andrew
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnett, John
Burstow, Paul
Byers, rh Stephen
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hodge, Margaret
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moore, Michael
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
Olner, Bill
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Thomas, Simon *(Ceredigion)*

Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Ward, Claire
Wareing, Robert N.
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Willis, Phil
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Mr. Fraser Kemp and Derek Twigg

Question accordingly negatived.

Clause 5

Removal Or Suspension From Listed Judicial Offices

6 pm

Mr. Swayne: I beg to move amendment No. 1, in page 3, line 25, leave out clause 5.

The amendment would preserve the status quo, which requires the Lord Chief Justice's agreement to be sought and obtained before the sacking or suspension of any judge, as set out in the Justice (Northern Ireland) Act 2002. In the other place, clause 5 proved to be the most controversial clause. It was removed, but it was reinstated in Committee in this House.

The removal of a judge in England and Wales requires a resolution of both Houses of Parliament. Strangely, the Northern Ireland Act 2000 gives no role whatever to the elected Assembly, and places the key decision in the hands of the First Minister and the Deputy First Minister. In order to provide a proper check and safeguard for that novel constitutional model, the 2002 Act requires the Lord Chief Justice's agreement, which is, in effect, a veto over the process. That provision strikes me as eminently sensible, given our paramount concern for the independence of the judiciary. Now, only two years later, the Minister requests the removal of that veto. His request is based on neither a powerful argument that we got it wrong in 2002 nor experience gained from the system's bedding in. In Committee, he simply said that it is, in his view, "inconceivable" that the veto will ever be used, and that we should therefore take it away.

The Minister's request prompts two questions. First, if it is inconceivable that the veto will ever be exercised, why table a new clause in Committee to remove it? In Committee, the Minister responded to that question by stating that he favours tidiness in the law, that the veto is unlikely to be used, that it is redundant and that it should therefore be removed. Secondly, if the veto is inconceivable and wholly redundant, why was it given to the Lord Chief Justice only two years ago in the 2002 Act? The Minister replied that he did not know why because he did not serve on the Standing Committee for the 2002 Act.

The Minister's performance in Committee was so unconvincing that the right hon. Member for Upper Bann (Mr. Trimble) speculated that clause 5 might be based on special pleading:

"I want to put a specific and important question to the Minister: were any representations made to the Government on this change, and if so by whom? Where has this come from?"

The Minister replied:

"I will have to get back to the right hon. Gentleman."—[*Official Report, Standing Committee D*, 25 March 2004; c. 61.]

I do not know whether special information was imparted.

Mr. Trimble: The hon. Gentleman is correct. The Minister promised to get back to me, and he treated that promise with the same seriousness that he treated his promise to give us the details of arrangements that we debated in Committee. In other words, he has not kept the promise—at least, not so far—and I would be surprised if he were to say anything more coherent than his previous contributions.

Mr. Swayne: The matter is remarkably suspicious. Their lordships removed this key clause, which the Government think so important that they brought it back and forced it through Standing Committee. There has been complete silence on the rationale for clause 5, which prompts this obvious question: what are the Government trying to hide?

The procedure is novel, and I am prepared to admit that such a situation would be rare—it may never happen, and one hopes that it will not. It is admittedly unlikely that the Lord Chief Justice would seek to veto a decision largely based on the work of a commission set up by him, but we are not clairvoyant and cannot read what may or may not happen to that novel constitutional procedure in future. A veto was given to the Lord Chief Justice in the 2002 Act, and if its sudden removal is not based on an argument or experience, the Minister owes us a powerful explanation, which we have certainly not had.

Lembit Öpik: As the hon. Member for New Forest, West (Mr. Swayne) rightly said, clause 5 was removed in the House of Lords. The Government have not made an adequate case for changing the procedure, and clause 5 means that the involvement of the Lord Chief Justice in suspending or removing judges in Northern Ireland will be different from the involvement of the Lord Chief Justice in similar circumstances in England and Wales. Why change the system in one place, but not in another?

More profoundly, if the Minister is so determined to change a provision that was implemented two years ago, why did he not consult all the parties of Northern Ireland to find out what they think? I hope that he can reassure us that there has not been yet another unilateral deal with one side or another. I am sure that the Government are not foolish enough to pursue that path, which has almost always created the most enormous friction and frustrations in the peace process. As the hon. Member for New Forest, West rightly said, the 2002 Act is not yet in force, and we simply do not know whether the arrangements are effective.

In supporting the hon. Member for New Forest, West, I have two questions. First, what is the rationale for repealing an untried provision that was introduced since the general election and within the term of the current Administration? Secondly, if the Government believe that there is no need for the Lord Chief Justice to have such a veto, how do they explain the powerful rationale advanced for it when it was originally introduced? I am

concerned, because if the Minister cannot give us a sound, logical explanation for the Government's approach, it unquestionably reduces our confidence in the changes that he makes.

He must understand that friction and tension will be generated if he proposes for no good reason that the arrangements in Northern Ireland diverge from those in the rest of United Kingdom. I hope that he can reassure us. Certainly, if he provides a powerful rationale for the change with some evidence, albeit circumstantial, I will not oppose it.

Mr. Swayne: Steady.

Lembit Öpik: Indeed—we must be steady.

Should the Minister fail to provide that rationale and the amendment is pressed to a vote, we will have no alternative other than to do the sensible thing by supporting it.

Mr. Hunter: My hon. Friends and I support the amendment and accept and endorse the arguments advanced by the hon. Member for Montgomeryshire (Lembit Öpik). We believe that it was right that the Lords reinstated the status quo and gave the Lord Chief Justice the power of veto and we share the hon. Gentleman's incredulity that the Government have not explained why they are making this change. It is essential as a safeguard for the whole system that the Lord Chief Justice should have this reserve power to use in the most exceptional circumstances. We strongly support the amendment—to the point of a Division, if needs be.

Mr. Garnier: We are getting used to this Government changing their mind from time to time. If the Prime Minister can alter over a Sunday lunchtime his view on the necessity of a referendum on the European constitution, we should not criticise too heavily this promising Minister for having changed his mind about the Lord Chief Justice's required agreement to the removal or suspension of a judicial officer. But it strikes me as odd, in the light of the debates on the 2002 Act that took place in Standing Committee. The hon. Member for Kilmarnock and Loudoun (Mr. Browne), who has been transmogrified into the Immigration Minister– he has emigrated from Northern Ireland to an English Department, and good luck to him, as he is a Scottish Member—left behind a perfectly understandable piece of legislation in the 2002 Act, which allows the Lord Chief Justice a lock on the removal of judges. I seem to remember that the Government advanced a perfectly good case for the Lord Chief Justice having that reserve power, and I am not sure that anybody thought it sensible to remove it.

We are now required to accept that the Lord Chief Justice should merely be consulted. The Government have become famous for their ability to consult any number of people while not listening to them. I suspect that, if a judge proved inconvenient to the Northern Ireland Administration, whether under direct rule or devolved rule—in a political climate that perhaps we would not welcome at the moment, but which may come about—the Government would prefer it, politically, if the Lord Chief Justice were merely nodded to rather than having his views listened to. The Minister has a lot of explaining to do. If he can explain as well as he can promise, he will make a huge stride in adjusting the legal constitution of not only the United Kingdom, but Northern Ireland.

The amendment is not just a minor debating point but deals with a matter of acute seriousness. The removal of judges by a First Minister and Deputy First Minister is a matter of some political significance and should not be done lightly. Merely to consult the Lord Chief Justice, which does not import agreement or consent, is an insufficient safeguard to protect the integrity and independence of the judiciary. That is a simple point that was forcefully put by my hon. Friend the Member for New Forest, West (Mr. Swayne). I hope that the Minister will be able to explain this volte-face, U-turn and change of view, which is a complete reversal of the policy that, barely 18 months ago, the hon. Member for Kilmarnock and Loudoun was happy to endorse and which we were prepared to accept on the Floor of the House and in Standing Committee.

6.15 pm

Mr. Dodds: I support what other hon. Members have said about this important matter. It is not a trivial point but goes to the heart of the central issue of the independence of the judiciary in Northern Ireland. We require a cogent explanation of the Government's proposal to remove the power of the Lord Chief Justice to veto the removal of a high court judge, given that they only inserted such a power two years ago. So far, such an explanation has been completely missing from all the debates in another place and in Committee that I have read. The Minister owes the House a clear explanation of why the Government are taking this radical step.

Clause 5, which is entitled

"Removal or suspension from listed judicial offices",

states that

"In section 7 of the 2002 Act in subsection (5) . . . 'without the agreement of'

the Lord Chief Justice is to be replaced by the phrase, "except after consultation with" the Lord Chief Justice. Will the Minister explain what would happen if consultation took place with the Lord Chief Justice and the most senior judge in Northern Ireland made it clear that he was not, for whatever reason, in favour of the removal of the judge in question? Although it is sincerely to be hoped that such a situation would not arise, is it really politically conceivable that the First Minister and Deputy First Minister would press ahead regardless?

The reasoning and logic that lay behind giving this power to the Lord Chief Justice in the first place was right and proper. The problem is not that the Government's argument for the change is flawed, but that they have advanced no argument at all. I look forward to the Minister's response, but if he has nothing cogent to say, my hon. Friends and I will be happy to join the hon. Member for New Forest, West (Mr. Swayne) in dividing the House on the matter.

Mr. Spellar: During the preparation of the Justice (Northern Ireland) Act 2002, every effort was made to ensure that the legislation contained a balance of provisions that built up the criminal justice system. In some instances, we added provisions that were

[Mr. Spellar]

supplementary to the recommendations of the criminal justice review. The Government are always being encouraged to check our policies against the recommendations of the review. On reflection, we decided that some of the provisions put in place by the 2002 Act are unnecessary. This is a case in point. As hon. Members have explained, the clause removes the requirement for the Lord Chief Justice's agreement to the removal or suspension of a person from a listed judicial office. The Lord Chief Justice will, however, be consulted on the removal. That change more closely reflects the recommendation of the criminal justice review.

Mr. Trimble: Can the Minister refer me to the specific part of the criminal justice review—the exact language—that he is relying on? That would be helpful to the House.

Mr. Spellar: Yes, I will shuffle rapidly through my papers and refer the right hon. Gentleman to that particular section. The criminal justice review recommended that the

"removal from office of a judge or lay magistrate should only be possible on the basis of the finding of a judicial tribunal constituted under statutory authority and convened by the First Minister and Deputy First Minister or the Lord Chief Justice, that a magistrate or judge was unfit for office by reason of incapacity or misbehaviour."

It does not, therefore, envisage a subsequent veto on the decision of such a tribunal.

Hon. Members have rightly pointed out that it would be unlikely that there would be circumstances that would lead to the setting up of such a tribunal. Let us also remember that such a tribunal would include two of the highest judicial office holders in the land. That would also mean that the body had been set up by the Lord Chief Justice, who would have agreed to the procedure to be followed by the tribunal.

Mr. Trimble: I hope that the Minister is not trying to mislead the House by saying that the tribunal would be set up by the Lord Chief Justice. The 2002 Act provides that it might be set up by him, but it also provides that such a tribunal could be set up by the First Minister or Deputy First Minister, after consulting the Lord Chief Justice. It does not follow, therefore, that the Lord Chief Justice would set up the tribunal in all cases. Nor does it follow, as the Minister said earlier, that the tribunal would consist of persons holding high judicial office. The Act provides that it can consist of

"a person who holds, or has held"

such office. That includes persons who might now be retired. The Minister needs to be more precise about this.

Mr. Spellar: I thank the right hon. Gentleman for that. A Lord of Appeal in ordinary, the Lord Chief Justice or another senior judge would chair such a tribunal. There would also be a senior judicial member as well as a lay member. As I said earlier, the Lord Chief Justice would also determine the procedure of these removal tribunals. In those circumstances, there would be considerable involvement by senior members of the judiciary. As my colleague, Lord Filkin, said in another place:

"Can we conceive of a situation where the Lord Chief Justice would consider it right to say in that circumstance, 'No, I will have my way.' The decision of that tribunal should not carry"?"—[*Official Report, House of Lords*, 3 February 2004; Vol. 657, c. 600.]

It is, therefore, legitimate to say that, in the difficult circumstances in Northern Ireland, no single person, however high or low, can appoint a judge, and that no single person can veto the removal of a judge.

Mr. Garnier: if those arguments are so stunning and unarguable, why did the Government not advance them during our deliberations on the 2002 Act? The Minister is in danger of making up constitutional policy on the hoof.

Mr. Spellar: Following the passage of that Act, we have reflected on the situation to see—as we are often pressed to do—whether matters are in accord with the criminal justice review and to examine whether the measures are appropriate. Here we have a situation in which senior members of the judiciary would be involved every inch of the way. I hope that the hon. and learned Gentleman will accept that we are dealing with a very unlikely set of circumstances. Given that that is the case, we are dealing with a situation in which the senior judiciary is involved right the way through the procedure. Would we therefore want to put the Lord Chief Justice in a position in which he effectively had a veto over the decisions of a tribunal in which he and the senior judiciary had been so involved? To some extent, the onus is on the hon. and learned Gentleman to argue why a single person as eminent as the Lord Chief Justice—any Lord Chief Justice—should have such a unilateral right of veto in those circumstances.

Mr. Garnier: I used the opportunities provided by our deliberations on the 2002 Act to do a lot of arguing, much of which was against the Government's proposals. The Minister has already been exposed for placing false reliance on what he thought was in the criminal justice review and what he thought was in the 2002 Act. We are all entitled to know on what factors he has based this decision. It is no good simply saying, "It's unlikely", or "It's unthinkable." He has presumably applied his mind to the drafting of the Bill and has some cogent reason, which we would like to hear, for entertaining this volte-face.

Mr. Spellar: I resent the hon. Gentleman's implication. I draw his attention to recommendation 104 in paragraph 6.136 of the review, which states:

"We recommend that removal from office of a judge or lay magistrate should only be possible on the basis of the finding of a judicial tribunal constituted under statutory authority and convened by the First Minister and Deputy First Minister"—

as the right hon. Member for Upper Bann (Mr. Trimble) pointed out—

"or the Lord Chief Justice, that a magistrate or judge was unfit for office by reason of incapacity or misbehaviour."

There is nothing in that to imply or state that there should be a veto by the Lord Chief Justice within that procedure. There is no mention of a veto.

Mr. Swayne: Of course, that recommendation is perfectly satisfied by the 2002 Act as it stands. The

recommendation says nothing about such a decision not being revoked subject to the agreement of the Lord Chief Justice. Recommendation 104 has already been satisfied by the existing legislation.

Mr. Spellar: I reiterate to the hon. Gentleman that the recommendation states that the

"removal of a judge or lay magistrate from office should only be possible on the basis of the finding of a judicial tribunal constituted under statutory authority",

et cetera. Nowhere does the recommendation state that there should be a subsequent veto by the Lord Chief Justice. The hon. Gentleman is absolutely right to say that the 2002 Act introduced such a veto, but that is not sustained by the criminal justice review. I therefore fully accept the argument that we have changed our mind on this matter, but equally I can refer back to the review in saying that perhaps we were wrong in the first place.

Mr. Trimble: The provision that the Minister is quoting does not assist him at all. In fact, if we look not only at the summary of the conclusions but at the paragraph from which the summary is drawn, we see that that paragraph does not go into the detail of the procedure at all. All that it says is that the removal should be possible only on the basis of the finding of a tribunal. That merely sets the initial basis on which to proceed. The review is entirely silent on the procedure thereafter. As the 2002 Act was enacted, it was entirely consistent with the recommendation, and the Minister has not given any explanation for this change. He cannot rely on this recommendation, because it contains nothing that has any bearing on this point.

Mr. Spellar: I would never accuse my colleagues of having introduced inconsistent legislation. The right hon. Gentleman is right to say that the recommendation is silent in that regard, but, equally, the recommendations state that

"removal . . . should only be possible on the basis of the finding of a judicial tribunal".

That does not imply that there should then be a veto by another party who would therefore be able to override a tribunal that either a fellow Lord of Appeal or the Lord Chief Justice himself could have participated in or chaired.

Mr. Hunter *rose—*

Lembit Öpik *rose—*

Mr. Spellar: I give way first to the hon. Member for Basingstoke (Mr. Hunter). I will come back to the hon. Member for Montgomeryshire (Lembit Öpik).

6.30 pm

Mr. Hunter: That is very kind of the Minister, but I have forgotten what I was going to say.

Mr. Spellar: I give way to the hon. Member for Montgomeryshire.

Lembit Öpik: The hon. Member for Basingstoke (Mr. Hunter) was going to ask the Minister a question, which is this: if his defence is that no veto is implied, why does he think that that is a reason to take a power from the Lord Chief Justice? Why does he not equally accept that it is not implied that there should be no veto? It is an extremely weak argument to say that, because it is not necessarily stated that there should be a veto, he should remove the power. If that is what he is saying, is that the strategy that the Government will henceforth adopt for reviews—taking things out that are not explicitly included?

Mr. Spellar: I am interested that the hon. Gentleman has now taken up mind reading, along with asteroid watching, as one of his occupations. We would of course be interested if his skills in mind reading had allowed him to read the mind of the right hon. Member for Ross, Skye and Inverness, West (Mr. Kennedy), the leader of his party, as to whether he will remain as party leader. We would welcome the hon. Gentleman's contribution on that.

Lembit Öpik: Clearly the gentleman is not for turning. Indeed, after hearing of injustices of the kind that the Minister is putting forward today, I am sure that my right hon. Friend will fight for as long as it takes to get us on to the Treasury Bench and to enable me, as Secretary of State for Northern Ireland, to right the many wrongs that we are observing this afternoon.

Mr. Spellar: If the hon. Gentleman's leader is going to do that he will have to raise his game, compared with recent performances. We should return to the point, very substantially.

Mr. Mallon: No doubt when the Minister was considering the change that the Government want to make he looked back at precedent, and no doubt he is aware of the precedent in this matter. To narrow things down, over the last 40 years, say, how many instances have there been of a judge being removed for either of the two reasons specified and what method was used?

Mr. Spellar: My hon. Friend makes a powerful point, which of course reinforces the point that I made earlier: these are circumstances that are almost inconceivable or very unlikely in respect of there being a need to remove a judge. If we had reached those circumstances and had gone through the procedure as outlined by the criminal justice review—

Mr. Mallon: I thank the Minister for giving way. I can well understand that nobody has the information as to how often this has happened, but surely the crucial thing is, if it happened how was it done? Surely that was part of the research that coloured the Government's mind when they were drawing up the original Act and this amendment to it. Can he say how these things were done previously? Only when we know that will we be able quantifiably to assess whether the proposal is an improvement.

Mr. Spellar: Previous provisions have of course required resolutions of the House.

Mr. Trimble: The Minister will want to remember that we are not talking about the removal of a High Court judge, a lord justice of appeal or the Lord Chief Justice.

[Mr. Trimble]

The procedures for those are different, but tonight we are debating the particular procedure that deals with people holding lesser judicial offices right down through what the Minister claims to be nearly 1,000 minor appointments. While the removal of the Lord Chief Justice, a lord justice or a judge of the High Court is done wholly differently and has arisen only in most exceptional circumstances, I am sure that we could find examples where people have been removed from the minor appointments.

Mr. Mark Francois (Rayleigh) (Con): The Minister's brief says, "Cut your losses and sit down."

Mr. Spellar: Not at all. We have been through a number of these areas, examining the circumstances of the review and also the—

Mr. Mallon: I thank the Minister for giving way, because it is essential that we know what the procedure was before. If we do not, we will have no way of measuring what is proposed against that procedure. I would have thought that, having introduced two criminal justice Acts, the information on how the matter was dealt with previously and through what procedure would be readily to hand.

Mr. Spellar: I hope that I can enlighten my hon. Friend. The current grounds and statutory provisions for removal are as follows. The Lord Chief Justice, every lord justice of appeal and every judge of the High Court hold office during good behaviour, subject, as the right hon. Member for Upper Bann said, to a power of removal by Her Majesty on an address presented to Her Majesty by both Houses of Parliament. That is under the powers of section 13(1) of the Judicature (Northern Ireland) Act 1978.

County court judges and resident magistrates may be removed by the Lord Chancellor on grounds of incapacity or misbehaviour under section 105 of the County Courts Act (Northern Ireland) 1959 and section 11 of the Magistrates Courts Act (Northern Ireland) 1964 respectively.

Statutory officers—masters and district judges—hold office during good behaviour and may be removed by the Lord Chancellor on account of misbehaviour or inability to perform the duties of office. That is under sections 71(1) and 71(2) of the Judicature (Northern Ireland) Act 1978.

Members of the deputy judiciary may be removed by the Lord Chancellor, with the concurrence of the Lord Chief Justice and following an investigation conducted by a judge nominated by him, on the following grounds: misbehaviour, incapacity and failure to sit, attend training events or observe standards. Those are the procedures.

Mr. Mallon: I am grateful to the Minister for that information. Does he agree that in each of those instances, until now, the people of the north of Ireland have had no say whatever in relation to this part of the legislation? Is not that the type of imbalance that the Bill is trying to redress?

Mr. Spellar: That is partly the case, but of course it is also the case that the changes introduced under the 2002 Act involved more—the people of Northern Ireland and the judicial representatives in Northern Ireland. The real question that is being addressed here between the 2002 Act and clause 5 is how that balance is struck between those various individuals. As I said earlier, there is also a feeling that it is wrong for a single individual to have the right of appointment, or indeed of veto, over a dismissal within the system.

Mr. Trimble: We are beginning to get closer to the heart of the matter. The current arrangements are that removal from the posts we are talking about is done by the Lord Chancellor on certain grounds. Of course, in such a situation the Lord Chancellor would be acting judicially, not politically. The provisions that the Government are including take the balance away from the judicial equivalent, which would be the Lord Chief Justice of Northern Ireland, and towards the First Minister and the Deputy First Minister. What hitherto has been a power resting in someone who would be acting judicially is being balanced towards people who would be acting politically. That again reinforces other aspects of the Bill, whereby the Government are foolishly opening the door to political influence over, first, the appointment and now the removal of judges.

Mr. Spellar: I am sorry, but I cannot accept that argument from the right hon. Gentleman because the decisions on the removal or otherwise of a judge would be taken by a tribunal, which would involve senior members of the judiciary.

Mr. Trimble: That tribunal would be appointed by the First Minister and Deputy First Minister.

Mr. Spellar: I am slightly surprised that the right hon. Gentleman is therefore impugning the integrity of members of the judiciary who would be sitting as a tribunal, who would probably include one of the lords justices of appeal, and who could include the Lord Chief Justice. Whether those are appointed by the First Minister and Deputy First Minister, or by the Lord Chief Justice, I hope that he was not impugning the integrity of those individual judges in taking a proper, fair and impartial decision, irrespective of who had appointed them to chair the tribunal.

Mr. Trimble: The tribunal will be appointed by the First Minister and Deputy First Minister. Of the three persons involved, there is only an absolute requirement that one of them should hold a judicial office.

Mr. Spellar: Certainly, however, they would have enormous influence. It is really a question of whether their decision as members of the tribunal should stand, or whether the Lord Chief Justice should have a veto. That reflects nothing about the Lord Chief Justice. The issue is merely whether, within the system, one individual should have the right either to appoint unilaterally or indeed to prevent the dismissal unilaterally. That is the key question.

Mr. Trimble: In view of the fact that there will be political influence in the appointment of the tribunal, and there is only a guarantee that one out of the three persons on that tribunal will be a person who holds

judicial office, that was no doubt part of the reason why the Government in 2002 thought that it would be a useful safeguard to ensure that the Lord Chief Justice would have a power to look again at the matter. The decision of the Government to withdraw that safeguard is a matter of concern and we saw what view was taken of that in the other place.

Mr. Spellar: We do not regard it as a safeguard in that sense but as a veto by one individual over the decision of a properly constituted tribunal in the extremely unlikely circumstances of such a tribunal being required. The right hon. Gentleman is right that that is the nub of the issue as to whether the House regards this as a necessary safeguard or as an unnecessary veto, and that due process would therefore require a properly appointed tribunal to undertake that decision, and for that decision not to be subject to an override by an individual, however eminent and just.

Mr. Mallon: The Minister has obviously thought deeply about this matter. Can he give me one good reason why a judicial person should have a veto over the decision of others including the First Minister and Deputy First Minister in the north of Ireland? Secondly, can he give me another good reason as to why the judgment of a legal person should be better and more pristine than the judgment of political people, because the implication of the right hon. Member for Upper Bann (Mr. Trimble) is that that which is judicial is good and that that which is political is questionable?

Mr. Spellar: I am not sure that I go along all the way with the argument that my hon. Friend advances in this regard. What I am saying is that the appointment of a tribunal with the involvement of the senior judiciary, in order to investigate and adjudicate on the question of whether a judge or magistrate is a right and proper person to be holding that office, must properly be made under judicial procedures and with the involvement of the senior judiciary. Once that tribunal has been appointed, either by the Lord Chief Justice or by the First Minister and Deputy First Minister, external or even internal political influence on the operations of that tribunal would be quite improper. That tribunal should come to its decision. That is not what we are deciding today, however; what we are deciding is whether that tribunal, when it has come to a decision, should be subject to a veto by the Lord Chief Justice. As I stress again, that in no way impugns this or any other Lord Chief Justice. I am talking about the basic principle.

Mr. Swayne: For the Opposition, the occasion of a Government U-turn is always joyful. This afternoon has almost been as jolly an experience as last week's great Government U-turn, as we have watched the Minister squirm and try to find an explanation. He says that recommendation 104 requires that it will be possible for a judge to be removed only on the basis of the finding of a tribunal. That is true, and it is true now—it is only possible on the basis of a tribunal, as the procedure sets out in the 2002 Act. The Minister is being falsely pedantic in thinking that simply because that is a necessary condition, which it is, it rules out any other possibility. It is strange that he should be so coy about going beyond the provisions of the criminal justice review, in saying that the Government cannot take one step further than anything that is in black and white in that review. That was not the line that he took with respect to clauses 2 and 3, in which they have gone well beyond that.

I sense that the mood of the House is that we will not get much further on this issue tonight. I therefore wish to press the amendment to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 151, Noes 266.

Division No. 144] **[6:47 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chope, Christopher
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Harvey, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Laing, Mrs Eleanor
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew

Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Hugh Robertson and Mr. Mark Francois

NOES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Caborn, rh Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Linton, Martin
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Michael, rh Alun
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*

Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Vaz, Keith *(Leicester E)*
Ward, Claire
Wareing, Robert N.
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Paul Clark and
Gillian Merron

Question accordingly negatived.

Clause 6

Duty Of Director Of Public Prosecutions To Refer Certain Matters To Police Ombudsman

Mr. Hunter: I beg to move amendment No. 22, in page 3, line 38, after 'shall', insert 'within his discretion'.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss the following amendments:

No. 17, in page 4, line 2, at end insert—

'(4AA) The Director shall refer to the Ombudsman any allegation coming to his attention that a police officer—

(a) may have committed a criminal offence; or

(b) may, in the course of a criminal investigation, have behaved in a manner which would justify disciplinary proceedings,

which is not the subject of a complaint, unless it appears to the Director that the Ombudsman is already aware of the allegation.'.

No. 18, in page 4, line 3, after '(4A)', insert 'and (4AA).'.

No. 19, in page 4, line 6, leave out from 'insert', and insert ', (4A), or (4AA),'.

No. 20, in page 4, line 11, leave out from 'substitute' to end and insert ', (4), (4A) or (4AA).'.

7 pm

Mr. Hunter: I think that the Minister's reply on the amendment will be interesting. He spent 40 minutes or so arguing against an amendment on the ground that it was inconsistent with the criminal justice review. Now he will have to stand on his head and argue against an amendment that seeks to make the Bill consistent with the criminal justice review. He will argue, I anticipate, unless I convince him by the power of my arguments, for a clause that is inconsistent with the review.

The aim of amendment No. 22 is self-explanatory. It is to give the Director of Public Prosecutions for Northern Ireland discretion as to whether to submit certain matters to the police ombudsman. Interestingly, the amendment is linked with two amendments that were tabled by the hon. Member for South Down (Mr. McGrady)—I presume that the hon. Member for Newry and Armagh (Mr. Mallon) will argue for them—that seek to do precisely the opposite. If I understand the Social Democratic and Labour party amendments correctly, they, as it were, firm up the obligation of the DPP to refer to the ombudsman.

The essence of the argument for amendment No. 22 is that the Bill—the same applies to the hon. Gentleman's amendments—is inconsistent with the criminal justice review. That review did not demand, or even remotely suggest, that the DPP should be obliged to refer to the police ombudsman any matter that appeared to him to indicate that a police officer may have committed a criminal offence, or may in the course of a criminal investigation have behaved in a manner that would justify disciplinary proceedings.

Paragraph 4.132 of the review states that article 6(3) of the Prosecution of Offences (Northern Ireland) Order 1972 should

"be supplemented with a provision enabling"—

"enabling" is the key word, not "compelling"—

"the prosecutor to refer a case to the Police Ombudsman for investigation where he or she is not satisfied with an Article 6(3) response."

The review recommended not that the DPP should be required under an obligation to refer certain matters to the ombudsman, but that he or she should be able to do so in circumstances that are carefully defined: where he or she is dissatisfied with the reply received under article 63). That in itself prompts the question: what did the review conclude about article 6(3)? Paragraph 4.131 states:

"We recommend that the powers contained in Article 6(3) be retained and that the head of the prosecution service"—

I emphasise that: the head of prosecution, not the police ombudsman—

"should make clear publicly the service's ability and determination to prompt an investigation by the police of facts that come into its possession, if these appear to constitute allegations of the commission of a criminal offence, and to request further information from the police to assist it in coming to a decision on whether or not to prosecute."

In other words, article 6(3) clearly states that primacy lies with the DPP, not with the police ombudsman. The Bill, to be reinforced by the SDLP amendments, contradicts utterly the conclusions of the criminal justice review, and therefore, according to the arguments recently advanced by the Minister, is unacceptable.

In essence, the review gives the DPP, not the ombudsman, primacy in investigating matters to which clause 6 refers. The review recommended that the powers of article 6(3), which give primacy to the DPP, should be retained. The only duty that the review recommended should be imposed on the DPP was a duty to ensure that any allegations of malpractice by the police are fully investigated. The Bill, therefore, goes appreciably further than the review.

In Committee, the Minister said:

"Recommendations were made that the prosecutor and the police should operate effectively together, with the prosecutor being involved in a case early",

but I think that we are entitled to be cynical about the Minister's words. It seems that spin is at work. That is not what the review recommended. It recommended retaining the powers of article 6(3), which give primacy to the DPP's investigative and prosecutory role, and recommended that the police ombudsman should become involved only if the DPP were dissatisfied with an article 6(3) response. The SDLP amendments, like the Bill, try to turn the criminal justice review on its head.

In Committee, the Minister said:

[Mr. Hunter]

"The clause was therefore drafted to ensure that the discretion lies with the ombudsman, as is right in cases of potential police misconduct",

but that is not what the review says and it is not the situation that should prevail. Minor police misconduct should be resolved by internal disciplinary processes. Other police misconduct, like all misconduct, should be subject to prosecution if the DPP believes that there is a case to be answered that is substantiated by evidence that will stand up in court. The external assistance of the ombudsman should be sought only if the DPP believes that the police have not fully investigated, or are not fully investigating allegations. That should be a matter for the DPP alone to decide, just as the criminal justice review recommended.

The Bill as it stands allows the DPP no discretion. Under the Bill, if any matter appears to the DPP to indicate that an offence has been committed, he is obliged to refer it to the ombudsman. He cannot exercise any discretion, entirely contrary to the criminal justice review.

The Minister said that

"the current terms of the clause are no reflection whatever on the professionalism of the Director of Public Prosecutions."—[*Official Report, Standing Committee D*, 25 March 2004; c. 68–69.]

That opinion can be disputed, but we can be certain that the clause undermines the role of the DPP and advances the role of the ombudsman, in contradiction of the criminal justice review. The reason for that is clear. The explanatory notes explain it. They state that the change is in line with the undertaking of the Government in the joint declaration published in May 2003 and referred to at page 33 of the updated implementation plan. The amendment serves the simple purpose of moving away from the wheeling and dealing that resulted in the Hillsborough joint declaration, and makes the Bill consistent with the criminal justice review.

Mr. Mallon: I wish to speak to amendment No. 17, to which amendments Nos. 18, 19 and 20 are consequential. I raised the matter on Second Reading. It has also been raised by my hon. Friend the Member for South Down (Mr. McGrady). On both occasions, we were advised that the Government would think about it and, to use the vernacular of this evening, come back to us on it.

I pursue the matter in the interests of seeing where "back" leads to, because I am still not clear about the Government's position.

The matter is important for two reasons. I consider it even more so, having listened to the analysis of the hon. Member for Basingstoke (Mr. Hunter), which tried to rewrite legislation all in one go and transfer from the office of the ombudsman to the office of the Director of Public Prosecutions the ombudsman's entire role in one fell swoop. Of course, that was so transparent that people will realise that very quickly.

First, in the wording that we have presented:

"The Director shall refer to the Ombudsman any allegation coming to his attention",

so that, in effect, the DPP would be able to give an early-warning signal if there were going to be a possible problem. Let us consider some incidents in the past in Northern Ireland that are still unresolved. I refer specifically to the Finucane case—the murder of Patrick Finucane. For 15 years, there might have been a resolution had there been an early-warning signal process, but 15 years later, that matter is still not resolved. It is of weighty contention in relation to the report of Judge Corry. Again, action on that is being awaited. Had the Director of Public Prosecutions been able to work in such a way as to give an early-warning signal, and immediately refer

"to the Ombudsman any allegation coming to his attention",

many past problems might well have been short-circuited.

On that basis alone, it would be worth the Government's while to adopt amendment No. 17, but there is a second element to the matter. Primacy does not rest with the Director of Public Prosecutions; primacy on this matter rests with the ombudsman, and the judgment should be for the ombudsman. The Bill as it stands makes judgment reside with the DPP, referring to a matter that "appears to the Director", rather than saying, as I believe it should, that the DPP should refer any allegation. He should not just use his judgment, but refer any allegation that he is aware of.

There are those who might say that that is too neat a point to be making in legislation, but given the history of what has happened in Northern Ireland, the difficulties that we have had and the way in which efforts have been made to create a criminal justice system that is ahead of anything in England or Wales, or in the Republic of Ireland, we should be very careful with points of this nature.

The Government should respond to this matter. They should welcome an early-warning system and not allow in any way primacy to be transferred from the ombudsman to the DPP. For that reason, I recommend amendment No. 17 to the House.

Lembit Öpik: I was a little agnostic on amendment No. 22, but having listened to the hon. Member for Basingstoke (Mr. Hunter), I do not find it unreasonable to include the words that he outlines. If I had just walked in, having travelled the length of the country—from Kirkwall, for example—and had not known the political affiliation or the status of the hon. Member for Basingstoke, I might have mistaken him for a Minister, from listening to his argument. The argument that he put forward was similar to the kinds of argument that one hears from the Government, in terms of language and rationale.

Mr. Swayne: That is not a compliment.

Lembit Öpik: I was making it as a morally neutral statement, in the hope that I would persuade the Minister, in responding, to acknowledge—on a matter of judgment, not of principle—that the argument made by the hon. Member for Basingstoke makes sense.

I shall also be interested to hear what the Minister says on the position of the hon. Member for Newry and Armagh (Mr. Mallon) and amendment No. 17. Having listened to his argument, I am not entirely clear what the amendment would add to the legislation as it already stands.

7.15 pm

Mr. Dodds: As the Bill currently stands, clause 6(3) sets a very low threshold indeed. It says:

"The Director shall refer to the Ombudsman any matter which—

(a) appears to the Director to indicate that a police officer—

(i) may have committed a criminal offence; or

(ii) may, in the course of a criminal investigation, have behaved in a manner which would justify disciplinary proceedings".

What the Government propose is already a low threshold in terms of reference by the DPP to the police ombudsman.

The hon. Member for Newry and Armagh (Mr. Mallon) seeks to lower the threshold completely—almost so that there is no threshold at all. The DPP would exercise no discretion whatever under amendment No. 17, by whose terms, as I understand them, any allegation at all—including that a police officer might have committed a criminal offence—would have to be automatically transferred to the police ombudsman. That is not reasonable on any terms. Surely it is entirely reasonable that the DPP should make some sort of assessment of whether the allegation in question is entirely vexatious, spurious or trivial, rather than having to transfer every single allegation, however vexatious or trivial, to the ombudsman.

Lembit Öpik: That is my understanding, too, of what amendment No. 17 would do. Does the hon. Gentleman agree that if that is the correct understanding—and I may have misunderstood—it provides every opportunity to reduce the credibility of the system and to create a moribund environment in which many unproven cases hold up the genuine cases that we would like to see explored?

Mr. Dodds: I agree with the hon. Gentleman. That is exactly the danger, and exactly why there needs to be discretion for the DPP. The hon. Member for Basingstoke (Mr. Hunter) set out very cogently the arguments in favour of the DPP's having discretion on this, and I shall not rehearse those arguments except to emphasise that we are dealing with an issue on which the Government's proposals clearly fly in the face of the criminal justice review. The Minister has time and again today prayed in aid the criminal justice review to support his proposals, but on this proposal, which clearly runs counter to the criminal justice review, the Government are proceeding nevertheless. Indeed, that criticism can be doubly applied to the hon. Member for Newry and Armagh, because he wants to move even further away from the terms of the criminal justice review.

That brings us back to the fundamental point that we must look at the origins of the Bill: the Hillsborough talks that led to the joint declaration.

As with the amendment that dealt with removing the veto power of the Lord Chief Justice, I should be interested to know from where exactly the pressure has come, what representations have been made and why the Government feel that, on this occasion, it is right to depart from the criminal justice review, given that they have carefully followed its recommendations and claims in respect of other matters.

Mr. Spellar: I begin by welcoming the hon. Member for Orkney and Shetland (Mr. Carmichael), on whose travels we have had regular bulletins. I am in the interesting position of being pulled in one direction by the Democratic Unionist party and in another by the Social Democratic and Labour party, which might indicate that we have struck the right balance between the two in this clause.

The DUP amendment would give the Director of Public Prosecutions discretion as to whether he should refer a case of suspected police malpractice to the police ombudsman. I should like to make it absolutely clear at the outset—as the hon. Member for Basingstoke (Mr. Hunter) pointed out, I said this in Committee—that the current terms of the clause are no reflection whatsoever on the professionalism of the Director of Public Prosecutions. I am happy to endorse fully the independence and the impartiality of the DPP, in whom the Government have every confidence.

Contrary to what the Opposition say, the Government believe that the current clause accurately meets the criminal justice review's recommendation, as stated in paragraph 4.133, that a duty be placed on the DPP to ensure that any allegations of malpractice by the police are fully investigated. How would that work out in practice? Let us say that the DPP is working on a case file from the Police Service of Northern Ireland and is examining it to determine whether the case should be prosecuted. In the course of this process, he comes across something that suggests that a police officer may have acted improperly. I am talking here not about evidence being presented as part of the case, but about uninvestigated evidence: incidental details, inconsistencies, niggling questions, worrying gaps in the evidence or in procedure, or allegations made by witnesses—a point to which I shall return. In such a situation, he passes these matters to the police ombudsman. After all, he does not have the responsibility or the resources to investigate them and to find out whether there is any substance to them; that is the proper role of the police ombudsman. Nor, of course, is it the responsibility of the police to investigate themselves—that is why we have a police ombudsman. It is her responsibility to investigate police wrongdoing.

The police ombudsman then investigates the matter. It may turn out to be nothing, or a very serious matter indeed. If there is evidence that could lead to prosecution, she will pass the file to the DPP, who will take a decision on prosecution based on the properly collated evidence placed before him. What the provision does not do is to make the police ombudsman investigate suspected police wrongdoing that has already been investigated once, and in respect of which the DPP has been asked to take a decision about prosecution. It is not a circular process and it does not create double jeopardy. The DPP does not need to refer to the ombudsman matters of which she is already aware.

Nor does the provision allow the DPP to take a decision on the prosecution of a police officer based on a few scraps of evidence that he happens to come across in the course of his work. The fundamental premise on which the provision is based is that the DPP's job is to take decisions about prosecutions on an informed basis, and what we are talking about here are uninvestigated suspicions. I should also make it clear, particularly for the benefit of my hon. Friend the Member for Newry and Armagh (Mr. Mallon), that this provision does not

[Mr. Spellar]

allow the DPP to pick and choose which suspicious matters he passes to the police ombudsman. The DPP does not have discretion over whether he makes a referral; he does, however, have to keep his eyes open and to identify suspicious matters as such.

Some Members are concerned that that means that the DPP has no discretion. As I have explained, he ought not to be given responsibility for sorting out the wheat from the chaff; that is not his job—I doubt whether he would want it—but the police ombudsman's. He exercises his judgment in identifying matters for referral; he is not an automaton. Conversely, my hon. Friend the hon. Member for South Down (Mr. McGrady) complained in Committee, and my hon. Friend the Member for Newry and Armagh complained this evening, that the clause as drafted gives the DPP too great a discretion over referrals. Again, that is not the case. The clause is set at a very low threshold, as the hon. Member for Belfast, North (Mr. Dodds) rightly said. I stress that the DPP must refer to the ombudsman all matters—a clearly comprehensive term—that appear to indicate that a police officer may—

Mr. Mallon: I thank the Minister for giving way. In fact, the phrase used is

"any matter which . . . appears to the Director",

so the judgment lies with the DPP. That is the difference, and that is why the Minister's analysis is wrong. That phrase allows the judgment to rest with the DPP, which it should not.

Mr. Spellar: As I said, the DPP refers to the ombudsman matters that indicate that a police officer might have committed a wrongdoing. My hon. Friend should take cognisance of the observation of the hon. Member for Belfast, North that, in fact, that is a very low threshold. Clearly, such matters have to come to the notice of the DPP in order for him to refer them.

As I was saying, the DPP must refer to the ombudsman all matters that indicate that a police officer might have committed a criminal offence, or might have behaved in the course of a criminal investigation in a manner that would justify disciplinary proceedings. Frankly, that covers anything and everything suspicious. For the record, it also covers allegations of wrongdoing, which by their very nature indicate that someone might have done something wrong.

As I said at the outset, I believe that we have struck the right balance and that we are conforming with the criminal justice review. I therefore urge the House to oppose the amendment.

Mr. Hunter: I listened to the Minister with great interest and although I would like to agree with him, I cannot. He offers an interpretation of the Bill, but it is not a compelling one or the only one. Looking again at proposed new subsection (4A)(a)(i) and (ii), it seems clear that the Bill as it stands will give the DPP no discretion whatsoever. If he believes that the police have committed any criminal offence or wrongdoing, he is obliged to pass matters on to the ombudsman. That is a retrogressive step, so I shall press the amendment to a Division.

Question put, That the amendment be made:—

The House divided: Ayes 137, Noes 248.

Division No. 145] **[7:27 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Collins, Tim
Conway, Derek
Cotter, Brian
Curry, rh David
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Hammond, Philip
Harvey, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Howard, rh Michael
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkwood, Sir Archy
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Norman, Archie
Osten, Mark *(Winchester)*
O'Brien, Stephan *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Selous, Andrew
Shephard, rh Mrs Gillian
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Taylor, John *(Solihull)*
Thomas, Simon *(Ceredigion)*
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Willis, Phil
Wilshire, David

Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Andrew Hunter and Mr. Nigel Dodds

NOES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Bell, Sir Stuart
Bennett, Andrew
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brown, Russell *(Dumfries)*
Bryant, Chris
Burden, Richard
Burgon, Colin
Caborn, rh Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cook, Frank *(Stockton N)*
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
Mackinlay, Andrew
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Rooney, Terry
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and Vernon Coaker

Question accordingly negatived.

Clause 7

INFLUENCING A PROSECUTOR

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I beg to move amendment No. 7, in page 4, line 13, leave out clause 7.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss the following amendments: No. 14, in page 4, line 29, clause 7, leave out

'a term not exceeding 5 years'

and insert 'life'.

No. 15, in page 4, leave out lines 31 and 32.

Mr. Carmichael: May I say how good it is to be with the House at last? I understand that, courtesy of my hon. Friend the Member for Montgomeryshire (Lembit Öpik), the House has been kept well advised of my progress southwards through the country. I do not know whether the problems of travelling to and from the northern isles or the problems of Northern Ireland will be the first to be resolved, but I suspect that neither outcome will be quick. I am grateful to my hon. Friend for his assistance at such short notice today. I can at least say that the fog has cleared and I am here. If I were less kind, I might say: I am here, so the fog will now clear.

Clause 7 was the subject of one of the more interesting parts of our debates in Committee. I have remarked in the past on the tendency of this and other Governments to criminalise conduct that is already criminal. Part of the Minister's justification for the clause, both on Second Reading and in Committee, was that the creation of offences of this sort would send a signal. That is worth considering, and it is worth asking exactly what signal clause 7 is likely to send. As we heard in Committee, the fact is that it signals that an attempt to pervert the course of justice by influencing a prosecutor is somehow a lesser species of the existing common law offence. The common law offence on indictment attracts a maximum penalty of life imprisonment, whereas the offence in the Bill has a maximum penalty of five years imprisonment, or a fine, or both.

In Committee, the Minister told us that he had researched the point and that the average sentence for the offence of perverting the course of justice was something in the region of 24 months, as I recall.

Mr. Spellar: May I clarify that? The average sentence is between four and 24 months.

Mr. Carmichael: I am grateful. That was about as helpful as the Minister got in Committee, and I hope that he can go a wee bit further tonight.

The range of four to 24 months where the maximum penalty available to the courts is life imprisonment is an interesting one to consider. If the maximum penalty goes to five years in prison, I would say that there will be downward pressure on the sentences imposed because the penalty will be assessed within the range available to the court. It will be interesting, if the clause is enacted, to revisit it in five or 10 years' time to see what the effect has been on sentencing, and compare that trend against the trend in other respects, my suspicion being that the average length of custodial sentences is increasing.

The clause appears not properly to appreciate the distinction that exists between the possible and the actual penalties imposed. Most worryingly, it betrays a total lack of understanding of the practicalities of work in the criminal courts. Often it may appear to a prosecutor who is preparing a case that this sort of offence is of a lesser seriousness and towards the bottom end of the scale. Only when the witnesses are in court and one can hear the evidence in its totality does it become apparent just how serious an offence may be. To limit the range of sentences available to the court to five years, as the Minister seeks to do, is to limit the range of disposals available to the court, which runs the real risk of miscarriage of justice, in that someone will not receive the full penalty that should be available for them.

In Committee, we asked the Minister why the Government had felt it necessary to introduce the clause. Is there a particular problem to which attention requires to be drawn? How many prosecutions have there been for attempts to pervert the course of justice by influencing a prosecutor in, say, the past five or 10 years? What problems encountered by the prosecution authorities or the courts in obtaining convictions in those cases mean that we now need a statutory offence? The Minister did not answer those questions in Committee, and I invite him again to tell me how many prosecutions there have been and what problems have been encountered. I suspect that the clause is a window-dressing exercise, a bit of padding to make the Bill be seen to be doing something even if it is something that is not necessarily pressing in any way.

7.45 pm

The amendment has been grouped with amendments Nos. 14 and 15, tabled by the right hon. Member for Upper Bann (Mr. Trimble). We agree with those. Amendment No. 14 is entirely on all fours with an amendment that I moved in Committee, and the points that I have already made apply to it with equal force.

From the point of view of the practicality of obtaining prosecutions and convictions, amendment No. 15 makes good sense. In relation to proving a charge under the clause, a hurdle is being put in the way of the prosecutor that does not exist for the common law offence. One can quite easily imagine that a prosecutor working under pressure and trying to meet deadlines will find himself or herself either forgetting initially to obtain the director's consent or, worse still, obtaining it but omitting to make proper reference to it on the indictment and therefore failing properly to specify the charge.

I have heard nothing on Second Reading or in Committee to justify the clause. Accordingly, I urge the House to delete it from the Bill.

Mr. Trimble: I pay tribute to the hon. Member for Orkney and Shetland (Mr. Carmichael), who drew this matter to our attention in Committee. I hope that the Minister has reflected on what was said there. All that the hon. Gentleman said was absolutely right. The clause, which the Minister says is intended to highlight a particular matter, in fact sends the signal that that matter is less important. By reducing the sentence and putting a procedural hurdle in the way, the clause will have completely the opposite effect to that which the Minister wants.

The most elegant solution to the problem would be to agree amendment No. 7 and delete the clause. I know, however, that the Minister is not a free agent and is not able to do that because the Government made promises to people that they would introduce clauses of the

nature of clause 7, and I tabled amendments Nos. 14 and 15 to remove the limitations being placed on the existing offence and bring the clause into line with the more substantial penalties that already exist. The Government are reducing the penalties available for this form of perversion of the course of justice. I tabled the amendments knowing that the Minister is not a free agent so that he can keep his promises to others without having a perverse effect. I hope that he will do so.

Mr. Dodds: I support amendment No. 7 and welcome the hon. Member for Orkney and Shetland (Mr. Carmichael) for, in spite of his late arrival, proposing a very good amendment. I shall not rehearse the arguments that have been put, but the hon. Gentleman said that the clause was a piece of unnecessary padding added to the Bill, and that prompts the question that I have asked about a number of provisions—whether the Minister can explain exactly why the clause was added.

What representations have been made to him? Who has pressed him to introduce this superfluous and unnecessary provision? The Bill's origins lie in the Hillsborough discussions and the joint declaration. Is that really the best way to approach the drafting of legislation in such a crucial area?

Clause 7 is completely unnecessary as it replicates the common law offence. If the hon. Gentleman wishes to divide the House on the issue, he will have the support of my party.

Mr. Swayne: When, in Committee, I asked the Minister why he was troubling us with a new clause that was designed to remedy a situation that, he admitted, was inconceivable, he told me:

"I do not think that it is necessarily good practice to retain redundant legislation".—[*Official Report, Standing Committee D*, 25 March 2004; c. 62.]

Well if it is not good practice to retain it, it is worse practice to create it, but that is exactly what the Minister has done by creating a statutory offence when a perfectly good common law offence exists.

The Minister's excuse for doing so was given in Committee when he said:

"We are highlighting the seriousness of such an offence".—[*Official Report, Standing Committee D*, 1 April 2004; c. 90.]

It is a strange way to highlight the seriousness of an offence to reduce the potential sentence from life to five years. I hope that the hon. Member for Orkney and Shetland will press his amendment to a Division.

Mr. Spellar: It is right that we gave considerable thought, as I said in Committee, to the appropriate penalty to attach to the offence. It was decided that it should be compared to the offences of intimidating a juror, which carries a penalty of five years following conviction on indictment, and of perjury, which carries a penalty of seven years following conviction on indictment. It is true that the common law offence, like all such offences, attracts a maximum penalty of life. However, it is not a logical conclusion that moving away from that step towards infinity lessens the penalty.

As I said, case law suggests that the offence has in practice carried a sentence of between four and 24 months. There have been about 11 cases of attempting to pervert the course of justice in the past five years. It is not likely that introducing penalties that are significantly higher than those that are being imposed will lead to a reduction in the range of the tariff. In common law cases that carry a maximum sentence of life, it is not the maximum that is the major determinant, but the case law and the standard tariff that is applied by the courts in a particular jurisdiction.

Mr. Carmichael: Is the Minister really telling the House that he cannot envisage circumstances in which a serious attempt to pervert the course of justice by influencing a prosecutor would not merit a sentence in excess of five years?

Mr. Spellar: All I can say is that that has not been the experience, and five years is a substantial penalty. The hon. Gentleman is a lawyer and he could advise me whether a common law case could be mounted if it were felt to be more relevant in the circumstances. The case law shows a substantial gap between the average tariffs imposed and the one that we are suggesting. It is not normally the case that hon. Members suggest that the penalty should be life imprisonment.

The hon. Gentleman rightly points out that Governments of all persuasions seek to put on statute offences found in the common law. Why have they done so? First, common law offences are by their very nature uncertain, particularly at the edges. Offences therefore may be put on statute for reasons of clarity. The common law is open to interpretation, and that interpretation may change over time.

Mr. Carmichael: What particular problems, around the edges or otherwise, relating to the common law offence of attempting to pervert the course of justice have been encountered that have led to this provision being introduced?

Mr. Spellar: It is more a general movement towards rationalising the position. We have considered the offence and the theoretical possibility of a life sentence against the range of sentences that have been imposed, and we will bring the two a little closer together. Secondly, it may be necessary to formalise the range of penalties available for a certain offence. Finally, an offence might be put on statute to ensure that it is fully human rights compatible.

Turning to the specifics of the offence in clause 7, the Government have decided to put it on statute for the sake of clarity. We want to underline the independence of the director by making it abundantly clear that improperly seeking to influence him or her is illegal. The independence of the DPP and the prosecutors is critical to the functioning of the justice system in Northern Ireland. The current director, and indeed the previous incumbent, brought integrity and independence to the job; and have always made their prosecution decisions impartially, independently and objectively.

However, a new system of justice is being created for Northern Ireland, and in that new system, after devolution, the DPP will be an explicitly independent officer. At the moment, the DPP is subject to the superintendence of the Attorney General for Northern Ireland. However, when part 2 of the 2002 Act is commenced, his relationship with the Attorney-General

[Mr. Spellar]

and the Advocate-General will change and become one of consultation. In those changing circumstances and the circumstances of Northern Ireland, it needs to be made very clear that prosecution decisions will be taken impartially, independently and objectively. The creation of this offence will help further to enhance public confidence in the administration of justice.

Amendment No. 15 would mean that prosecutions of this offence could be carried out without the consent of the director. The subsection the amendment seeks to remove is there to ensure that a prosecution is brought only when there is sufficient evidence and when the prosecution will be in the public interest. It is an important safeguard to ensure that only cases that should be prosecuted are prosecuted.

I ask the hon. Member to withdraw his amendment.

Mr. Carmichael: In circumstances in which all hon. Members agree that attempting to pervert the course of justice by influencing a prosecutor is a serious matter and requires prosecution with the full array of powers available to the authorities and punishment with the utmost vigour, I find it hard to believe that we will again divide on the issue. But what alternative does the Minister leave us? We have asked him pertinent questions on three occasions. What problems have the prosecuting authorities encountered? How many cases have been lost, and how many have even been mounted? Why is a problem perceived?

The Minister referred to statistics gathered in the past five years, which have, fortunately, been among the calmer in Northern Ireland's history. What would the story be if we went back 15 or 20 years? Is it not possible that we would find instances of attempting to pervert the course of justice by influencing a prosecutor or other people in the criminal justice system that would merit a sentence in excess of five years?

The Minister has answered none of these questions. When I asked him about cases of attempting to pervert the course of justice in which a sentence of five years or more would be appropriate, he said that they could probably still be liable to the common law offence anyway. Does that not show the futility and nonsense of re-enacting that which is already criminal?

8 pm

The Minister told us that the common law can be problematic because it is open to interpretation. The words

"with the intention of perverting the course of justice"

are contained in clause 7. If there is a problem with the interpretation of the common law offence, there will be a problem with the statutory offence that he seeks to create. If I am wrong, I hope that he will intervene to point out to me why I am wrong. He stays firmly glued to his seat; I suspect that I am not wrong. Worse than that and most frustrating of all, he knows that I am not wrong.

Mr. Spellar: I thought I had indicated at some length—although not as much length as I did on a previous clause—why we believe this is a useful provision. It has the advantages of clarity, ensures compliance with human rights and provides a proper scale of penalty that more accurately reflects the tariff in the courts. That may not satisfy or please the hon. Gentleman, but I do not think that he can say that I have not responded.

Mr. Carmichael: I am afraid that I can say that because, yet again, the Minister has failed to answer. He was asked: what are the problems, where has the lack of clarity arisen and what in the Bill will change the situation? He has not answered any of those questions. I shall give him one more chance to respond, but it appears that he will not.

In these circumstances, the debate on this clause has been one of the biggest wastes of parliamentary time that I have seen since I came here. The fault for that lies fairly and squarely with the Minister and with his refusal to engage in proper debate with the House. Accordingly, I will press the amendment to a vote.

Question put, That the amendment be made:—

The House divided: Ayes 132, Noes 254.

Division No. 146] **[8.2 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burnside, David
Burstow, Paul
Butterfill, Sir John
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Chope, Christopher
Collins, Tim
Conway, Derek
Curry, rh David
Davis, rh David *(Haltemprice & Howden)*
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Febricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Hoban, Mark *(Fareham)*
Horam, John *(Orpington)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Key, Robert *(Salisbury)*
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Norman, Archie
Osten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John

Randall, John
Redwood, rh John
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, John *(Solihull)*
Thomas, Simon *(Ceredigion)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Sir Robert Smith and Mr. David Heath

NOES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Burden, Richard
Burgon, Colin
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Connarty, Michael
Cook, Frank *(Stockton N)*
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Frank
Dowd, Jim *(Lewisham W)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Moffatt, Laura
Mole, Chris
Morley, Elliot
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Sibeta, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*

Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Ward, Claire
Wareing, Robert N.
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Gillian Merron and Charlotte Atkins

Question accordingly negatived.

Clause 8

GUIDANCE FOR CRIMINAL JUSTICE ORGANISATIONS ON HUMAN RIGHTS STANDARDS

Mr. Trimble: I beg to move amendment No. 16, in page 4, line 38, at end insert

'contained in binding treaties ratified by the United Kingdom.'.

Under clause 8 the Attorney-General for Northern Ireland is placed under a duty to issue guidance to various criminal justice organisations directing them to exercise their functions in a manner consistent with "international human rights standards", a term that the Bill does not define. Of course, international law covers a multitude of things, and there is a range of international agreements, so various matters could come under that term. There is a sad lack of clarity in this matter.

In a letter to my hon. Friend the Member for North Down (Lady Hermon) the Minister referred to various documents listed in one of the working papers for the criminal justice review. In a revealing phrase, he referred to some of those instruments as containing "soft law". That is a term of art used in international law to describe instruments that are not binding but indicate possible practice and ways of proceeding. Soft law arises out of agreements entered into by just some countries, or from bodies meeting to debate and issue what they call "standards" and so on. I thought that it would be desirable in this situation, particularly as we are dealing with criminal law, to apply a basic principle of criminal law, which is that the law and procedures should be clear. The Attorney-General, in coming to draw up guidance, should know precisely which international standards he should have regard to.

8.15 pm

The obvious provision is my amendment, which would define international human rights standards by reference to treaties and agreements that are binding on the UK. It would be improper if the Attorney-General were to base his guidance on provisions that were not binding on the UK, and it would mean giving him discretion to introduce into practice instruments that were not binding on the UK or, therefore, on the bodies concerned. As the guidance will emanate from the Attorney-General, the bodies might feel that they were obliged to follow it, but if it concerned an instrument that was not binding on them, they ought not to be put under that impression.

In the background is the fact that we should bear in mind: if there is devolution, the Attorney-General will be appointed by the First Minister and Deputy First Minister. I repeat what I said earlier: one can be certain that there would be political considerations behind such an appointment, and those considerations might feed into the view about what instruments should be, if not binding, issued as directions to organisations performing criminal justice functions. The object of the Bill ought to be to try to insulate the criminal justice system from political influence, but again and again the Government are removing safeguards and opening the door to political influence, allowing it to seep into the administration of justice.

I have some idea as to what lies behind this part of the Bill, and it is something very bad indeed. However, I have tabled an amendment that would cure the problem. I would like to think that the Minister would treat the matter on its merits, but in light of the way that the debate has been going, we have no expectation of that.

Mr. Carmichael: I am afraid that, as far as poverty of expectation is concerned, I am very much with the right hon. Member for Upper Bann (Mr. Trimble). I agree with his amendment; it is certainly possessed of a certain elegant simplicity. He has identified the difficulty—the lack of specification about what is meant by the term

"international human rights standards relevant to the criminal justice system."

I commend him for having come up with a solution that makes it clear that the ratification of international treaties is of central importance, because that, quite properly, would mean that the House would be the arbiter on which matters were to be considered.

I cannot for the life of me imagine why the Government would not want to accept the amendment. I cannot see how they could view it as anything other than an improvement to the Bill. The right hon. Gentleman has done tonight, as he did in Committee, his duty as a parliamentarian in seeking to improve legislation, and it is quite depressing that we will again, I suspect, be unsuccessful.

Mr. Spellar: I suspect that part of the reason why the right hon. Member for Upper Bann (Mr. Trimble) has tabled the amendment is to gain further clarity on the standards that the Government intend should be included in the guidance. I hope to be able to provide that clarity.

As an aside, let me say how interested I was in the contribution of the hon. Member for Orkney and Shetland (Mr. Carmichael) on behalf of the Liberal Democrats. We note his downgrading of non-binding treaties and will pay careful attention to statements made by his Front-Bench colleagues when they try to castigate the Government for not following some non-binding treaties. We shall treasure his comments.

Mr. Carmichael: The Minister has perhaps been stung by the criticism relating to this amendment and previous ones—his body language is somewhat defensive and telling. He is trying to misrepresent my position. As he well knows, there is a world of difference between treaties that are regarded as non-binding in relation to

Government actions and the duties placed on individual officers of state. The Minister knows it, and he is mischievous to suggest otherwise.

Mr. Spellar: Oh yes, I know the difference between binding and non-binding treaties. I am not sure that his colleagues always do. We shall remember what he said when speaking on behalf of the Liberal Democrats today when his Front-Bench colleagues try to present non-binding treaties as being of equal validity to others.

Our intention in the present case is quite different. We have referred to international human rights to provide some clarity about what we expect the Attorney-General for Northern Ireland to refer to in his guidance. We do not wish to pre-empt his considered advice, but he is likely to refer to the sort of international human rights instruments listed in the criminal justice review research report No. 14, which listed several binding treaties and several non-binding treaties, which, as the right hon. Member for Upper Bann rightly said, are also described as "soft law". The report listed 16 such standards, but there is no reason so suppose that the list is definitive. It includes the European convention on human rights, the conventions on the rights of the child, the European convention on the compensation of victims of violent crimes and the international covenant on civil and political rights.

To refer only to human rights standards contained in binding treaties ratified by the United Kingdom would mean that the guidance could not include information on important non-binding treaties, such as the UN rules for the protection of juveniles deprived of their liberty and basic principles on the role of lawyers. It is important to state that the Attorney-General's guidance on the application of standards contained in non-binding conventions and treaties will make it clear that those standards are non-binding. However, not referring to them at all would misrepresent the standards to which the UK Government have signed up, and thereby prevent the draftsmen from ensuring that the guidance is as comprehensive as possible. That gives the right degree of scope to the Attorney-General. It makes clear the difference between the two standards.

I recollect that although the UK has been a party to some international conventions, we have indicated that we would not accept certain parts of them, but did not want to interrupt general progress—for example, the prohibition on the recruitment of children into the military. Such recruitment is a problem in several African countries and elsewhere, but that is entirely different from youngsters joining the UK military with informed consent and the support of their parents. We do not want to obstruct progress elsewhere in the world, but at the same time we have reservations about the prohibition. The arrangements that we have made will enable the Attorney-General to take account of the provisions of international conventions and any reservations expressed by the UK Government, and to indicate which terms are binding and which are not.

We believe that that covers everything, but I do understand what the right hon. Member for Upper Bann was trying to identify. I hope, although with little expectation of success, that I have been able to explain the Government's position and convince him that the amendment is unnecessary.

Mr. Trimble: The Minister has effortlessly managed to get down to the level of our expectation. What he has said is simply not relevant. He said what the Government expect, and confidently stated that the guidance will make clear what is non-binding and that it will take account of UK Government reservations. How on earth does he know that? When the measure comes into operation, it will not be the Government who give guidance to the Attorney-General; the Attorney-General will be the appointee and the creature of the First Minister and the Deputy First Minister. How does the right hon. Gentleman know that the guidance will take the form that he describes? Obviously, he does not. It is quite fatuous to talk about what the guidance will do in such circumstances. That is why we are not happy with the provision.

It is ironic that the Minister referred to various conventions prohibiting the abuse of children through their involvement in military matters, when that is a huge problem in Northern Ireland. There is massive abuse of children, especially those aged between nine and 14, and particularly of young males. Their recruitment to paramilitary organisations is a form of child abuse to which the Government turn a blind eye. It is ironic that the Minister refers to that matter, but turns a blind eye to the huge problem in Northern Ireland.

Mr. Spellar *rose—*

Mr. Trimble: If the Minister wants to speak, let him do so.

Mr. Spellar: We do not turn a blind eye. As the right hon. Gentleman knows, there was an attempt by some countries to define Northern Ireland as one of those troubled countries—quite separate from any question of recruitment of child soldiers. That would have converted the problem in Northern Ireland from one of law and order to one of a recognised zone of conflict. As he well knows, the British Government opposed that effort successfully. The right hon. Gentleman is being a little disingenuous.

Mr. Trimble: The Minister, quite predictably, misses the point. I am not referring to the matters to which he referred. I am referring to what happens in Northern Ireland, where the paramilitary organisations are, to use his phrase, recruiting child soldiers, left, right and centre, and the Government of whom he is part turn a blind eye—they do nothing about it.

By doing nothing about it, they tacitly come as close to encouraging it as could be. That is why I find it particularly nauseating that the Minister, a member of the Government, turns a blind eye to the problem, and then cites it in a slightly different context with approval. It is quite revolting to see that happen.

I had no expectation that the Minister would take a sensible line. He has resolutely avoided taking a sensible line throughout the evening, but because of the lateness of the hour and the desire of Members to get on, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Schedule 3

COURT SECURITY

Mr. Spellar: I beg to move amendment No. 2, in page 18, line 3, at end insert—

'(aa) a statutory officer (within the meaning of section 70 of the Judicature (Northern Ireland) Act 1978) who is exercising functions in the building,'.

Mr. Deputy Speaker: With this it will be convenient to take Government amendment No. 3.

Mr. Spellar: Schedule 3 as presently drafted allows judges, magistrates, coroners, social security commissioners and High Court masters responsible for taxing and for enforcement of judgements to give directions to court security officers, by virtue of the fact that those office holders are defined as "persons in authority" in paragraph 3(6). However, there are other masters of the High Court, for example in bankruptcy, who are not designated as "persons in authority". They would therefore not be able to give directions to court security officers, but might need to do so, for example to direct that a person be removed from a court. Accordingly, amendments Nos. 2 and 3 ensure that all masters and district judges are able to give directions to court security officers.

Amendment agreed to.

Amendment made: No. 3, in page 18, line 4, leave out', (c), (d) or (e)' and insert 'or (c)'.—*[Mr. Spellar.]*

Order for Third Reading read.

8.29 pm

Mr. Spellar: I beg to move, That the Bill be now read the Third time.

The criminal justice system in Northern Ireland is undergoing a journey of reform that was started by the criminal justice review, and today's debates represent another important step in that journey. The post-review criminal justice environment in Northern Ireland is characterised by a commitment to reform and modernisation. That can be seen not only in the Bill, but in the range of initiatives being taken elsewhere.

The new Public Prosecution Service has two pilots up and running—one in Belfast and one in Fermanagh and Tyrone. The Public Prosecution Service will build on the work of the Department of Public Prosecutions to maintain the highest levels of objectivity, professionalism and consistency in prosecution decisions. Under the remit of the Youth Justice Agency, youth conferencing services have been introduced, which are based on the principles of restorative and reparative justice. Youth conferencing will help young offenders take responsibility for their actions and will allow victims a role in that process. At a local level, the community safety unit is working through community safety partnerships to devise and implement local plans for community safety. That includes programmes targeting burglaries and safety for the elderly.

Given how far we have come since the criminal justice review was published in March 2000, we can be proud of the progress that has been made, but that should not breed complacency. I hope the fact that the Government will bring forward measures to tackle antisocial behaviour and hate crime, as we discussed earlier, will reassure hon. Members that we remain committed to providing the responsive, effective and efficient criminal justice system that the people of Northern Ireland deserve and need.

When I speak of the effectiveness of the criminal justice system, I do not only mean that it should have coherent and workable procedures. I refer also to ensuring confidence in the system and providing proper levels of accountability. In particular, as the history of Northern Ireland has shown, to achieve effectiveness the criminal justice system must command the acceptance of all parts of society, from whatever tradition or background. The challenges of the past 35 years have created a degree of professional dedication that is, as was rightly said during the debate, the envy of the world. Moreover, the criminal justice system operates in partnership in a way that would be difficult anywhere else. I believe that those factors lie at the heart of the work to improve and develop the system for the benefit of the community as a whole.

We are fostering a culture of continual improvement. Our goal is to develop a system that serves the people of Northern Ireland with fairness and efficiency. The Government recognise that the Justice (Northern Ireland) Act 2002 is not the final word. Although the provisions before us stand on their own merits, the Bill builds on the work that has already begun to enhance the openness, transparency and accountability of the criminal justice system. We addressed a number of important issues in Committee and some today.

The Bill is built on a number of fundamental beliefs, which I am sure we share with hon. Members. The independence of the judiciary is a cornerstone of our constitution and one of the principal guarantees of our liberty. It is in turn underpinned by the professional security that judges enjoy. We believe that the provisions set out in the Bill reflect and build on that basic position.

The issue of securing a reflective judiciary was debated extensively. There was concern that doing so would somehow compromise the principle of appointment on merit. We do not believe that that is the case. Merit and reflectiveness are not mutually exclusive. The 2002 Act makes it clear that individual appointments must be made

"solely on the basis of merit".

That said, there may be equal-opportunity issues that have implications for the judicial appointments process. If the Judicial Appointments Commission is successful in addressing these issues, it follows that it should be possible to achieve a more reflective judiciary without compromising the merit principle.

On senior judicial appointments, we had a debate about the Prime Minister's discretion when making a recommendation to Her Majesty the Queen. Hon. Members raised concerns on both sides of the argument—that the Prime Minister would have too much discretion, and that he would not have enough. We believe that we have got the balance about right.

I consider the Bill's provisions for promoting the human rights culture within the Northern Ireland criminal justice system to be another step in the right direction, rather than an innovation.

The Attorney-General's guidance on international human rights standards will provide an invaluable tool for the various criminal justice authorities to which it applies.

We had an extensive debate on the duty of the Director of Public Prosecutions to refer cases of suspected police malpractice to the police ombudsman. Some hon. Members were concerned that the Government are stepping away from what the review intended, but in fact we are implementing recommendation 21, which states:

"We recommend that a duty be placed on the prosecutor to ensure any allegations of malpractice by the police are fully investigated."

Besides those clauses, the Bill makes a number of important improvements to bail provisions and other issues that are, perhaps, less challenging. However, we should not lose sight of those improvements: new rules for court security officers; providing barristers with the right to enter contracts; the power to transfer prisoners for the maintenance of good order; extending the protection afforded to prison staff against paramilitary intelligence-gathering; and providing for arrest without warrant for driving while disqualified. Those improvements did not exercise hon. Members much, but they are important, and as such they are welcome, not only in this House, but in the criminal justice community in Northern Ireland and throughout the law-abiding community.

The principle of recommendations from the First Minister and Deputy First Minister for judicial appointments caused some concern, and it raises the question of prime ministerial discretion. The purpose of the Prime Minister's discretion is not to allow him to disregard either the recommendation, if one is forthcoming, of the First Minister and Deputy First Minister, or the Lord Chief Justice's advice. It is difficult to conceive of his not basing his recommendation to Her Majesty the Queen on those recommendations to him. It would be wrong to deprive him of all discretion, however, and that was not envisaged in the review:

"responsibility . . . should lie with the Prime Minister",

who should make recommendations

"on the basis of recommendations from the First Minister and Deputy First Minister."

We do not legislate for failure, but we should allow for an unhappy although not impossible situation in which no recommendation were forthcoming from the First Minister and Deputy First Minister, for example. It is extremely difficult to anticipate every circumstance and prescribe a process for it in primary legislation.

I encourage hon. Members to agree that the Bill provides the Northern Ireland criminal justice system with a further improvement on already impressive proposals for reform. The process does not stop here, however, and the criminal justice system must continue to evolve in order to meet the changing needs of society. We will continue to safeguard the independence of the judiciary and the prosecution, and will continue to ensure that the system commands the respect of the vast majority of people in Northern Ireland.

8.38 pm

Mr. Swayne: I thank the Minister and all the members of the Committee. We debated the Bill extensively, and I extend my thanks to the Clerks, who were helpful during those proceedings.

We voted against the Bill on Second Reading, since when it has got worse rather than better. We do not oppose the principle of the devolution of criminal justice, but it is premature to proceed when there is no Assembly or functioning Executive. The expedient of devolving the criminal justice system will be achieved by transferring the roles of the First Minister and Deputy First Minister to the Lord Chancellor. We know that the Government have plans, which are unclear, for the Lord Chancellor's office, and to proceed with that double uncertainty strikes me as monstrous.

The Bill is a missed opportunity. It turns the unobjectionable principle of a judiciary that reflects the community into a threat to the principle of appointment on merit.

The Minister said that that was not so, but we believe that the Bill turns a legitimate expectation into a duty. That compromises the very important principle to which the Minister himself drew attention. When the Lord Chief Justice of Northern Ireland, Lord Hutton, spoke during the Second Reading of the 2002 Act to which we have so often referred today, he said:

"It is clearly vital that a judge should be appointed on merit alone and that appointments should not be influenced by political considerations. That is all the more important in the highly charged political atmosphere of Northern Ireland. If judges are not appointed on merit the administration of justice will suffer, as will the public confidence in that administration."—[*Official Report, House of Lords*, 3 May 2002; Vol. 634, c. 969.]

As we explained earlier, the Bill will give rise to instances whereby affirmative action will step beyond the proper bounds and compromise that principle of appointment on merit.

The Bill compromises the principle of the independence of the judiciary by removing from the Lord Chief Justice his veto over the suspension or sacking of a judge. That veto was given to the Lord Chief Justice only 18 months ago in the 2002 Act. Now the Minister is taking it away—not on the basis of any experience of the system having bedded in and been found wanting, or of some new logic, but merely on the entirely spurious grounds that a judge can be removed only on the basis of the findings of a tribunal. That is already the case. It is a necessary condition, but it might not be a sufficient one.

Why was the veto given in the first place? The Minister has been silent on that—he has been unable to explain it. We believe that the provisions of the Bill are redolent of some special pleading to which we have not been privy during proceedings in Committee or on Report. The removal of the veto is an unwelcome addition to the Bill that would alone be sufficient grounds for me to ask my hon. Friends to oppose it.

The Minister said that the Bill does several desirable things, and he listed them. He is right. The prosecution's right of appeal against magistrates granting bail is desirable. The power of the transfer of prisoners for the maintenance of good order is necessary, too, although that is because of the entirely regrettable abandonment of the integrated regime at Maghaberry prison. Making driving while disqualified an arrestable offence is of course desirable.

But what else might the Bill have done against a whole range of antisocial behaviours? The Minister made the grotesque announcement that in the next few weeks we

[Mr. Swayne]

can expect him to bring in antisocial behaviour orders by statutory instrument—that is, on the "take it or leave it" basis of a two-and-a-half hour debate Upstairs. The complexity of the orders, the experience of trying to implement them on the mainland and the different circumstances in Northern Ireland cry out for primary legislation. The Bill was the ideal opportunity, but that chance has been missed. It has been rushed through—and for what? What is so urgent as to require that haste and that missed opportunity?

Although the Bill does some desirable things, it muddles others. In seeking to reinforce the seriousness of the offence of perverting the course of justice, it creates a statutory offence with a much lower penalty, which achieves an effect that is precisely the reverse of what was intended. It clouds the human rights advice that can inform the criminal justice system with nebulous concepts of infinite elasticity, which are not subject to our scrutiny and agreement, and it provides unwelcome intrusions into the proper role of the public prosecutor.

In summary, the Bill reeks of concessions to special pleading. It is without any powerful motor, yet it stands to compromise the independence of the judiciary and to undermine confidence in it. I urge all hon. Members to oppose it tonight.

8.45 pm

Mr. Mallon: It is my intention to vote with the Government on the Bill. I have voted with them on it throughout, for a number of reasons. I am dissatisfied with the issues that I identified earlier, on which there has not been the kind of approach that might have been of benefit further down the road. However, when we look at the context of the Bill, we see that it is the second in two years, and if we include the three policing Bills, it is the fifth broadly to relate to justice in as many years. One can only accept that advances have been made, that enormous steps have been taken and that improvement is distinctly possible.

Of course there will be differences of opinion. There will always be a debate about the role of the judiciary vis-à-vis the political process. That debate has been going on since both began and it will continue long after this Bill is history. It is part of the body politic and the act of devising the way in which we live together and make laws for ourselves, which we then hand over to others to implement on our behalf. That is what I call the privilege of those involved in the judiciary. It is also a privilege for those involved in the political process to grapple with the problems involved, as we have done on the Floor of the House and in Committee, on this Bill and on others relating to criminal justice.

However we measure it, this Bill represents a substantial advance, but I want to put it into a broader context. The essence of good justice is that it is available to people. In reality, as the right hon. Member for Upper Bann (Mr. Trimble) suggested earlier, there are parts of Northern Ireland in which justice is not available, and in which justice of this nature is not an option for people in the community. The justice that is available to them has not been legislated for; it is delivered by a baseball bat, a gun, a brick or whatever implement happens to be at hand at the time.

The challenge for us is not just to draft legislation but to ensure that good law is available to the entire community, to afford it the protection of the law that we have been drafting tonight and to protect people from the barbarity of the approach that they have to live with and under. It is essential that we create a context in which these elements of legislation—however much we dispute their detail—are not just for the few lucky people who happen to live in certain areas where it will be available to them. It is the responsibility of the political process, not that of the judiciary or the police, to ensure that every single person in the north of Ireland has access to the justice in this legislation and to the protection that that affords each and every individual. Therein lie the difficulties and the problems that we face.

As politicians, we could—and, in any forum, we often do—get ourselves het up over some of the detail. We have our own pet theories as to who should have what power and how it should be exercised. Ultimately, however, we have to ensure that we do what we can to ensure that every single person in the north of Ireland can avail himself or herself of this law.

I stress this point, which I cannot stress often or strongly enough: in my constituency, I see people being treated in a way that is abhorrent and blood curdling but they cannot go to the police as the consequences would be even worse. To whom do they turn? What law protects those people in their own homes, townlands and villages? While it is good and right that the changes should be made in the criminal justice process, in policing and in the broad body of law, until we grapple with that question and unless we bring law to the doorstep of people who need it most, there will remain a touch of the academic about that.

I see these things on a weekly basis in my constituency. The awful thing is that there is nothing that I can do about them because when a paramilitary group has a stranglehold on a community, it determines how people approach the way they have been treated. Perhaps we should have a look at the responsibility not just of the judiciary, but of the political process. There is a remarkable responsibility on us to ensure that, when we draft law, we also make it available to the most vulnerable in our society.

8.52 pm

Mr. Carmichael: There is little in the remarks of the hon. Member for Newry and Armagh (Mr. Mallon) that we could take exception to, but, having listened to him with care, I have to say that I have some difficulty in marrying his rhetoric with the rather prosaic nature of the widely divergent provisions in the Bill.

I join the hon. Member for New Forest, West (Mr. Swayne) in expressing my gratitude, and that of my party, for the efforts of those who made possible what were good Committee proceedings in many ways, in particular the Clerks and the other Officers of the House. I also thank the other members of the Committee, who dealt very well and responsibly with the issues. There was a remarkable lack of filibustering, as is reflected in the fact that we managed to get through the business without reaching the end of the final sitting.

In that regard, if it is not too much of an embarrassment or a blight on his career, I congratulate the hon. Member for Gedling (Vernon Coaker), the

Government Whip, who deals a lot with Northern Ireland business and does much to facilitate its smooth running. He is always conscientious in dealing with all the parties that are involved in Northern Ireland business, and his time and trouble are much appreciated. He is an example for a Whip of what a Minister might be. I say no more than that.

I also thank my hon. Friend the Member for Montgomeryshire (Lembit Öpik), who undertook the duties that I had intended to undertake on Report. I have spent the day trying to get here from my constituency; since getting here, I have done little other than regret my success. It is a cliché to say that it is better to travel in hope than to arrive, but when I say that today it is absolutely heartfelt.

The Liberal Democrats indicated on Second Reading that we would support the Government. I can indicate that we will again support the Government on Third Reading, but that is despite rather than because of the Government's efforts since Second Reading. When the time comes to go through the Lobby, I shall look for a quiet moment, take a deep breath, pinch my nose and run through it. I shall not support the Government with any great enthusiasm. I shall support them because much in this Bill is important and because the Liberal Democrats are generally supportive of the creation of an independent judicial appointments commission. We see the importance of the provisions on bail, transfer of prisoners, arrest without warrant in relation to disqualified driving and that great new Labour clarion call, the right of barristers to enter into contracts for the provision of their services.

So much in this Bill could have been done differently and better. The little improvement that had been made in the other place has sadly been reversed. Not only have we not progressed, but in some respects we have gone backwards. We spend a lot of time Upstairs regretting that so much Northern Ireland business is dealt with through secondary legislation and that so much goes through without the proper opportunity for amendment or even full discussion. To that extent, I must agree with the hon. Member for New Forest, West that this Bill could have been much better. There could have been so much more to it and what is in the Bill could yet be so much better. It is merely commitment to the principles behind the important clauses, and general acceptance of the less important clauses, that will take my right hon. and hon. Friends through the Lobby with the Government tonight.

8.57 pm

Mr. Trimble: I associate myself with the comments of the hon. Members for Orkney and Shetland (Mr. Carmichael) and for New Forest, West (Mr. Swayne) on the conduct of proceedings in Committee and with the compliments that they paid to the Clerks and the Whip. With regard to the Minister, the most optimistic thing that I can say is that I hope that things will get better, as I do not think that they could possibly proceed in the other direction. However, that is either-way.

We are really considering two Bills—one containing a number of controversial provisions that have been introduced for party political reasons and the other containing a number of modest provisions that are improvements. One can distinguish between the two because we have this evening debated amendments to the bad part and no amendments other than the Government's tidying-up amendment have been tabled to the sensible part.

With regard to the sensible part of the Bill, I agree entirely with the comments of the hon. Member for New Forest, West: this legislative vehicle having been available, why did the Government not make good use of it? There were plenty of things that could have been done. I will not repeat what has been said, but it is a pity that we have not seen more substance in the sensible part of the Bill.

With regard to the other part of the Bill, I do not want to repeat what has been said, but there are some salient points to emphasise. As I made clear on Second Reading, I have come to the view that the very concept of a judicial appointments commission is bad. The same negative effects might not be seen in Scotland or England and Wales, but it would certainly be bad in Northern Ireland because it opens the door to political influence. Ironically, these provisions remove the important safeguard that existed under the Government of Ireland Act 1920, which established devolution and operated in Northern Ireland from 1921 through to 1971, whereby the most senior judicial appointments were reserved to the Lord Chancellor, and the devolved body had no power with regard to them.

That was a very important safeguard for the independence of the judiciary, but it has been swept away. We now have an appointments commission that will constitute a channel via which political influences will start to seep into the administration of justice in Northern Ireland.

The same criticism can be made again and again. All the amendments that the Minister has made to the bad part of the Bill share a tendency to open the door to political influence in the context of appointments to, and operation of, the judiciary. That is why we have opposed those provisions and will continue to oppose them now. I could say more, but we all know where the provisions come from. The Government would not have included them of their own volition. They result from party political pressure and a sordid political fix. They are not in the Bill on their merits, for they have no merits. That was demonstrated abundantly when the Minister found himself flannelling at the Dispatch Box, unable to respond coherently to the points that were being made to him.

The hon. Member for Newry and Armagh (Mr. Mallon) reminded us that this was the fifth occasion on which we had considered legislation dealing with justice matters—in the broad sense—during the last few years. It will not be the last. One of the things that lie behind the Bill, and indeed the criminal justice review, is the hope that justice matters can be devolved to the Northern Ireland Assembly. I made clear some time ago my party's belief that there was not a sufficient basis on which we could contemplate devolution of justice matters. I make it clear now that, should such matters arise in future, if my party and I have any say in the matter, we shall insist on significant changes to this and other legislation to ensure that the independence of the judiciary is absolutely clear, that the merit principle in appointments is absolutely clear with no question of political influence and that the criminal law is absolutely clear about the rights of those who appear before the

[Mr. Trimble]

courts, particularly those confronted by some of the more novel procedures in the Bill, being adequately safeguarded.

If these matters are devolved, we shall find ourselves here again. I hope that on that occasion we shall see a better result.

9.2 pm

Mr. Hunter: I endorse every word said by the right hon. Member for Upper Bann (Mr. Trimble) and I understand that that is also the position of the Democratic Unionists.

As the right hon. Gentleman says, this is a Bill of two parts. The second part, consisting of clauses 8 to 17, is largely unobjectionable. It is uncontroversial and introduces a number of measures that are broadly welcome, and with which we have no quarrel. It is the first seven clauses that inject a strong element of controversy.

In his winding-up speech, the Minister urged us to see the Bill as a whole and the first seven clauses in particular as a further landmark in the evolution of a judicial system in Northern Ireland. He spoke of the need to reflect a changing society. That does not convince. Cynics—among whom I count myself—will say that the first seven clauses serve a political agenda rather than modernising a judicial system. That agenda emerged, to a considerable extent, from promises and pledges made to various parties at Hillsborough in March 2003.

The Minister said tonight, as he said in Committee and as Government spokesmen said in another place, that it was important for the Northern Ireland judicial system to command public confidence.

Frankly, the Government have, by their own criterion of judgment, failed dismally, because the Bill does not command the confidence of the elected representatives of the majority of Northern Ireland. Of course, there is nothing new in that state of affairs. It is another landmark in a process that we have witnessed time and again since 1985.

Not only does the Bill not command confidence but it undermines existing confidence. There are a number of reasons why it does so. One is that it contains an unacceptable move away from the sound principle of equality of opportunity and embraces the discredited concept of equality of outcome. It also enshrines the concept of being "reflective of the community". I shall not repeat the arguments at this stage because I outlined them in the debate but, in respect of both appointments to the commission and of judicial appointments themselves, the Bill is fundamentally flawed. There should be no room for any consideration other than merit when it comes to either set of appointments.

We look forward to the day in Northern Ireland when religious affiliation is irrelevant. The Bill yet again institutionalises sectarianism. Just as apartheid in South Africa institutionalised racism, the present Government's policies in Northern Ireland institutionalise sectarianism and that is unacceptable.

The Bill decreases the power of the Director of Public Prosecutions, in absolute contradiction of the recommendations of the criminal justice review. It advances the powers of the ombudsman at his expense, which is unacceptable. One of the remarkable things about the Bill is the way in which the Government are cherry-picking from the criminal justice review when and as that review furthers their preconceived political agenda, in particular when it meets and coincides with the demands of the SDLP.

The Bill devolves the justice system before devolved government has been re-established. We note also the Minister's persistent refusal to give an unambiguous yes or no answer on whether the Government envisage Sinn Fein being "reflected" in the composition of the commission. In all, the Bill marks a further step in the politicisation of Northern Ireland's judicial system. That is why we will vote against it.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 294, Noes 102.

Division No. 147] **[9:08 pm**

AYES

Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Austin, John
Baird, Vera
Barnes, Harry
Barrett, John
Barron, rh Kevin
Beard, Nigel
Beckett, rh Margaret
Begg, Miss Anne
Bennett, Andrew
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brooke, Mrs Annette L.
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Burden, Richard
Burgon, Colin
Burnett, John
Burstow, Paul
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Charles *(Norwich S)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Denham, rh John
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, [illegible]k
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Ellman, Mrs Louise
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra

Godsiff, Roger
Goggins, Paul
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
McWalter, Tony
McWilliam, John
Mahon, Mrs Alice
Mallon, Seamus
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Öpik, Lembit
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quin, rh Joyce
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammed
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Ward, Claire
Wareing, Robert N.
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Roger *(Brecon)*
Willis, Phil
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Jim Murphy and Charlotte Atkins

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Butterfill, Sir John
Campbell, Gregory *(E Lond'y)*
Chope, Christopher
Collins, Tim
Conway, Derek
Curry, rh David
Dodds, Nigel
Donaldson, Jeffrey M.
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Gummer, rh John
Hammond, Philip
Hayes, John *(S Holland)*
Heald, Oliver
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Key, Robert *(Salisbury)*
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Page, Richard
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Selous, Andrew
Shephard, rh Mrs Gillian
Simpson, Keith *(M-Norfolk)*
Spelman, Mrs Caroline
Spicer, Sir Michael

Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Syms, Robert
Taylor, John *(Solihull)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Hugo Swire and
Mr. Mark Francois

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Mr. Deputy Speaker (Sir Alan Haselhurst): With permission, I shall put together the motions relating to delegated legislation.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6)(Standing Committees on Delegated Legislation),

Criminal Law

That the draft Sexual Offences Act 2003 (Travel Notification Requirements) Regulations 2004, which were laid before this House on 25th March, be approved.

That the draft Criminal Justice Act 1988 (Offensive Weapons) (Amendment) Order 2004, which was laid before this House on 15th March, be approved.

Merchant Shipping

That the draft Merchant Shipping (Convention on Limitation of Liability for Maritime Claims) (Amendment) Order 2004, which was laid before this House on 24th March, be approved.

Local Government Finance

That the Local Government Finance (England) Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004–05, which was laid before this House on 25th March, be approved.

Representation Of The People (Northern Ireland)

That the draft European Parliamentary Elections (Northern Ireland) Regulations 2004, which were laid before this House on 18th March, be approved.

Value Added Tax

That the Value Added Tax (Buildings and Land) Order 2004 (S.I., 2004, No. 778), dated 17th March 2004, a copy of which was laid before this House on 17th March 2004, be approved.—*[Joan Ryan.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9)(European Standing Committees),

Asylum Systems

That this House takes note of European Union Document No. 10243/03, Commission Communication: Towards more accessible, equitable and managed asylum systems; welcomes the Commission's endorsement of the United Kingdom's analysis of the problem; and notes that this is only an interim discussion paper pending the submission by the Commission of a more substantive report by June 2004.—*[Joan Ryan.]*

Question agreed to.

ADJOURNMENT (MAY)

Ordered,

That this House, at its rising on Friday 30th April, do adjourn till Tuesday 4th May 2004.—*[Joan Ryan.]*

EUROPEAN SCRUTINY

Ordered,

That Tony Cunningham and Mr. Colin Breed be discharged from the European Scrutiny Committee and Sandra Osborne and Nick Harvey be added. .—*[Joan Ryan.]*

Brain Tumours (Children)

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

9.21 pm

Mr. John Bercow (Buckingham) (Con): There can surely be few more tragic or heartbreaking experiences than for a parent to discover that his or her child has a brain tumour. As the Under-Secretary will doubtless be aware, 16,000 people a year are diagnosed with brain tumours. Of those, no fewer than 350 are children. About 100 children die each year as a result of a brain tumour. Furthermore, the prognosis for children so diagnosed is poor, with only 20 per cent. surviving beyond five years. Research now shows that brain tumours have overtaken leukaemia as the biggest killer of children under the age of 15.

In the year 2000, six children aged under five from my own county of Buckinghamshire were diagnosed with brain tumours. Without wishing to induce in right hon. and Members statistical fatigue, it needs to be understood that the phenomenon is neither simple to detect nor uniform in type. Rather there are more than 120 different types of brain tumours, which present themselves in a variety of ways.

I put it to the House that the issue of children with brain tumours is under- debated, under-reported and underfunded. In this Parliament, the issue has attracted minimal—dare I say it, derisory—attention. There has been not one Adjournment debate until now, not one oral parliamentary question, and only two written parliamentary questions, tabled by my hon. Friends the Members for Ribble Valley (Mr. Evans) and for West Chelmsford (Mr. Burns). However, there is early-day motion 737, which commends—and rightly so—the BBC online reporter Mr. Ivan Noble for his personal and moving website diary of the diagnosis and treatment of a malignant brain tumour. That motion has so far attracted no fewer than 28 signatures.

While the media have justifiably devoted coverage to other cancers, they have seemingly overlooked the plight of children diagnosed with brain tumours, giving scant coverage to that plight. The apparent low incidence of this type of cancer, by comparison with other forms, has caused the brain tumour community to be poorly supported and funded.

A score of charities, through a plethora of fund-raising methods, finance research to help child sufferers. Most of them are small, dependent on volunteers and in limited or no contact with each other.

At the other end of the spectrum, Cancer Research UK is the largest supporter of the UK children's cancer study group, an organisation that treats all children with cancer, ensuring that they receive the most up-to-date treatment. For example, the point has been made to me that many children with brain tumours are given chemotherapy to keep their tumours under control until they are old enough safely to receive radiotherapy. Yet coverage—this is the gravamen of the argument—is not comprehensive, and because the change is recent, its full impact remains unknown.

In short, there is no ground whatsoever for complacency. In any case, charitable effort can only ever be a supplement to, not a substitute for, public financial support. That support is needed, needed on a substantial scale, and needed now. All the charities, countless individual campaigners and many tumour victims could deservedly be mentioned. Time prevents me from doing so. Instead, I shall tell the House candidly that my motivation for seeking this debate was an approach in January from a constituent, Sue Farrington-Smith, a woman of intelligence, courage and unflinching resolution to tackle the horror of brain tumours in general and among children in particular.

Sue's sister, Julie Phelan, had a daughter, Alison, who died on 7 June 2001, just three weeks before her eighth birthday. After noticing that Alison had developed a squint in her eye, Julie Phelan became concerned that her daughter was unwell. She had two appointments with her general practitioner. The GP referred Alison to an optician. The optician said that the squint was common and that it would correct itself. Julie and her husband, Gary, felt that something was wrong. They went back to the doctor. They then went to another optician. They appealed for someone to listen to them. Julie eventually went to a third optician. That optician advised Julie to take her daughter to accident and emergency with a letter detailing the fact that something was making the muscles in Alison's eye deteriorate. The hospital staff referred the family to a leading eye hospital. The advice was that there was no reason to worry. After a further visit to doctors and a children's hospital unit, Alison's parents were again told not to worry. Eventually, following test after test after test, a visit to hospital led to a scan and a meeting with a specialist and a verdict:

"There is nothing we can do. The tumour is untreatable."

That is a summarised version of a human tragedy that no words can adequately describe. Alison underwent intensive radiotherapy, but she suffered a haemorrhage into the tumour and died eight weeks later—10 months after the tumour was first diagnosed. Following her death, appalled by the lack of research funding and horrified that a cure might not be found for years, Alison's family and friends set up the charity Ali's Dream with the objective of raising funds for research into childhood brain tumours, to discover their causes, advance treatments and find a cure.

UK brain tumour charities are striving for increased funding to improve education, information, specialisation, support and research. I deal first with education. General practitioners and other health professionals need information to be widely available, and they need also to receive training in order to identify the differing symptoms of the various tumours. Often, GPs either do not recognise the symptoms or choose to eliminate other causes first. The reality, of course, is that there is a multiplicity of symptoms. Part of the problem is that those symptoms are the same as those for other illnesses and diseases.

They include headaches, convulsions, vomiting, nausea, subtle changes in personality or mental ability, blurred or double vision, muscle weakness, stumbling, lack of co-ordination, slurred speech, problems with smelling and hearing, and the inability of eyes to gaze upwards. In the circumstances, a screening programme for individuals who present with such symptoms should be more readily available so that treatment can start earlier rather than later—or sadly, as in many cases at present, too late.

[Mr. John Bercow]

Secondly, I turn to the issue of information. The empirical evidence that I have adduced thus far testifies that a reliable and up-to-date source of information is necessary, because there is no central repository of information on this cancer, leaving patients, carers and families having to hunt for knowledge. The options and the treatments available should be fully explained, and in layman's terms. For example, if surgery is proposed, what is available? What drugs are available? Better information is also needed on what support—financial, physical and emotional—is available, on the NHS or privately through charities, because that is a vital lifeline in such circumstances.

Thirdly, I turn to the issue of specialisation. In the UK at present, there are only 17 locations with the facilities to treat brain tumour patients. Eight of the children's cancer hospitals do not have the facilities to treat brain tumour patients. Each hospital that treats brain tumour patients should have a multidisciplinary team, including speech therapists, occupational therapists, physiotherapists, epilepsy nurses, nutritionists, social workers, neurologists, oncologists, neurosurgeons and neuro-oncology nurse specialists. Specialised therapy equipment should also be available both in hospitals and at home. Specialised counselling, night-sitters and respite care are also necessary. That is the essential infrastructure without which the lives of those who seek to cope in such circumstances become unimaginably grim and awful.

Support in its widest sense is also invaluable. Hospitals should provide facilities for families that include overnight facilities, rest rooms and showers. Families who are bereaved should have freely available professional counselling. Funding is desperately needed for families who have to travel to receive treatment and to pay for accommodation. No hon. Member should work on the assumption, consciously or unconsciously, that such costs are insignificant and can be readily borne. That is often simply not true. Additional money is also needed for hidden costs, such as parental leave, new clothes for children on steroids whose clothes no longer fit, and treating patients and siblings to special holidays to ease the pain.

Research, research and research must be of the essence. Dedicated laboratory-based research on brain tumours is carried out at only 10 centres nation wide and clinical trials are undertaken in only eight hospitals—half the total number of brain tumour hospitals in the UK. An integrated research programme and dedicated brain tumour research centres are required, focusing on types of tumour, genetics and molecular genetics, brain tumour invasion and the effectiveness of treatment.

It is glaringly obvious that this country still has high hurdles to overcome if the scourge of brain tumours is to be successfully fought. I say that the hurdles are high, but—with effort, skill and focus—they should not be insurmountable.

Medical science continues to advance, to create new cures and, inevitably, to produce new lists of expectant patients in the process. Yet the research that leads to treatment, that can provide relief and offers the ultimate prospect of a cure demands political will and financial support.

Members of all political parties and of none, and parents, patients and professionals, look to the Government to give a lead and to make the fight against brain tumours a key priority. I look forward to the contributions that other hon. Members will doubtless make to the debate. I look forward, in particular, with interest, courtesy and respect to the response of the Minister and to the policy of the Government. I think that I can confidently say that tens of thousands across the country will do so too.

9.35 pm

Mr. Bob Blizzard (Waveney) (Lab): I rise briefly to pay tribute to the work of the Ellie Savage Memorial Trust, a charity based in my constituency and established just last year in memory of Ellie who tragically died of a brain tumour when she was just 14 years old. From what I have been told, her circumstances were similar in many ways to the circumstances of the young lady described by the hon. Member for Buckingham (Mr. Bercow). Ellie first became aware that something was wrong when she suffered an epileptic fit, but she was told not to worry too much. Many youngsters in their teenage years suffer in that way, but Ellie found out some time later that she had a brain tumour that was inoperable. She eventually died about a year after the problems were first brought to the attention of the medical authorities.

Ellie's family discovered in the course of her illness, as I guess many families have, that there is a shortage of support services; there is not a good network of support and there is a lack of readily available information. As the hon. Gentleman pointed out, there is a dearth of good, dedicated medical research.

I ask my hon. Friend the Minister to pay particular attention to this aspect of health and of the national health service. In particular, will he consider how best the NHS can work with charitable bodies, such as the Ellie Savage Memorial Trust, to fund more research, to provide proper networks of health advice and information, and to establish better screening facilities? The trust certainly thinks that more children and youngsters now die from brain tumours than from meningitis and possibly leukaemia. My hon. Friend will have the figures for that, but it is clearly a serious problem that demands attention. Can the NHS work closely with bodies such as the Ellie Savage Memorial Trust? Like the charitable trust founded in the hon. Gentleman's constituency, they are determined to do something to help others in memory of the loved ones that they have lost.

9.38 pm

Bob Spink (Castle Point) (Con): It is always an honour to follow the hon. Member for Waveney (Mr. Blizzard) who spoke so passionately and wisely on this important subject. My hon. Friend the Member for Buckingham (Mr. Bercow) will know that I have tabled many questions on neurosurgery over the weeks and months that have gone by. I am delighted that we have such an excellent Minister—the Under-Secretary of State for Health, the hon. Member for South Thanet (Dr. Ladyman)—to respond to the debate. I notice how carefully he is listening to it.

I declare an interest: my son is a London neurosurgeon and spends some of his time removing nasty things from children's heads. He and surgeons like

him know how very important this subject is and how painful and serious the outcomes often are for families. No one can imagine how terrible and traumatic it can be for parents and the wider family to lose a child in such circumstances.

I therefore warmly congratulate my hon. Friend on introducing this important debate and on describing so movingly what happened to a young girl in his constituency.

I know how important this issue is and, as my hon. Friend said, how crucial it is to get more funds into research in this area. I know, too, how important it is to increase the number of consultants coming into neurosurgery. As the Minister knows, because he is burdened with responding, I have tabled quite a number of questions on that subject over recent weeks. I know also how important, and difficult, diagnosis is. MRI is a good, non-invasive method of diagnosing tumours, but it is not very child friendly: children are often frightened by the noise and paraphernalia that go with it, so spiral CT methods are sometimes much better. However, we need more MRI and spiral CT equipment to diagnose tumours so that when children present with persistent headaches and other symptoms—other hon. Members have described those adequately, so I will not go into them—GPs and even, perhaps, opticians will be able to refer them for investigation more easily, quickly and efficiently.

One specific area of research which is very important is the timing of surgical intervention for low-grade tumours in children; it is critical to the outcome and to the child's survival. Sometimes in the NHS, in fact too often, surgery is performed too late in the tumour's development, when nothing can be done. We need specific research into how chemical and other changes in tumours develop so that the critical timing of surgery to remove the tumour can be got right. I know that the Minister is listening very carefully and that he will look at that matter. That would be very helpful to all neurosurgeons practising in this specialised and important area of the NHS.

Again, I congratulate my hon. Friend the Member for Buckingham on introducing the debate in such warm and moving terms.

9.43 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): It is usual practice to congratulate hon. Members on securing Adjournment debates, but on this occasion that sentiment is more deserved than usual. I had not realised that Parliament had so little considered these matters until the hon. Member for Buckingham (Mr. Bercow) spoke, and I hope that opportunities can be found further to debate them in coming months because they clearly need to be explored. We need to work together on initiatives to move forward. The debate is timely, given that last month was brain tumour awareness month, when a number of charities throughout the UK organised a host of fund-raising and awareness-raising activities. I have no doubt that Ali's Dream and the Ellie Savage Memorial Trust were involved.

My hon. Friend the Member for Waveney (Mr. Blizzard) described, in very moving terms, the experience of his constituent, and the hon. Member for Castle Point (Bob Spink) raised issues of great interest. I hope that all the Members who spoke will take it as given that I will ensure that officials study all their comments with care, and that their constructive suggestions will be taken on board.

Before coming to the main part of my speech, let me respond to my hon. Friend the Member for Waveney on how individual charities can engage with debates such as this. If a charity is engaged in developing a project that is of national significance and is related to the priorities of the Department of Health, the Department can provide some funding under a scheme called section 64. Any charity that thinks it has an idea of national significance and is interested in taking that route will find the means to make an application on the Department's website. If the charity is engaged in purely local work, it needs to engage with its local primary care trust—PCTs are responsible for commissioning services in their local area. I would encourage all PCTs to have thorough and constructive discussions with reputable charities that have good ideas, even if at the end of those discussions the PCT might say that it has other means of meeting local needs, or it is not especially interested in the charity's idea. Similarly, I would encourage all charities and lobby groups to take that route.

Cancer in children is mercifully rare: about 1,100 new cases are diagnosed in England each year, of which about one fifth are cancers of the brain and spinal cord. I do not want the hon. Member for Buckingham to take anything I say as being complacent in any way. Of course even one child's death is one too many. However, that said, I should put it on the record that improving the care of children with cancer is one of this country's success stories. I am delighted to be able to say that, according to Cancer Research UK, we now have some of the best children's cancer services in the world. Survival rates for the most common forms of children's cancers match those in the United States, which is regarded as setting the gold standard.

Since the 1960s, there have been great advances in the treatment of most childhood cancers, which have resulted in markedly higher survival rates. Only last month, the Office for National Statistics published a report on children's health, which detailed that a child diagnosed with Hodgkin's disease in the mid-1960s had a 39 per cent. chance of being alive five years later, whereas a child diagnosed with the same disease in the mid-1990s had a 94 per cent. chance. Similarly, survival rates of children diagnosed with acute lymphoid leukaemia—the most common form of cancer in children—have risen from a mere 4 per cent. in the mid-1960s to 81 per cent. in the mid 1990s.

Those improvements in survival rates occurred during a period of great technical advances in childhood cancer treatment, but there were also major changes in the patterns of referral. At one time, most children with cancer were treated at local hospitals; there were few clinicians specialising in paediatric oncology and opportunities to participate in collaborative studies of treatment were limited. Treatment has gradually become more centralised and larger numbers of children have been entered in national and international clinical trials or studies. The hon. Member for Buckingham mentioned the relatively limited number of specialised services available in this country. Although it would be wonderful to have services on everyone's doorstep,

[Dr. Stephen Ladyman]

creating centres of excellence requires the creation of specialised services, which, inconvenient though that might be in some cases, has been a major factor in driving up success rates. All hon. Members should take that success into consideration as we debate hospital reconfiguration and concentrating into centres of excellence.

As a consequence of the improved survival rates, the number of adult survivors of childhood cancer has greatly increased. In 1971, there were about 1,400 adult survivors, compared with almost 15,000 in 2000.

In 1971 only around 1,000 adult survivors were aged over 30, compared with 7,000 in 2000. Although there is a small risk of very late relapse, the great majority of five-year survivors of childhood cancer do appear to be cured, with only a 10 per cent. risk of death from recurrent tumour or a treatment-related effect during the 10 years after diagnosis

That said, I am aware that survival rates for children diagnosed with brain tumours are not as impressive, but significant progress has been made none the less. The Office for National Statistics report showed that a child diagnosed with cancer of the brain and central nervous system back in the 1960s would have a 37 per cent. chance of surviving more than five years. Sixty-eight per cent. of children diagnosed with the same disease in the mid-1990s survive longer than five years. I listened carefully to the comments of the hon. Member for Buckingham, and I am not entirely sure that the figures he gave correspond with the figures that I have just given. I can assure him that the figures I gave are accurate, according to the Office for National Statistics.

In the past 30 years the mortality rate for children with brain tumours has been more than halved—18.3 deaths per million in 1971, compared to 8.9 in 2002—but as the hon. Gentleman said, there is no room for complacency. I assure him we are not complacent. We are committed to building on these major improvements. Research, as the hon. Member for Castle Point and others said, is essential if the burden of cancer is to be reduced as quickly as possible.

Through the National Cancer Research Institute we are changing fundamentally the way cancer research is carried out in the UK. The NCRI draws together major cancer research funding organisations from Government and the charitable and private sectors. For the first time these organisations have come together in a single body to collectively map out research activities and jointly plan for the future.

The NHS plan announced that the Department of Health would provide an additional £20 million per year to establish a national cancer research network. The National Cancer Research Network and the National Translational Cancer Research Network were established as a result. NCRN and NTRAC are helping to ensure that patients, including children, from all parts of the country benefit sooner from new developments in cancer care. Within the NCRN the Department of Health provides specific funding for a specialised research network on paediatric oncology, led by the UK Children's Cancer Study Group. The brain tumour group of the UKCCSG is currently running eight trials. In addition, several other trials are under development and a number of recently closed studies are being analysed.

The Department of Health also provides funds for the childhood cancer research group at Oxford university, which maintains the national registry of childhood tumours, the largest population-based childhood cancer registry in the world. Sir Paul Nurse, Nobel prize winner and former chief executive of Cancer Research UK, said:

"In terms of the key successes of cancer research over the last few decades, childhood cancer is undoubtedly one of the jewels in our crown."

One of the key actions in the NHS cancer plan is to ensure that patients with suspected cancer are seen quickly and appropriately. GPs have a crucial role in ensuring that children with suspected cancer are referred for specialist treatment. Referral guidelines for suspected cancer were sent to all GPs in April 2000. The aim of these guidelines, which include a section on children's cancers, is to facilitate appropriate referral between primary and secondary care for patients whom a GP suspects may have cancer. The guidelines should help GPs to identify patients who are most likely to have cancer and will therefore require urgent assessment by a specialist.

In the case raised by the hon. Member for Buckingham, the GP did not suspect cancer and thought that it might be some sort of optical problem. Off hand, I do not know whether the guidelines issued in 2000 would have helped in those circumstances, but I will ensure that officials study the guidelines to see whether they offer any encouragement for the sort of situation that the hon. Gentleman described, by helping GPs to spot such conditions and refer them for specialist advice more quickly. It is hoped that the guidelines will also help GPs to identify patients who are unlikely to have cancer and who may appropriately be observed in a primary care setting, or who may require non-urgent referral to a hospital.

In that way, anxiety can be reduced for patients and their families. The National Institute for Clinical Excellence is currently reviewing the guidelines, and its review is due for publication early next year. Again, I shall make sure that NICE gets a copy of the *Official Report* of this debate.

Every child with cancer currently receives specialist treatment within one month of their being urgently referred by their GP. Improving patients' experience of care is at the forefront of all our plans for the NHS. To support that aim for cancer care, we have made £6 million available over the next two years for pilots to develop a service delivery model that supports patients as they move between primary, secondary and other specialist care. We envisage that the model will include input from social services, the voluntary sector and patients themselves, and hope that it not only improves patients' experience of care, but reduces avoidable hospital stays.

The distinct needs of children with cancer have been increasingly recognised over recent years, which is why we commissioned NICE to produce service guidance for the NHS on child and adolescent cancers. The guidance will include recommendations on optimal forms of diagnostic services, treatment, support services and

palliative care. It will also include advice on research, the transition from paediatric to adult services and specialist follow-up services for patients who suffer long-term effects from treatment.

Bob Spink: In those sad cases in which the condition is terminal and palliative care is needed, the child may eventually go to a children's hospice. The Minister will know that Government funding for children's hospices is dire. On average, the Government provide only 5 per cent. of funding for children's hospices, and they provide only 1.5 per cent. of the funding, which is far too low, for the Little Haven children's hospice in my constituency. Funding for children's hospices should at least be on a par with that for adult hospices, which receive an average of 18 or 20 per cent. of their funding from the Government. Will the Minister take that message back to his Department, and not give the usual answer that it is up to primary care trusts and strategic health authorities to make those decisions? He should make sure that funds are directed to those important caring services.

Dr. Ladyman: I accept that those services are important, and wish that I could magically provide a pile of extra money for them. I also wish that I could avoid saying what the hon. Gentleman asks me not to say, but I cannot. Under "Shifting the Balance of Power", the reality is that we give the vast majority of the money for the national health service to local PCTs. We expect PCTs to commission services locally according to the needs of their local populations, which includes palliative services for both adults and children. It is important that those who run children's hospices, as well as those who run adult hospices, engage with their local PCT to ensure that it understands the services that they provide locally and to encourage it to fund them. That said, I am happy to give further thought to the hon. Gentleman's words, but I cannot promise that I will somehow come across a pile of money in the Department of Health to fund palliative services.

Mr. Bercow: I know that the Minister would not seek to abdicate responsibility for that which properly falls within his bailiwick. First, if he is confident that real and worthwhile progress is being made, there can be no argument against the establishment and promotion of public service agreement targets for what the Government intend to do. Secondly, support for bereaved or affected families is a political matter, not a clinical matter—will he undertake to provide the additional support craved by those affected?

Dr. Ladyman: We are currently writing a national service framework for children.

The national service frameworks are the way in which we at the centre set the standards that we expect to be delivered locally. The national service framework for children is the most complex that we have yet written. It is occupying a great deal of my time, because I am determined to have it published as soon as possible. I assure the hon. Gentleman that all the comments made in the debate—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

Dr. Ladyman: I will ensure that all the comments made in the debate are used to inform the final preparation of the national service framework. Perhaps I can give the hon. Gentleman some comfort by saying that the national service framework is used to help us to create the performance framework for the national health service. In other words, it will be used to identify the factors that we set as the targets against which we expect to measure the NHS in future. Obviously, I cannot predict what the national service framework for children will contain, but it may well be that during the progression of the national service framework, and the creation of the planning frameworks that follows, we will be able to move forward on a lot of what the hon. Gentleman is asking for.

We expect the NICE guidance that I mentioned to be published in February next year, but a draft version will be available for consultation in July this year and will give the NHS a clear indication of the type of services that NICE thinks should be provided.

The hon. Gentleman suggested, as did my hon. Friend the Member for Waveney and as have charities working in this field, that further work needs to be done on screening programmes to identify brain tumours in children. The National Screening Committee advises the Government about all aspects of screening policy. It assesses proposed new national screening programmes against a set of internationally recognised criteria covering the condition, the test, the treatment options, and the effectiveness and acceptability of the programme. Such assessment is intended to ensure that programmes do more good than harm, and at a reasonable cost. Although screening has the potential to save lives and improve quality of life through early diagnosis of serious conditions, it can never be 100 per cent. accurate. It should be seen therefore as a process of risk reduction.

We can screen only when there is the evidence to do so. There is currently insufficient evidence to support screening for brain tumours. Any screening activity would involve children having an image taken by using computerised tomography or magnetic resonance imaging. It is difficult to ensure that those procedures are carried out satisfactorily for children even where problems are already suspected. As the hon. Member for Castle Point said, such facilities are not necessarily child friendly; they can be rather frightening.

Even greater problems would be involved in attempting to screen all children—hon. Members did not suggest that, but some charities have—where there is no evidence of problems and no guarantee that we could make an accurate assessment. Such a move would absorb a disproportionate amount of professional expertise and staff time, with little to show for the child. Using computerised tomography would also involve significant radiation exposure. By screening children irrespective of whether they have symptoms, we run the real risk of identifying things that would never have caused a problem, but cause great worry to parents and perhaps even to older children and young people. In addition, many of the children would need to be sedated or given general anaesthetic, with all its associated risks, to ensure a satisfactory image when using those

[Dr. Ladyman]

technologies. I am sure that those who call for these measures would appreciate the logistical difficulties involved in carrying out this procedure for hundreds of thousands of children.

In summary, screening for brain tumours would place tremendous pressure on services that are needed for people with already-suspected problems. Not only that, but unnecessary worry may be caused to some parents and there is little, if any, evidence that the programme would have any benefit. However, these issues are always kept under review by the National Screening Committee and should new evidence emerge it would of course reconsider its position. I would certainly want to receive its advice as soon as such evidence was available.

At this point, I should like to set out my own personal support for the invaluable work and support carried out by the hundreds of charities dedicated not only to children with cancer but to those in the rest of the population who have been diagnosed with the disease. The voluntary sector and patient groups play a crucial role in raising awareness of cancer, and also in providing patients and their families with emotional and physical support. They also facilitate a stronger user voice, improve the experience of care and enable greater choice and responsiveness of the service for users.

Improving the prevention, detection and treatment of cancer and the care of people with the disease is a key priority for the Government. Through the hard work and dedication of staff working in the national health service and voluntary sector, and through record amounts of investment, we have made significant improvements since the NHS cancer plan was published. I know that there is work still to be done to improve services for children with cancer, but we have come a long way. I am confident that we can make even further strides forward in the coming years, and if we receive the same kind of co-operation that has been shown tonight on both sides of the House in future debates and when further initiatives to address this problem are announced, I have no doubt that we shall make rapid strides. I hope that, when the national service framework for children is published, we shall have another opportunity to debate these matters in much greater detail and that, in particular, we shall be able to look at that document to see what benefits it could bring to the children who have been mentioned in tonight's debate.

Once again, I should like to thank the hon. Member for Buckingham for securing this debate, and my hon. Friend the Member for Waveney and the hon. Member for Castle Point for their valuable contributions. I look forward to having further opportunities to debate this matter in the future.

Question put and agreed to.

Adjourned accordingly at six minutes past Ten o'clock.

House of Commons

Tuesday 27 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

SCOTLAND

The Secretary of State was asked—

Constitutional Reform

1. **Bob Spink** (Castle Point) (Con): What recent representations he has received on constitutional reform for Scotland. [167027]

The Secretary of State for Scotland (Mr. Alistair Darling): I have received a number of representations on constitutional issues in Scotland.

Bob Spink: As we want to make devolution work and see it stable in Scotland, which requires a reduction in the number of Scottish MPs, will the Secretary of State give the House an assurance that, once the Scottish Parliament (Constituencies) Bill has passed through the House, he will lay orders to reduce the number of Scottish MPs from 72 to 59?

Mr. Darling: I am glad that the Conservatives want to make devolution work, which marks a welcome change from the last 20 or 30 years. As to the reduction of Scottish Members of Parliament, it does not depend on the Bill currently passing through Parliament. Under the Scotland Act 1998, the boundary commission was asked to examine the boundaries with a view to reducing them so that the constituencies would be approximately the same size and the electoral quota the same as between Scotland and England. The position now is that the boundary commission has finished its work on the Westminster parliamentary boundaries. All other things being equal, it would have proceeded to examine the boundaries of the Scottish Parliament, but the Bill going through the House puts a stop to that, as we are going to retain the 129 Members. As I have said on many occasions—and at every Question Time that I can recall—as soon as I have received the report, I intend to lay it before the House with a view to implementation. I believe that all the Scottish political parties are preparing for that and proceeding on that basis.

John Robertson (Glasgow, Anniesland) (Lab): Will my right hon. Friend provide an update on where we are in respect of the commission established to examine the coterminous boundaries of constituencies? Will he tell us when all these things are going to happen, and whether they will be done before the next Scottish Parliament elections?

Mr. Darling: We are making good progress on the membership of the commission. Conservative Members pressed me at previous Scottish questions about why we were not making faster progress. I was very surprised to receive a letter from the leader of the Conservative party saying that the Conservatives—despite the fact that they wanted me to make progress—would play no part in the proceedings whatever. We saw that before, when they were in denial when we were preparing for devolution. Some things never change.

On my hon. Friend's general point, I repeat that, once the commission is set up, I would like it to make progress as quickly as possible. I see no point in prolonging these things: the issues before the commission relating to the lack of coterminosity in the boundaries are fairly straightforward. I am not saying that there will not be representations to consider, but I see no point in dragging out the whole process. I have also said before that I cannot commit the Government to introducing primary legislation in Sessions yet to come. But I do think—and I hope there is common ground here—that we need to make progress as quickly as possible.

Mr. Alex Salmond (Banff and Buchan) (SNP): Now that even retired diplomats have lost confidence in the Prime Minister's disastrous foreign policy, does the Secretary of State not think that there a case for further constitutional change to allow Scotland direct access to the world, so that we can pursue an ethical foreign policy and one that is not totally subservient to the Administration of the United States of America?

Mr. Darling: No, I do not, and I have never been convinced of the case for separatism in Scotland. The hon. Gentleman might want to reflect on the fact that the Scottish National party has never ever won an election that it has contested.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): But constitutional reform has many facets to it. The coming debate on the EU constitution will have profound constitutional implications for Scotland, as it will for the rest of the UK. However, the Government now seem to be seeking the strangest of bedfellows—those strange people behind me. We learn that negotiations and deals are to be hatched between the Foreign Secretary—head of the Straw-ites, I understand—and the SNP. In the process of constitutional reform, who does the Secretary of State think is most likely to be sold out on—Scottish fishing communities or the Scottish people, as a result of a left-wing consensus that is determined to relinquish our nation's sovereignty?

Mr. Darling: Once again, the hon. Gentleman is rather muddled in what he says. Since he has raised the question—in some ways I was not surprised that the hon. Member for Banff and Buchan (Mr. Salmond) did not raise this point—I understand that the meeting with the Foreign Secretary was arranged some time before the referendum was announced, so the SNP's claim that

this is all about some sort of negotiation is the sort of overblown and overspun claim that one might expect from the hon. Gentleman. We intend to hold the referendum and to fight it on the issues. I believe that it is in the best interests of Scotland that we remain at the heart of Europe. Scotland depends on its membership of a United Kingdom at the heart of Europe. That is what we will be fighting on. The only common ground is that the Conservatives in Scotland and the nationalists are trying to outdo each other in their Euroscepticism.

Farm Holdings (English Border)

2. **Mr. James Gray** (North Wiltshire) (Con): What estimate he has made of the number of registered farm holdings which straddle the English border. [167028]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): I have made no such estimate. The registration of farm holdings in England and Scotland is a matter for the respective agriculture Departments. I am informed, however, that the relevant Departments have agreed detailed arrangements in respect of farm holdings that straddle the border, and of farm businesses with separate holdings on both sides of the border.

Mr. Gray: It is disappointing that the Minister has made no estimate of how many farms will be affected. The reform of the common agricultural policy means that English farms get £220 per hectare, whereas Scottish farms will still be paid on the historic basis and may get only half as much. What does the Minister think about a potato field that straddles the border? Farmers in England will be paid a subsidy for growing potatoes, but those in Scotland will not. The subsidy will mean that the noble English tuber will be substantially cheaper than the common Scottish tattie. Does the Minister think that that is reasonable? What is she going to do about farms that straddle the border?

Mrs. Anne McGuire: It is always a delight to hear the hon. Gentleman try to get his tongue around Scots words such as "tattie".

Arrangements are in place to allow holdings that straddle the border to apply for subsidy at a one-stop shop. Agriculture is a devolved issue, and different systems exist in Wales, Northern Ireland and Scotland. There are also three different areas in England—a point that I hope that the hon. Gentleman will bear in mind at the next Department for Environment, Food and Rural Affairs Question Time. It all depends on the particular circumstances of an area.

Dr. Gavin Strang (Edinburgh, East and Musselburgh) (Lab): On the question of the implementation of the most recent CAP reform package, does my hon. Friend agree that it is a very good thing that the four parts of the United Kingdom are able to diverge when it comes to the application of the measures? However, will she make representations to the Scottish Executive and to my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs, the UK Agriculture Minister, in respect of the real concerns about the continuation of set-aside, not least whole-farm set-aside? The CAP reform package has not eliminated set-aside, and many of us in Scotland are particularly concerned not just about the short-term income of those who happen to be farmers at the moment but about future levels of agricultural production on these islands.

Mrs. McGuire: I thank my right hon. Friend for that question, as he has great knowledge in this area. I welcome his comments about the devolution of responsibility. That allows different areas in the UK—including the three regions identified in England for the purposes of the single-farm payment—to take account of local circumstances. I shall draw my right hon. Friend's comments to the attention of my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs.

Dungavel

3. **Mr. Michael Connarty** (Falkirk, East) (Lab): When he last discussed with the Scottish Executive the conditions for children held at the immigration removal centre in the former Dungavel prison in Scotland. [167029]

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): The operation of the Dungavel immigration removal centre is a reserved matter and is the responsibility of my right hon. Friend the Home Secretary. However, I have regular meetings with Home Office and Scottish Executive colleagues to discuss any particular concerns surrounding asylum seekers and refugees in Scotland.

Mr. Connarty: I thank my hon. Friend for that reply. I am aware from conversations with many people that there is much anguish that we are still locking children up in the former prison at Dungavel. All five major Churches in Scotland have made it clear that they oppose the continuation of that practice. I hope that we now have an opportunity to have a dialogue on this matter. Kathleen Marshall, the new Commissioner for Children and Young People in Scotland, has said that she wants a dialogue and not a collision. She has said that she will make looking at the conditions facing children in Dungavel a priority, and it is possible that the facility will no longer be used for that purpose. I suggest that it is time to step back and have a genuine conversation about this matter, behind the scenes and with all interested parties involved. In that way we can see whether we can work out a better solution for the problems that arise when children are put in detention. We should stop locking children up, as that contravenes the UN convention on the rights of the child.

Mrs. McGuire: I would suggest to my hon. Friend that there is not a doubt over whether we are contravening the rights of the child. In fact, children are not detained at Dungavel for most purposes. There are specific cases in which children have to be detained as a result of the actions of their parents. It does no service to the great support given to asylum seekers in Scotland and across the United Kingdom if people continue to perpetuate the myth that we lock up children as a matter of course.

Of course I recognise the comments made yesterday by the new Children's Commissioner, and I welcome the fact that she has said on the record that she does not know what is happening in Dungavel and will go on a fact-finding trip. The Home Secretary will welcome that visit, and the commissioner will see for herself the excellent conditions for families who need support at a time when they are traumatised by all sorts of events in their lives.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Is the Minister aware that, in a press release dated 15 August 2003 in response to concerns raised and recommendations made in the report of Her Majesty's inspectorate of prisons, the Home Office said it would consider the recommendations carefully and reply in due course? Has she had any discussion with her colleagues at the Home Office as to when the response might be received, and does she not think that having waited eight months is already too much? Surely the incarceration of children in Scotland is a matter that should be considered somewhat more timeously.

Mrs. McGuire: I am delighted to be able to advise the hon. Gentleman that the former Minister for Citizenship and Immigration commented on the situation at Dungavel some months ago. New systems put in place to deal specifically with people's genuine concerns about children in detention mean that children will not be detained any longer than is absolutely necessary. After 28 days, they will be detained only on the specific undertaking of the relevant Home Office Minister, and their cases will be reviewed weekly after that. The average length of detention in Dungavel for children over the past year was approximately 10 days. The Home Office has already made its views known on HMIP's report, and I shall arrange for a copy to be given to the hon. Gentleman.

Mr. Bill Tynan (Hamilton, South) (Lab): Dungavel is obviously a last resort as far as the immigration problem is concerned. However, the question of children's education at Dungavel is an issue of major concern, and I have made representations to South Lanarkshire council about it. Will the Minister make representations to the council's education department to try to ensure that children have the opportunity to attend local schools during their stay at Dungavel? That would help to alleviate some of the concerns that many people have.

Mrs. McGuire: I respectfully suggest that, with an average stay of around 10 days, it is educationally difficult to put children resident at Dungavel for such short periods into the local schools. The Home Office, the organisation that manages Dungavel and South Lanarkshire's education authority co-operate closely to ensure that maximum educational input is given to children while they are there. I can assure those of my colleagues who have not seen the educational facilities at Dungavel that they are first class. It would be helpful if people would recognise that the Home Office, the company and the local authority are working full out to ensure that education and care are given, in difficult circumstances, to the families and children in the detention centre.

Annabelle Ewing (Perth) (SNP): The Minister will be aware that children are imprisoned at Dungavel through no fault of their own. One day, surely, is one day too many. Will the Scotland Office stand with the Children's Commissioner against the imprisonment of children at Dungavel, or is it content to continue to prop up a discredited UK Government policy?

Mrs. McGuire: The problem with complex issues is that there are no simplistic answers. To be honest, it is incumbent on the hon. Lady to tell us what she and her party would do in a situation in which families abscond after going through the whole legal system that manages our asylum policy. Making trite statements about a complex issue is just not good enough.

Barnett Formula

4. **David Taylor** (North-West Leicestershire) (Lab): What recent discussions he has had with the Chancellor of the Exchequer about the options for reform of the Barnett formula. [167030]

The Secretary of State for Scotland (Mr. Alistair Darling): None.

David Taylor: Given the £10 million a day Scottish public spending advantage over comparable English regions such as the east midlands, and the recent comments by my right hon. Friend the Minister for Local and Regional Government that the case for reconsidering the basis for funding is getting stronger all the time, does my right hon. Friend the Secretary of State agree that Scotland should get the Chancellor's cash only on a needs basis or should have total fiscal autonomy? The days of building castles in the air at Holyrood with other people's taxes must end, and soon.

Mr. Darling: No, I do not agree with my hon. Friend. He might wish to reflect that thanks to this Government, whom he supports on occasions, I think, public expenditure has risen in the east midlands by 30 per cent., and that has enabled, for example, the employment of more teachers, more nurses, more doctors and more police. The Government have increased public expenditure across the piece. As for the Barnett formula, the Chancellor and the Chief Secretary have made it clear that they do not have any proposals to amend it. Instead, we are concentrating on addressing some of the disparities and the historic underinvestment in areas such as the one that my hon. Friend mentioned. As for fiscal autonomy, he ought to understand that it is Natspeak for separation.

Sir Nicholas Winterton (Macclesfield) (Con): Will the Secretary of State, who is always rational in what he says, accept that Lord Barnett, the initiator of the Barnett formula, believes that it should now be phased out? Does the right hon. Gentleman accept that those of us who represent English boroughs and counties such as Macclesfield and Cheshire are concerned that the population we represent get 20 per cent. less per head than the resources allocated to Scotland? Does he further accept that, bearing in mind the fact that that enables Scotland to provide free tuition and free residential and nursing care, whereas we cannot provide those in England, it is really stretching the patience of those who live in England.

Mr. Darling: On the question of tuition fees, of course, if Parliament approves the measures currently

before the House, substantial advantages will be provided to students living in England that were not previously available. I cannot remember whether the hon. Gentleman supported his party's opposition to those measures, but he should bear that in mind. Expenditure in the north-west, including the hon. Gentleman's constituency, has also risen by more than 30 per cent. The hon. Gentleman was nice about me, so I shall be nice about him. Throughout my 10 years in opposition, I was always taken by the fact that he spoke as much against his own Government as about other matters. He sees the need for public expenditure and I think that he would agree that increasing it by 30 per cent., with all that that entails for his constituency and others in the north-west, is a good thing.

Business Growth

5. **Rosemary McKenna** (Cumbernauld and Kilsyth) (Lab): What assessment he has made of the impact on new business growth in Scotland of the Budget. [167031]

The Secretary of State for Scotland (Mr. Alistair Darling): The recent Budget contained a number of measures that will help new and growing businesses in Scotland.

Rosemary McKenna: Does my right hon. Friend agree that hundreds of smaller firms will benefit from the Budget, and especially the research and development tax credits? They are an important aspect of the Budget, but one that is often ignored. Does he agree that raising the lamentable input into research and development in Scotland will be a key factor in improving the economy? Will he do something to ensure that companies take up the tax credits on offer?

Mr. Darling: My hon. Friend is right. Research and development is crucial if we are to ensure that Scottish companies do well in the future. My hon. Friend has drawn attention to the fact that in the Budget, and indeed in the previous one, my right hon. Friend the Chancellor introduced a number of measures that are designed to help companies. It is also encouraging to note that the various business surveys that have been published this year show, for the first time in a long while, that optimism is increasing, not only in traditional areas such as manufacturing but in newer areas, such as biotech industries, where Scotland has much to show. We are seeing increased optimism as far as jobs and the sale of goods and services abroad are concerned.

It is also encouraging that we are beginning to attract companies relocating from different parts of the world. They are coming to Scotland because they know that Scotland is a good place in which to live and to do business. All the signs are that things are a great deal more encouraging than they were, say, 10 years ago when the picture was very different indeed.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): As a result of the Budget, new businesses in the successful Scotch whisky industry face significant additional burdens to their operations. Bladnoch distillery in my constituency faces an additional cost of £220,000 only two or three years after it started operations at the time when the Government ruled such measures out. Why should the Government's grinding reverse gear be so expensive for this and other potentially vibrant new businesses?

Mr. Darling: No doubt, the hon. Gentleman will draw attention to the fact that, among the measures announced by the Chancellor on Budget day, he announced significant help especially for small whisky businesses. At the moment, the whisky industry is discussing with the Treasury how the new help will be applied and what the specific arrangements will be.

I return to the point that I have made on many occasions. No matter how different the views are of the amount of fraud, the common ground is that a significant sum of money is lost through fraud in relation to whisky. Despite all the efforts, it was felt that nothing was being brought forward that was likely to deal with the problem. That is why the Chancellor decided that strip stamps were the best way of combating fraud. He also announced a major package of reform that is designed to help the very businesses to which the hon. Gentleman referred. I would have hoped that the whole House would recognise that, yes, we have to help industry, but we also have to guard against losses to the Exchequer that otherwise would have to be made up for elsewhere.

ADVOCATE-GENERAL FOR SCOTLAND

The Advocate-General was asked—

Devolution Issues

14. **Ann McKechin** (Glasgow, Maryhill) (Lab): What devolution issues she has considered since 16 March. [167042]

15. **Mr. Alan Reid** (Argyll and Bute) (LD): What devolution issues have been raised with her since 16 March. [167043]

16. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What devolution issues have been raised with her since 16 March. [167044]

17. **Miss Anne McIntosh** (Vale of York) (Con): What devolution issues she has considered since 16 March. [167045]

The Advocate-General for Scotland (Dr. Lynda Clark): Since 16 March, there have been 55 devolution issues intimated to me. Forty-six of these related to criminal matters, including pre-trial delay and self-incrimination in the context of road traffic offences and the breach of sea fishing legislation. Nine devolution issues related to civil matters including two actions for damages in relation to prison conditions, judicial review by a patient detained in terms of the mental health legislation and an appeal to the parking appeals service.

Ann McKechin: Will my hon. and learned Friend comment on the decision taken yesterday against the

Scottish Executive on the practice of slopping out in prisons and on the implications of that under the human rights legislation?

The Advocate-General: That is one of the devolution issues to which I referred. It involves an action for damages in relation to prison conditions and it has been determined by a single judge. As the case is still within the reclaiming days for appeal, I do not think that it would be appropriate for me to comment on the legal implications.

Mr. Reid: In response to my question at the last Question Time about the Fisheries Jurisdiction Bill, the Advocate-General said that there were one or two obvious problems with it, but she did not elaborate on what those problems were. Could she give the House the benefit of her legal expertise and advise us what she sees as the legal problems with the Bill?

The Advocate-General: As I suggested, it is not really for me to give free legal advice but, in the spirit of helpfulness, I point out that, unless there have been any recent changes, there appears to be a drafting error in clause 4(5) of the Bill, which purports to amend section 7(2) of the Scotland Act 1998. Section 7(2) deals with the calculation of regional figures for registered political parties in the regional lists and is concerned with elections. The Bill, however, is concerned with fishing. There may have been a mistake and the Bill's provision might be meant to deal with one of the schedules but, having had a look at the Bill, all I can say is that it does seem to contain one of two little problems.

The Bill may also be problematic on a more major issue. It is my understanding that the Bill is designed to amend the reservation on international relations, so as to devolve the negotiation of international instruments that deal with fishery matters. That involves a fairly broad sweep of issues. As I say, it is not really my job to provide an analysis of the Bill but, in the spirit of helpfulness, I throw these comments into the arena.

Mr. Carmichael: Does the Advocate-General agree that, if and when we get the supreme court, it will be of great importance that measures are taken to ensure that cases coming to that court from Scotland are heard by a Bench guaranteed to include Scottish-qualified judges? What steps is she taking to ensure that?

The Advocate-General: Under the existing arrangements in the House of Lords, the convention has generally been to have Scottish judges sitting in appeals that originate in Scotland, but not all such appeals are concerned with Scots law; on occasion they concern only UK statute. Under those arrangements it would be a matter for one of the judges to determine who was to sit and what qualifications they should have. Plainly, those in the lead Department who are considering these matters are aware of the desire for judges qualified in Scots law to be in the supreme court, and I can assure the hon. Gentleman that that will be the case. The practical arrangements as to who sits in what case in the supreme court are not a matter for me; indeed, they are a matter for the judges themselves, as they are at the moment.

Miss McIntosh: At our last exchange, last month, the hon. and learned Lady announced a review and revision of the 110-day rule. Why is that matter under examination? Is it to do with the failure of the Procurator Fiscal Service to bring evidence to trial in time?

The Advocate-General: As the hon. Lady knows, that is entirely a matter for the devolved Scottish Parliament. It initiated a review under Lord Bonomy, who proposed certain changes to the 110-day rule; for example, to ensure that people could not be set free because of problems in hearing cases which arise from circumstances that were not envisaged when the 110-day rule first came into operation. That is entirely a devolved matter, and I am sure that the devolved Administration will take the hon. Lady's comments into account.

CONSTITUTIONAL AFFAIRS

The Parliamentary Under-Secretary of State was asked—

Courthouses (Private Finance Initiative)

18. **Bob Russell** (Colchester) (LD): How many courthouses have been constructed by means of a private finance initiative. [168401]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): Since 1997, 11 courthouses have been constructed with support from the private finance initiative, and a further four courthouses are at various stages of construction.

Bob Russell: Has it dawned on the Minister that his Government have been in office for longer than the duration of the second world war, but fortunately Churchill did not have to wait for the PFI to come on stream? Does he agree that 11 new courthouses in seven years is lamentable? When will the new courthouse in Colchester, which has been promised for seven years, be built?

Mr. Leslie: To correct the hon. Gentleman, more than 11 courthouses have been built; those are only the ones built under the PFI. The point about Colchester is important, and I know that the hon. Gentleman has been waiting for some time. The courthouse has been delayed because the Government decided to keep open Grays magistrates court, which required a change in the PFI arrangements in Essex and consideration of where the alternative business should be located. I know that the hon. Gentleman is waiting for a new courthouse, but at least this Government are building them—something that the Conservative party certainly would not do.

Mr. David Kidney (Stafford) (Lab): Will the new, unified Court Service be genuinely free in deciding how to fund future building projects? Will it be able to choose between the traditional public sector route and the PFI, depending on which offers better value for money?

Mr. Leslie: Clearly, the unified courts administration will be pragmatic about where it raises finance. If the PFI offers better value for money, we will consider that; if not, we will look to normal public sector procurement

arrangements. What matters is the value for the taxpayer and the extent to which we can reduce risk in large capital programmes, and sometimes the PFI offers benefits in that regard.

Mr. David Heath (Somerton and Frome) (LD): Does the Minister recall that the principal justification for PFI quoted by the Prime Minister and others is the report entitled "Public Private Partnerships: A Clearer View" by PricewaterhouseCoopers? Will he confirm that the consultants engaged by his Department for the PFI schemes in Kidderminster, Hereford, Worcester and Redditch were from PricewaterhouseCoopers, as they were for schemes in Hull, Beverley and Bridlington, and are for schemes in Manchester, Avon and Somerset, Bedford, Luton, the west midlands, Bolton and Salford, and at the probate records centre? Is that not a mite cosy? Exactly how much is he paying in consultancy fees?

Mr. Leslie: If the hon. Gentleman is trying to concoct some conspiracy about those consultants, I am afraid that he is completely barking—up the wrong tree. He should recognise that we are trying to build new courthouse facilities in local communities where they are required as speedily as we can, at the same time making sure that we minimise risks for the taxpayer. Sometime the private finance initiative is the best way to do that.

Mr. Nick Hawkins (Surrey Heath) (Con): Does the Minister recognise that there is not only the cosy relationship mentioned by the hon. Member for Somerton and Frome (Mr. Heath)—we noted that the Minister did not give any figures for the amount the Government have spent on the consultants specified and consultants in general—but the fact that the new courthouses that the Government have built in no way compensate for the more than 100 that they have closed? People want local justice. They are not getting it under the Government, who set the guidelines under which magistrates courts committees are boxed in and forced to close courthouses. The Government have abandoned local justice.

Mr. Leslie: The Opposition forget that they spent money on consultants and elsewhere to bring in expertise from outside, so for the hon. Gentleman to criticise the Government is a little rich. He forgets that in the Conservatives' last year in power, they closed 21 magistrates courts. This year, none have closed, so I think we compare pretty well with their record.

Court Proceedings

19. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What powers are available to a court to investigate instances of the inappropriate commencement of court proceedings. [168402]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): Although the civil courts do not have investigatory powers, they do have extensive case-management powers to deal with claims brought inappropriately. For example, the court may stay proceedings, strike out a claim, give summary judgment or make a suitable order as to costs.

Mr. Illsley: My question emanates from a constituent who came to see me and who has been involved in litigation over the past 12 years, which resulted in a court judgment in which the judge said that the solicitors

"acting . . . in my view quite improperly . . . managed to induce another District Judge"

to set aside an application. He went on to say that

"the court has allowed itself to be manipulated"

by the plaintiff and his advisers. In my view, the court may not have been manipulated, but collaborated in the application brought by the solicitors. Can my hon. Friend tell me how my constituent could obtain an inquiry into the actions of the solicitors and the judges who were criticised in that later court judgment?

Mr. Lammy: My hon. Friend makes very serious allegations. He knows that court proceedings are ongoing, so it is difficult for the Department to comment at this time, and it would be inappropriate to do so. If the judge in the case was guilty of misconduct, my hon. Friend can take up the matter with the Lord Chancellor when the case comes to an end. He can raise the matter of the solicitors firm with the Law Society, and he can write to me if there is a specific problem.

Mr. Henry Bellingham (North-West Norfolk) (Con): How many instances of inappropriate commencement of court proceedings were there last year in East Anglia? How widespread is the problem?

Mr. Lammy: The hon. Gentleman will know that under our system the problem of vexatious litigants is not a large one, and that courts seek to remedy such matters in various ways. Judges have different powers. I shall investigate the position in East Anglia and write to the hon. Gentleman to set out what has happened.

Vera Baird (Redcar) (Lab): Ought there not to be a similar power in the criminal court to investigate a failure to start proceedings? For instance, the Soham killer, Huntley, was alleged to have sexually assaulted at least six times, and he was never prosecuted. Why should not a judge, who has to mop up the consequences, ask on behalf of the public the question why not?

Mr. Lammy: My hon. and learned Friend makes an interesting point. Of course, it is a matter for the prosecuting authorities, and I am sure that they will be interested in her comments.

Child Abduction (Cross-border Co-operation)

21. **Helen Jones** (Warrington, North) (Lab): What progress has been made in securing better cross-border co-operation to prevent child abduction. [168404]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The 1980 Hague convention is respected internationally and generally works well. There was a problem in Germany,

but the situation has now improved, with the number of German cases falling from 600 to 24. The Foreign Office continues to work bilaterally and regionally with non-Hague convention countries.

Helen Jones: I am grateful to my hon. Friend for that reply, but I am sure that he will agree that even one case of child abduction is one too many. What steps are being taken to deal with the problem through discussion with our partners in the European Union? What can be done through the institutions of the EU to prevent such cases from occurring in future?

Mr. Lammy: I pay tribute to the work that my hon. Friend has done on the all-party group on child abduction. Under the new EU regulation on parental responsibility, which comes into force on 1 March 2005, the court in the state of a child's habitual residence will have the final say on where the child will live. The EU regulation improves the system of cross-border recognition and enforcement and applies not only to children of married couples, but to children more generally.

Mrs. Ann Cryer (Keighley) (Lab): Does my hon. Friend feel that a new criminal offence specifically about coercion into marriage may help to reduce the number of children who are moved out of the country for the purpose of marriage? Such a measure may help in a case that I was made aware of at the weekend, in which a father who has amassed gambling debts of £1,500 has sold his daughter for that amount to someone abroad. In the next few weeks or months, he will be taking his daughter abroad to see her married off to the person who has bought her. Does my hon. Friend think that a specific criminal offence may be a shot across the bows in respect of such parents?

Mr. Lammy: I say to my hon. Friend, whom I know continues to take up this cause, that the issue is quite properly a matter for the Home Secretary. I know that she has met him to discuss her concerns. She will know that it is important that the Foreign Office continues to work bilaterally with non-Hague countries, and we have had some success on the matter with those states.

Referendums

22. **Mr. Andrew Turner** (Isle of Wight) (Con): If he will make a statement on the entitlement of nationals of EU member states to vote in UK referendums. [168405]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The franchise for different referendums can differ on a case-by-case basis. For example, the draft Single European Currency (Referendum) Bill would not allow other European Union citizens to vote in that referendum, whereas the Regional Assemblies (Preparations) Act 2003 provides for European Union citizens to vote at the forthcoming regional assembly referendums.

Mr. Turner: The national electorate of the United Kingdom do not include EU citizens, whereas the local electorate do. What possible argument can there be for EU citizens having a say in the powers of our Government, when they have no say in who should form our Government?

Mr. Leslie: I am not quite sure of the point that the hon. Gentleman is trying to make. He is right that there are different franchises for different purposes, including local elections and general elections, and different types of referendum that depend on the nature of the question at hand. That is an appropriate way to look at the matter—on a case-by-case basis. I do not see that there is a problem in the way that he does.

Mr. Andrew Dismore (Hendon) (Lab): May I bring to my hon. Friend's attention the Constitution for the European Union (Referendum) Bill, which was introduced by the hon. Member for Stratford-on-Avon (Mr. Maples) on Friday? The Bill specifically advocates extending the franchise in such a referendum to EU citizens. The hon. Members for Isle of Wight (Mr. Turner) and for Stratford-on-Avon should get their act together and agree a common line.

Mr. Leslie: My hon. Friend expects the Opposition to get their act together, and I expect that the hon. Members for Isle of Wight (Mr. Turner) and for Stratford-on-Avon (Mr. Maples) will talk to each other one of these years.

Mr. Alan Duncan (Rutland and Melton) (Con): In welcoming the Minister's answer to my hon. Friend the Member for Isle of Wight (Mr. Turner), I ask him to consider this constitutional principle, which is so straightforward and simple that it is undeniable: when a nation is asked to vote on its relations with other nations, only the nationals of the voting country should be able to exercise that democratic right. If citizens of other countries were to vote in such a referendum, it would be illogical nonsense and distort the process, and it should not be permitted.

Mr. Leslie: The hon. Gentleman's point is taken up in the draft Single European Currency (Referendum) Bill, which proposes a franchise of the Westminster electorate plus peers. We will examine different referendums on a case-by-case basis, which is the rational way forward.

Civil Service (Relocation)

23. **Hugh Bayley** (City of York) (Lab): What assessment has been made of the scope for relocating jobs in his Department and its executive agencies from London and the south-east to the northern regions of England. [168406]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): Some 13,680 officials—90 per cent. of staff—in the Department for Constitutional Affairs already work in the regions. Nearly 2,400 officials—15 per cent. of staff—work in the northern regions of England. The Department's policy is to relocate staff where it benefits our users and provides value for money for the taxpayer.

Hugh Bayley: Is my hon. Friend aware how effectively York has worked with central Government on the

relocation to the city of civil servants from the Department for Environment, Food and Rural Affairs, the Ministry of Defence, the Department for Work and Pensions and his Department? Indeed, there is a Crown Prosecution Service office in York. Will he ask officials in his Department to meet the York inward investment board and, perhaps, senior managers in civil service departments that have been relocated to the city to discuss York's merits as a possible location for future relocations?

Mr. Lammy: Officials in my Department are aware of the city of York's many benefits, and as and when decisions to relocate are made, we will seek to enter into such discussions. Although it is nice to live and work in the city of York, I am sure that my hon. Friend also appreciates the benefits of Tottenham.

Miss Anne McIntosh (Vale of York) (Con): I am sure that any official moving to any part of the city of York will be made to feel welcome, but the relocation of immigration and nationality directorate officials to Sheffield created some difficulties. Is ministerial responsibility for officials as strong when officials are in York as it is when they are in London?

Mr. Lammy: Civil servants work well both inside and outside London. Such matters are considered carefully across Government as and when they arise.

Political Parties (Funding)

24. **Julie Morgan** (Cardiff, North) (Lab): What plans the Department has to introduce state funding for political parties. [168407]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The Electoral Commission is currently undertaking a review of all aspects of party funding. It is due to report this summer, and we will consider its recommendations carefully, including those relating to state funding of political parties.

Julie Morgan: I thank my hon. Friend the Minister for that reply. Does he agree that it is important for democracy that political parties thrive, reach out to people, educate people politically and work with their members? Does he see the state funding of political parties as one way to achieve those aims, with donations being used for electoral campaigning?

Mr. Leslie: I agree that we need healthy political parties—the foundation of our democratic system—to communicate political issues and to engage the public on a wider level. A consensus on state funding has not yet been reached, so the Electoral Commission report, which is due in the summer, will be quite interesting, and we will obviously respond to its recommendations. This Administration adopted the principles of transparency and openness on donations, which is the best way to raise confidence in the funding of political parties.

Mr. David Trimble (Upper Bann) (UUP): Will the Minister look at this Sunday's Belfast edition of *Sunday World*, which contains a piece confirming what many have suspected for a long time: payments—substantial sums of money—are coming from organised crime to a certain political party in Northern Ireland as a result of pressure from a paramilitary organisation? Is that not a much more serious corruption of our democracy than some of the other problems that are frequently referred to; and is there any way in which the Government can ensure that such dirty money is kept out of politics?

Mr. Leslie: I am afraid that I did not see the article to which the right hon. Gentleman refers. However, there are indeed serious issues that require regulation, largely under the Political Parties, Elections and Referendums Act 2000, which sets out a framework for ensuring that registered parties have to disclose donations and so forth. I will look at the article to see what action might be appropriate.

Sir Patrick Cormack (South Staffordshire) (Con): I hope that action will be taken on that important point.

Returning to state funding, does the Minister accept that many hon. Members believe that it would be the kiss of death for parties to be funded other than indirectly, as they are at the moment?

Mr. Leslie: There is an argument that state funding might cause parties to become lazy, neglect their memberships or not wish to raise resources from the grass roots. At the same time, there are already ways in which the state supports certain elements of party policy development. For example, Short money has been useful to Opposition parties throughout the ages—mostly to the Conservative party in recent years, sadly. The Electoral Commission's report on the matter will be most interesting.

Mental Incapacity Bill

28. **David Taylor** (North-West Leicestershire) (Lab/Co-op): When the proposals in the draft Mental Incapacity Bill will be ready to be presented to Parliament. [168411]

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. David Lammy): The Government plan to publish and introduce to Parliament a revised Bill, to be renamed the mental capacity Bill, before the summer recess.

David Taylor: I am sure that I am not alone in having received numerous submissions on the Bill from Churches, voluntary organisations, families and individuals. May I urge the Minister to ensure that plans for consultation with the wider world are as extensive as possible and that every effort is made to ensure that the Bill reaches the statute book before the next general election?

Mr. Lammy: The Joint Committee has scrutinised the draft Bill, and, as my hon. Friend would expect, the Department has been engaged in conversations with stakeholders, carers' groups and older people. I look forward to bringing the Bill to the House.

LEADER OF THE HOUSE

The Leader of the House was asked—

Working Hours

32. **Mr. David Amess** (Southend, West) (Con): To ask the Leader of the House what representations he has recently received on the working hours of the House of Commons. [168416]

The Leader of the House of Commons (Mr. Peter Hain): I received 82 responses to the letter that I sent to all Members on 8 January asking for views on a number of options for our sitting hours. In addition, I have met with well over 100 Members of all parties, very many Members have spoken to me informally about the matter, and I have studied the report of the Committee on Procedure.

Mr. Amess: Although I suppose that we could be accused of bias, does the Leader of the House agree that the overwhelming majority of Members of Parliament are conscientious and work extremely hard? Does he further appreciate that hon. Members' participation in the Chamber would improve were it not for the clash with Select Committee and Standing Committee duties? In the light of that, will he seriously consider extending the practices on a Monday to other days of the week?

Mr. Hain: I agree with the hon. Gentleman that virtually all right hon. and hon. Members are conscientious and hard-working, and work very long hours. It is a privilege to do the job, and I am not complaining about that; neither, I should think, is he.

Standing Committees can avoid that clash by, for example, choosing to start their sittings a little later, which would be less inconvenient to their members. On the other hand, at the express wish of the Liaison Committee, the parliamentary Labour party has moved its meeting from Wednesday mornings to Monday evenings, which is more convenient for its members for other reasons as well, and that has left Wednesday mornings completely free for Select Committees. So there need not be any clashes.

There is no majority for going back to Monday hours on other evenings. [HON. MEMBERS: "Yes, there is!"] Well, let us take Wednesdays as an example. The committee and procedures survey—a big survey involving 368 Members—showed that only a third favoured going back to 10 o'clock on a Wednesday. Tuesdays are a different matter. A majority—around 52 per cent.—favoured going back to 10 o'clock on a Tuesday, while 44 per cent. preferred staying as we are. The House is pretty split, as it was on the original decision. The Modernisation Committee will begin its review of the matter in June, as has long been promised, and my objective is to see whether we can find a way forward that will find consensus. A vote will be put to the House and the House will decide.

Tony Wright (Cannock Chase) (Lab): Has my right hon. Friend received any representations to the effect that although we get very exercised about when we sit, the important thing is what we do when we sit? Does the example of the Human Tissue Bill not show that, if we gave as much attention to the need for pre-legislative scrutiny whenever we sat, it would be greatly to the House's advantage.

Mr. Hain: I am a champion of pre-legislative scrutiny, and my hon. Friend is absolutely right to say that it is an important addition to our ability to conduct our business properly. I would add that the average length of the sitting day went up last year, and we sat for more days in 2003 under the new hours than we did in 2002. We have sat for longer, on average, under the new hours.

Mr. Simon Burns (West Chelmsford) (Con): Does the Leader of the House agree that the effectiveness of our work would be improved if the Government stuck by the convention that named-day parliamentary questions were answered on the named day? Is he aware that, so far this Session, 70 per cent. of questions to the Department of Health have received holding answers, of which 5 per cent.—

Mr. Speaker: Order. We are talking about the working hours. [HON. MEMBERS: "It was a good try!"] It was a good try, yes. I call Mr. Pike.

Mr. Peter Pike (Burnley) (Lab): Will my right hon. Friend acknowledge that the Procedure Committee's inquiry has found that there is only a narrow majority in favour of returning to the old hours on a Tuesday? Does he accept that those who wanted a change were more likely to respond to the Committee's inquiry than those who were happy with the present situation? It really is nonsense for people to claim that there are more clashes with Standing Committees now than under the old hours, because that simply is not true.

Mr. Hain: My hon. Friend has eloquently stated why this is such a difficult issue to resolve. Whatever statements are made—*[Interruption.]*—including some from a sedentary position at the moment, the truth is that the House is pretty evenly divided on the matter. I would like to find a way forward in which that division could be avoided, and to achieve a consensus on a permanent arrangement that provided for modern arrangements. We shall have to wait and see whether that is possible, but I should like to see a balanced set of changes.

Mr. Oliver Heald (North-East Hertfordshire) (Con): The Leader of the House will know that the Conservatives want more time for scrutiny, not less. He will also be aware that we want the Modernisation Committee to get on with its inquiry and to produce its report. Over the weekend, there was further speculation that the right hon. Gentleman is considering abolishing the September sittings, giving Members a three-month holiday. What is the truth about that?

Mr. Hain: I am grateful for the opportunity to correct that. I read quite a lot of stuff in the newspapers that bears no resemblance to reality or the truth. Perhaps that goes with the job, as far as I and others are concerned. I think that the September sittings have been

quite valuable, but it is a matter for the Modernisation Committee review to ascertain whether there is a consensus to maintain them.

On the hon. Gentleman's substantive point about scrutiny, we have not only published more draft Bills than ever before, but there is now a shorter notice period for oral questions. Members therefore have an opportunity to hold Ministers to account, rather than having to table questions two weeks in advance. There is much more opportunity for the House to scrutinise the Executive than ever before, and Members are rightly taking advantage of that.

Parliamentary Speeches

33. **Laura Moffatt** (Crawley) (Lab): To ask the Leader of the House if he will propose to the Committee on the Modernisation of the House of Commons that it consider the House's practice regarding the length of speeches in the Chamber. [168417]

The Deputy Leader of the House of Commons (Mr. Phil Woolas): My right hon. Friend the Leader of the House has no plans to do so. However, the Procedure Committee, in its recent report on procedures for debates, Private Member's Bills and the powers of the Speaker, considered the length of speeches in the Chamber and recommended as an experiment that an hour before the winding-up speeches should be given over to short Back-Bench speeches. The Government are to reply shortly.

Laura Moffatt: I thank my hon. Friend for that answer. I know, Mr. Speaker, that you in particular uphold the integrity and the reputation of this House. On a recent visit to the Canberra Parliament, I was made aware that it has a 20-minute limit on speeches. Far from detrimental to the work of that Parliament, it appeared that that enhanced Members' contributions. Will the Leader of the House consider making representations to the Modernisation Committee on that basis?

Mr. Woolas: I very much endorse the first part of my hon. Friend's question in commending the integrity with which you uphold our debates, Mr. Speaker. Many Members, particularly from the 1997 intake, struggle sometimes to take part in the debates. I understand the point that she makes. My right hon. Friend the Leader of the House is sympathetic to the point, and the Modernisation Committee will be considering the matter. As I said in my first reply, the Government will be responding to the Procedure Committee shortly.

Mr. David Heath (Somerton and Frome) (LD): In considering the length of speeches in debate, will the Leader of the House also consider the allocation of time during ministerial statements, departmental questions and Prime Minister's Question Time? Often, more than half the time allotted is given to exchanges between the two Front-Bench teams across the Dispatch Box. That cannot be fair to Back Benchers who wish to contribute, and I doubt very much whether it is effective in holding the Government to account.

Mr. Woolas: May I emphasise, as I am sure the whole House would want to point out, that timings of speeches are a matter for the Speaker? However, we recognise the hon. Gentleman's point that there is resentment from Back Benchers when Front Benchers take too long over speeches. That point is being considered.

Points of Order

12.32 pm

Mr. Andrew Dismore (Hendon) (Lab): On a point of order, Mr. Speaker. May I bring to your attention the sub judice rule and its application to the Special Immigration Appeals Commission? Last month, I tried to table a question about Abu Hamza, and I was told by the Table Office that as a date had been set for his appeal to the SIAC, the case was now sub judice, and no parliamentary proceedings or debate could take place on his case. As the case was adjourned yesterday until January 2005, that effectively gags Parliament from discussing this case for almost a year. This case has generated huge interest among the public at large and in the media, and people will regard it as bizarre that we cannot discuss it in the House. Will you please review the operation of the rule in this case, to ensure that public concerns about Abu Hamza can be aired properly in the House?

Mr. Speaker: I say to the hon. Gentleman that I urge him strongly to write to me on this matter, and I will give it very serious consideration.

Mr. Alex Salmond (Banff and Buchan) (SNP): On a point of order, Mr. Speaker. Earlier, in Advocate-General's questions, the hon. Member for Argyll and Bute (Mr. Reid) asked a question about the Fisheries Jurisdiction Bill, which is before the House awaiting a Second Reading under my name and the names of many other Members. In reply, the Advocate-General suggested that one of the Bill's many clauses might be misnumbered. If the Advocate-General and her staff are spending their time, and our money, analysing in fine detail a Bill that is yet to get its Second Reading, does that place any obligation on the Government, in terms of our procedures, to make sure that that Second Reading has time for debate, so that the rest of the House can debate it in detail and decide on it when it comes before us?

Mr. Speaker: I think that the simple answer is no. If the hon. Gentleman has any further inquiries, the best thing to do is to take them up with the Advocate-General.

Telecommunications (Permitted Development Rights) (Amendment)

12.34 pm

Jim Dowd (Lewisham, West) (Lab): I beg to move,

That leave be given to bring in a Bill to amend the Town and Country Planning (General Permitted Development) Order 1995 to require that the erection of a telecommunications mast can only take place under permitted development rights when it has been shown that the operator has complied with the Code of Practice of the operators of mobile telecommunications systems.

I am extremely grateful for the opportunity to present the Bill, and for the support I have received from Members in all parts of the House so far. I hope that that support will continue today.

Let me say at the outset that mobile communications represent one of the greatest changes in life in this country over the past decade and a half, and have produced undoubted benefits across a range of community activities. None the less, the issues surrounding the erection of telephone masts remain contentious throughout the country. A simple glance at the Order Paper will reveal the efforts of Members in all parts of the House—through private Members' Bills, early-day motions or Adjournment debates—to air their views and their constituents' concerns. Indeed, last July I introduced an Adjournment debate on the subject.

Many health, planning and environmental considerations surround mobile phone masts. I propose to change none of those; what I seek to do is change the relationship between operators and the code of conduct into which they have freely entered. This is ideally suited to be a private Member's Bill, as it is simple, straightforward and easy to understand. I am not sure whether it is uncontentious—that will depend on the House's view—but I believe it can be shown to be so. In fact, if the House allows me to proceed, when the Bill is printed it is unlikely to be much longer than its long title. It requires only the simplest change in the law.

Let me give some of the background. In my constituency, an operator identified a site for a transmitter that clearly fell within what is shown in the code to be the red zone for public consultation, in that it was in the heart of a residential area and overlooked a school, with another school nearby. I have no criticism of the code, which I consider to be an excellent piece of work. All those involved—the Office of the Deputy Prime Minister, and all the operators who have subscribed to it—deserve congratulations. But although the code showed a need for the highest possible level of public consultation, none took place.

Following a public outcry at the siting of the mast, the operator identified a second site. It too was in the heart of a residential area, not far from the original site, and was even closer to another primary school. That put it firmly in the red zone in the traffic-light model outlined in the code. Again there was no public consultation whatever, and the operator was granted permission under permitted development rights because the local authority had no choice in the matter. That was a flagrant and, in truth, admitted breach of the code by the operator, and there was no redress or recourse for my constituents or the local authority. Both the residents' association and the London borough of Lewisham

[Jim Dowd]

sought legal advice; both pieces of advice told them that nothing could be done, despite that flagrant breach of the code.

In the light of that advice, I tabled a parliamentary question last year

"To ask the Deputy Prime Minister, what sanctions can be imposed on a network operator who erects a transmitter in breach of the code of best practice on mobile phone network development to which they are a signatory."

I received this answer from the Minister for Housing and Planning, my right hon. Friend the Member for Streatham (Keith Hill):

"The Code of Best Practice is non-statutory and does not purport to give definitive interpretation of the legal planning requirements, which is ultimately a matter for the courts. Therefore, there are no sanctions that can be imposed on a network operator who erects a transmitter in breach of the Code."—[*Official Report*, 10 July 2003; Vol. 408, c. 996W.]

That is outrageous. Either the code means something, or it does not. My Bill would simplify the matter. It would allow local residents or local authorities to avoid the expensive process of going to court, even though that is not actually available to them under the present law. All the mobile phone operators are large companies with large legal budgets, so local residents would be placed at an immediate disadvantage if they had to go to court. I suggest that, when applying under permitted development rights for an additional or new transmitter, every mobile phone operator would have to certify that it had abided by the code. It would then be up to local residents, groups or objectors to go to the local planning authority to demonstrate that the operator had not done so. The local authority could then give a view as to whether it had. If it could be shown that the operator had not done so, the local authority could refuse permission. The new requirement would be simple, straightforward, inexpensive and easy for local people to take advantage of.

These are difficult issues for planning authorities. Some people believe that there are implications for health inherent in mobile phone masts, transmitters and base stations. I am not seeking to give local authorities any more power than they have at the moment. The science and health implications are best left to the Government; those are not matters that local planning authorities can deal with competently.

I have been approached by various operators since my motion to bring in the Bill appeared on the Order Paper. I am grateful for their engagement with me—they generally take a different view from my own. I quote from a letter, for which I am grateful, from the government and public policy manager of Orange, Mr. Simon Grossman:

"If compliance with the Code were to determine the form of regulation which applied, the Code itself would thereby amount to regulation. I am not aware of any precedent for this approach, in relation to any other code of best practice and I believe that there would be several practical difficulties in its implementation.

Furthermore, we believe that there are already adequate systems in place to ensure that the operators comply with the Code."

I can tell him, Orange and all the other phone operators: try telling that to the people of Lewisham, West. When they attempted to get the operator to abide by the code, they were told that there was absolutely no mechanism available to get it to take its responsibilities seriously. Either the operators mean what they say, or they do not. If they are already complying with the code, nothing at all will be lost by the measure that I am attempting to introduce. If, however, they are not complying with it, it gives local communities a right and opportunity that they do not currently possess.

My hon. Friend the Minister for Crime Reduction, Policing and Community Safety said in response to my Adjournment debate:

"The Office of the Deputy Prime Minister code of best practice is not just a piece of paper; it requires everyone involved to take their responsibility seriously."—[*Official Report*, 10 July 2003; Vol. 408, c. 1490.]

Unfortunately, all my subsequent inquiries, information and experience show that the public need the reassurance that the code embraces everyone. It is just a piece of paper as things stand, and can be freely ignored if it suits the operator. My Bill will redress that significant failing in favour of all our constituents and I hope for the support of the House in seeking to introduce it.

Question put and agreed to.

Bill ordered to be brought in by Jim Dowd, Andy Burnham, Sir Sydney Chapman, Siobhain McDonagh, Mr. Andrew Miller, Mr. Andrew Mitchell, Mr. Colin Pickthall, Mr. Greg Pope, Mr. Stephen Pound, Bob Russell and Brian White.

Telecommunications (Permitted Development Rights) (Amendment)

Jim Dowd accordingly presented a Bill to amend the Town and Country Planning (General Permitted Development) Order 1995 to require that the erection of a telecommunications mast can only take place under permitted development rights when it has been shown that the operator has complied with the Code of Practice of the operators of mobile telecommunications system: And the same was read the First time; and ordered to be read a Second time on Friday 21 May, and to be printed [Bill 95].

Orders of the Day

Finance Bill

[1ST ALLOTTED DAY]

(Clauses Nos. 4, 5, 20, 28, 57 to 77, 86, 111 and 282 to 289 and Schedules Nos. 1, 3, 11, 12, 21 and 37 to 39)

[Relevant Document: The Third Report from the Scottish Affairs Committee, Session 2003–04, HC419, on The Proposed Whisky Strip Stamp.]

Considered in Committee.

[SYLVIA HEAL *in the Chair*]

Ordered,

That the Order in which proceedings in the Committee of the whole House on the Finance Bill are to be taken shall be: Clause 4; Schedule 1; Clauses 5, 20 and 28; Schedule 3; Clauses 57 to 64; Schedule 11; Clauses 65 to 76; Schedule 12; Clauses 77, 86 and 111; Schedule 21; Clause 282; Schedule 37; Clauses 283 and 284; Schedule 38; Clauses 285 to 288; Schedule 39; Clause 289.—*[Dawn Primarolo.]*

Clause 4

DUTY STAMPS FOR SPIRITS ETC

Question proposed, That the clause stand part of the Bill.

12.46 pm

The Economic Secretary to the Treasury (John Healey): I welcome this opportunity for the Committee of the whole House to examine clause 4 of the Finance Bill. Since December, I have had the chance to debate in the House the issues at the heart of the clause, to deal with a range of written and oral parliamentary questions, to give evidence to the Select Committee on Scottish Affairs, to discuss the concerns of the all-party Scotch whisky group and to meet individually hon. Members from all parties. I recognise the level of interest from all quarters of the Chamber and, in particular, from hon. Members from Scotland. I welcome the Scottish Affairs Committee report published yesterday, which makes a number of useful points to which we shall give further consideration.

This Committee is an important opportunity to debate in full the problems of spirits fraud and our plans to tackle them, set out principally in clause 4 and the accompanying schedule. Clause 4 is unusual. It is not just a provision that puts an announcement from the Budget or the pre-Budget report into law; it follows almost three years of detailed discussion and examination of alternatives by the Government and with the alcohol industry. Let me be clear: if there were a serious alternative to duty stamps that could deliver a similar impact on fraud, we would take it. The simple fact is that during those three years of detailed work with the industry, no one has come up with such an alternative. In the absence of effective alternatives, duty stamps for spirits are necessary to counter spirits fraud, which is a major criminal industry, deceiving consumers, undermining legitimate producers and traders and defrauding the Exchequer of several hundred million pounds each year.

John Robertson (Glasgow, Anniesland) (Lab): Would the Minister, even at this late date, still accept an alternative if one were found, and move forward with it, or has he finally drawn a line under the matter and decided that he is going for strip stamps?

John Healey: I am emphasising one point now, and I shall come to another, related point later. The point that I emphasise now is that three years' exhaustive work by the Government and with the industry has failed to produce a set of alternative measures that would have a similar impact on fraud. I therefore do not want to encourage my hon. Friend to hold out hope that somehow, a magic solution might be found in the coming months.

Mr. Alistair Carmichael (Orkney and Shetland) (LD): What would the Minister say to the front-line customs officers whom we met last week with the Scottish Affairs Committee, who described the strip stamp as just one more hurdle that those involved in the illicit trade would inevitably overcome?

John Healey: If the hon. Gentleman will bear with me, I will discuss how duty stamps will assist in our efforts to increase the risks and decrease the profits associated with fraud by putting up extra barriers. Law enforcement agencies in every sector face continually and rapidly changing responses from fraudsters and smugglers. It is beholden on such agencies to attempt to get one step ahead, as the proposals in the clause seek in part to do. A number of measures, on which I shall touch, will significantly reduce the risk of counterfeiting, and of fraudsters successfully overcoming the proposed duty stamps.

Duty stamps will strike at the heart of the problem by putting an end to taxed and illegally untaxed spirits sitting side by side in warehouses, on lorries and on shops' shelves, with traders and consumers having no means of telling one from the other, and the authorities having no clear means of detecting—let alone proving—knowing complicity in fraud. Duty stamps will provide a clear identifier that duty has been paid, and although I make no claim that they will eradicate fraud entirely, they will radically restrict both the opportunities for, and the profitability of, spirits fraud.

I introduce the clause in the full knowledge that—as is already clear—some Opposition Members might oppose it.

Pete Wishart (North Tayside) (SNP): Will the hon. Gentleman give way?

John Healey: May I first finish this point? Those Members will doubtless argue that they are not complacent, and will assert their determination to drive fraud from the spirits market. They will doubtless dispute the fact that the scale of fraud justifies duty stamps, and dispute their likely impact on fraud and their fairness in respect of the legitimate trade. They will doubtless argue the case for the industry's alternative proposals, or urge further delay so that more discussions can take place. I propose to deal with each of those issues in turn. I now give way to the hon. Member for North Tayside (Pete Wishart).

Pete Wishart: It is not just the Opposition parties in this House who oppose strip stamps; so do the Scottish

[Pete Wishart]

Parliament and the Scottish Executive. I challenge the hon. Gentleman to name one representative body in the industry—in fact, anybody outwith the Treasury—who thinks that this is good idea.

John Healey: I do not expect the industry to like our proposal; I am arguing that we must accept that there is no alternative, and work to put this regime in place. The interests of the industry and of the hon. Gentleman's constituents are now best served by working with the Government, through the industry associations, to ensure that we can put in place a proper duty stamps regime that will bear down on fraud, while imposing the lightest possible cost on the companies that need to comply.

Mr. Michael Weir (Angus) (SNP): The hon. Gentleman is being very careful to describe the stamps as duty stamps rather than strip stamps. One problem is that the stamps have to be placed over the bottles, and the necessary equipment is expensive. Is he hinting that he has an alternative in mind, or is he determined to go ahead with such stamps, which have been described to us as

a 19th century solution to a 21st century problem?

John Healey: Having read the Scottish Affairs Committee's report, I am aware of the description that the hon. Gentleman cites. I have chosen to use the phrase "duty stamps", and I am aware that the Committee is interested in the idea of incorporating what is essentially a duty stamp into the labels on bottles. We are prepared to consider it, but I should caution Members that there are a number of fundamental flaws with such an approach. I do not want to raise hopes unnecessarily, but equally, I certainly would not rule it out. It is one of the useful ideas in the Select Committee's report, and we will give further consideration to it.

Mr. John Lyons (Strathkelvin and Bearsden) (Lab): A number of Members have serious doubts about the viability of strip stamps; indeed, countries throughout Europe and in the far east have moved away from them because of their experiences. What does the Treasury know that those countries do not?

John Healey: I urge my hon. Friend to be patient. As I explained, this is the first opportunity for the House to consider in detail the proposals in clause 4 and the problem that we are attempting to solve. Countries that use spirits stamps in some form have introduced them for a range of reasons, and their experiences are varied. For every country in which they have failed or have been withdrawn, it is possible to cite others in which they have worked and are regarded as an important part of the duty assurance system.

Before turning to the central issues that Members and the Select Committee are concerned about, I should point out that this Government stand by our record of tough decisions on public finances and the measures that we have implemented to tackle fraud throughout the tax system. The National Audit Office recognises that our strategies on tobacco, road fuel and VAT lead the field in Europe, and have already secured billions of pounds in revenue for the taxpayer. On tobacco, we have not only stopped but reversed the growth in smuggling, reducing the illicit market to 18 per cent. in 2002–03, compared with the forecast figure of 34 per cent. We are also tackling illegal diesel use: the illicit market share declined from 8 per cent. in 2000 to 5 per cent. in 2002. Our moves against VAT fraudsters already appear to be causing a significant drop in levels of missing trader VAT fraud.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con) *rose—*

Mr. Weir *rose—*

John Healey: I am spoilt for choice. I give way to the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan).

Mr. Duncan: I am very grateful to the hon. Gentleman. He will be aware that the gap analysis that his Department uses in estimating £600 million-worth of fraud is of mixed heritage. Indeed, the wine and beer markets have described it as not reliable enough to estimate fraud in their sector. Why is it suddenly reliable enough to estimate fraud in the spirits sector?

John Healey: The Select Committee raised that issue at the evidence session that I attended—the hon. Gentleman was unable to be there—and as I explained, the gap analysis to which he refers becomes difficult to apply and unreliable when the scale of the fraud under consideration is small or negligible. However, that is not the case with spirits fraud. The approach that we have developed—and published—since 2001 is based on the belief that there is a serious spirits fraud problem in this country, and that in this case only really tough action will work. Unhappily but inevitably, we need to consider and to introduce duty stamps in order to tackle it.

Mr. Weir: I thank the hon. Gentleman for giving way again. He uses tobacco as an analogy in describing the problems in the spirits industry, just as customs representatives did several times during Scottish Affairs Committee hearings. However, there is one question to which we never got an answer. If simply printing a duty mark on tobacco packets, which have to be printed anyway, is so successful, why cannot the same idea be used for whisky bottles? Why do we have to place paper strips over the top of the bottles, given that—in the light of the cost to the industry of the necessary machinery—that strip is the real problem?

John Healey: If the hon. Gentleman casts his mind back to a couple of minutes ago, he will remember that I said that we are prepared to consider such an approach, although I did encourage him not to hold out too much hope. At the hearing, it was the Committee itself—rather than me—that drew a close analogy between tobacco and alcohol. We are dealing here with a very different dynamic in the market and with a different type of fraud, which requires this solution.

This is a problem that we cannot ignore, particularly

given that in respect of VAT, tobacco and the illegal use of road fuels, we are reversing the rise in fraud. We cannot ignore it when we have dealt over the last couple of years with cross-channel smuggling of alcohol and tobacco. Spirits diversion fraud is the one remaining area of excise duty where we have a significant problem. It is increasingly at odds with the strategies that we have in place elsewhere and with the successes that we are beginning to achieve.

Duty stamps are only one element—albeit an important one—of the strategy that we are putting in place to deal with alcohol fraud, particularly involving spirits. The pre-Budget report set out a package of regulatory proposals that will help to tighten the supply chain to prevent fraud on all alcohol, not just spirits. We will set a tough outcome target for reducing spirits fraud in the spending review, just as we have for other excise regimes.

1 pm

Mr. Carmichael: The Economic Secretary is generous with his time. The Treasury first became aware of the scale of the fraud in the mid-1990s, when the amount of money coming into the Treasury from alcohol duty fell quite dramatically. Has that position recovered, and what is the trend in respect of money coming into the Treasury from spirits duty?

John Healey: The revenue figures are set out, as usual, in the Red Book. I would encourage the hon. Gentleman to concentrate on the nature and scale of the fraud, rather than on Government revenues. The measure is not principally about raising Government revenues, but about driving down levels of fraud—and then consequentially dealing with revenue losses to the Treasury and the taxpayer.

Mr. Mark Prisk (Hertford and Stortford) (Con): In the documentation—and, indeed, in the Government's presentation—it is claimed that £160 million would be recouped from lost tax revenue. Can the Economic Secretary confirm that the recoupment of tax revenue is based on the Government's argument that fraud is indeed at £600 million? That has been questioned by the National Audit Office and by other Committees of the House. If it is based on that level of fraud, what confidence can we have that £160 million is indeed what the Government expect to recoup?

John Healey: As the hon. Gentleman, who studies these matters, well knows, that is an estimate. All such projections for Government revenues are estimates. It is based on the level of fraud that our best estimates and modelling calculate—£600 million a year. For comparative purposes, as I shall explain in greater detail shortly, we have scrupulously estimated the impact and cost of the trade's alternative package of proposals on the same basis.

Mr. Prisk: That is a crucial point. It identifies the gap between what the industry is talking about and what the Government are talking about. As I understand it, the Government believe that the gap is between £70 million and £160 million, but several measures included in the £160 million could negate the gap. Will the Economic Secretary confirm how narrow the gap is? Will he confirm that, given the significant compliance costs for the industry, when the whole package advocated by the Treasury is added up, it does not make overall economic sense?

John Healey: I do not accept that it does not make economic sense or that it is not a proportionate measure. Let me be clear that the £160 million is based on our best estimate of the £600 million that we believe is lost to the Treasury each year. That is a cautious estimate, based entirely on the introduction of tax stamps, with no allied measures built into the calculation. It also does not take into account the likely increase in VAT recovery on duty-paid rather than duty-unpaid products, or the likely increase in interception by customs at the frontier.

Several hon. Members *rose—*

John Healey: I want to make some progress. Other Members will have the opportunity to contribute later and I will certainly do my best to respond to every point that is raised in the debate. Before moving on to specific issues, I want to make a more general statement.

The Government clearly recognise that the UK spirits industry plays a strong and historic role in this country's social and economic life. It accounts directly for tens of thousands of jobs and indirectly for thousands more, especially in Scotland, where it is a key employer. I fully recognise its importance, particularly in rural areas, some of which are represented by hon. Members who are in their places on both sides of the Chamber today.

It is crucial that the spirits market is able to flourish in the UK. By freezing the duty on spirits for the longest period since the 1950s, the Labour Government have, since coming to power, played their part. Now the Chancellor has gone further with an extended freeze for the rest of this Parliament. To support the healthy market, we must put an end to the criminal activity that is an outrageous abuse—I choose my words carefully and I mean it—of the duty system. Let me explain how the fraud works, as it remains inadequately understood even by some in the industry itself.

European law enshrines the principle of free movement of goods across the Union and provides for alcoholic goods to be moved around free of excise duty. Alcohol can be moved and sold an unlimited number of times and over an unlimited period without any duty being paid. The papers that travel with a load of alcohol are intended to secure the integrity of the supply chain. Only when the goods are released from duty suspension on to the market does the duty have to be accounted for.

That system guarantees the laudable right of the free movement of goods within the European Union and, by ensuring that duty has to be accounted for only very near to the time of consumption, provides a valuable benefit to the alcohol trade. In practice, however, it is wide open to abuse.

Successful fraud involves five steps. First, the fraudster sets himself up as a legitimate trader—sometimes by hiring or blackmailing somebody else to front up for him. Secondly, he hoodwinks a spirits producer or distributor into selling him a lorry load of duty-unpaid spirits. Experience shows that cash-in-hand to the lorry driver will ensure that he ignores the official delivery instructions and takes the load to a lock-

[John Healey]

up instead. Thirdly, he forges a receipt or bribes the recipient warehouse to stamp it for him anyway, and returns it to the dispatcher who will then have so-called proof of legitimate delivery and a legitimate transaction. Fourthly, either through a complicit retailer or by hoodwinking, he delivers the spirits on to the market at duty-paid prices. Pocketing the £5-a-bottle profit, he does not pay the duty, and except in a rare cases where enough evidence is available, he does not go to jail, because once the bottles are on the shelves, no one can tell which ones are duty paid and which are not. Fifthly, he repeats that process—lorry after lorry after lorry.

In short, that is a high-reward, relatively low-risk activity. The distribution system, set out and constrained in European legislation, provides ample opportunity, and the honest trader and drinker form an easy target.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Are there not procedures for tracking down whether the lorries take the right routes and cover the right distances for the delivery? If the paperwork says that it started in A and was delivered to B, the tachograph on the lorry is capable of confirming whether the mileage covered is consistent with making the requisite delivery.

John Healey: But if the hon. Gentleman thinks about it further, if the paperwork all appears to be in order and the receiving warehouse apparently confirms delivery—whether it be in Portugal, Portsmouth, some other part of the UK or somewhere else in the EU—how does he believe that anyone is going to be alerted to potential fraud, let alone carry out a detailed investigation? I remind him that the duty suspension system allows the sale and resale time and again of duty-unpaid goods and the movement of such goods time and again in and out of the UK without the duty ever being paid. If the accompanying documentation appears to demonstrate that all is in order, it is difficult to know where the evidence will come from to alert the enforcement authorities—or the honest traders who get hooked up unwittingly in these supply chains—that a problem may exist.

Mr. Duncan: A moment ago, the Economic Secretary mentioned complicit retailers. When retailers are found to be passing on to the public illicit alcohol on which duty has not been paid, as happened in London recently, why are the strongest possible sanctions not levied against them immediately? That would send the clear message that the distribution of illicit alcohol is not acceptable. For example, it would be very easy to ensure that such traders automatically lost their liquor licences for six months or a year.

John Healey: The hon. Gentleman refers to a recent organised operation undertaken by Customs, trading standards officers and the police. Some of the evidence gathered will contribute to the decision about awarding new licences to some of the traders involved.

Other hon. Members have said that prosecution is the toughest sanction available. They have asked why, in many cases in this exercise, the corner shops were not prosecuted. The problem is that that requires evidence that demonstrates guilty knowledge. Under the current system, that is very difficult to get. In this operation, we have levied sanctions and taken actions that, although they do not amount to prosecution, are nevertheless tough and deterrent. In many cases, the goods in question were confiscated and the vehicles and other means of transport seized. There is therefore a severe financial penalty for the businesses involved, and their continuing operation under licence is also threatened.

Angus Robertson (Moray) (SNP): The Economic Secretary is outlining the challenges that fraud poses. He is right to do so, and I am sure that hon. Members of all parties support a crackdown on fraud. However, I hope that he will have looked at the experience of other countries that use strip stamps. The grave danger is that fraud will move from what is in the bottle to what is on it. Will the Minister outline the Treasury assessment of the likely parameters of fraud on strip stamps, if they are to be introduced?

John Healey: The hon. Gentleman makes an important point. It is possible that the introduction of duty stamps, and their printing, distribution and retention, could cause additional security risks. We have recognised that implementing the system could be a cost to the industry, and we have undertaken to consider with it the operation of the duty stamp system that we plan to introduce. We shall also look at the scale of the risk, and at any appropriate measures to help meet the costs.

Angus Robertson: The Government do not know the scale of the risk.

John Healey: The hon. Gentleman says, from a sedentary position, that we do not know the scale of the risk. The honest response is to say that, at this stage, it is not possible to make a full and quantified assessment of the potential risk. As we develop the plans, the degree of risk will become clearer. As I said, we will also recognise the compliance costs for the industry that may be incurred.

Mr. Alex Salmond (Banff and Buchan) (SNP) *rose—*

Mr. Prisk *rose—*

John Healey: The hon. Member for Banff and Buchan (Mr. Salmond) has only just joined the debate. If he will forgive me, I shall give way to the hon. Member for Hertford and Stortford (Mr. Prisk) and then make progress with my speech. I propose to cover some of the points being raised, and I undertake to answer as fully as I can any matters raised by hon. Members in the subsequent debate.

Mr. Prisk: The Economic Secretary has been generous about giving way, and I am grateful. However, this is a very important matter. This morning, another fraud was identified: in St. Petersburg, 2 million strip stamps were lost to fraudsters. I am told that the value amounts to about £10 million. The industry has

produced 17 schemes, and the Government have their own proposals, but is the Economic Secretary really saying that no assessment of this danger has been made?

John Healey: We are two years away from the introduction of a duty stamp system. Until we know how the scheme will work on implementation, it is not possible to make the quantified risk assessment that some hon. Members are urging. However, we have acknowledged that fraud could be a problem. We will discuss the matter with the industry and develop appropriate plans accordingly.

1.15 pm

Angus Robertson: It is important that the House clearly understands what the Minister is saying. Is he confirming that the Government are introducing an expensive scheme without having made an assessment of the potential for fraud in connection with strip stamps?

John Healey: This afternoon, we are introducing legislation to prepare for the scheme. We shall introduce the scheme in two years' time. As part of the work on planning with the industry, we shall deal with the important concerns being raised this afternoon.

I turn now to the scale of the spirits fraud problem, a matter at the heart of the concerns expressed by the Treasury Committee and by some hon. Members this afternoon. To tackle any fraud effectively, we need to assess its scale. Since 2001, the Government have published annual estimates of the scale of spirits fraud losses. Our most recent estimate appeared in December's pre-Budget report, and it showed that around £600 million in revenue was lost through spirits fraud in 2001–02. That equates to a fraud level of around 16 per cent., up from an estimated 14 per cent. the previous year.It was against that background that my right hon. Friend the Chancellor decided that duty stamps were now necessary, unless a similarly effective alternative could be found.

In January, the Scotch Whisky Association put forward an alternative estimate, showing fraud at a level of £100 million and £150 million a year. The National Audit Office's examination of the differences between those estimates recognised the inherent difficulty of measuring illegal activity. It confirmed that the estimate by Customs was reasonable, but suggested that it should be expressed as a range between £330 million and £1,080 million. The report also concluded that the estimate put forward by the SWA should be expressed as a range between £10 million and £260 million, and that it was also reasonable. I make no bones about the fact that the report stated that

"great care is needed in determining what reliance is to be placed on the results at present available."

We accept that, where there is fraud, there will always be uncertainty about its scale, but we do not accept that that uncertainty is an argument for inaction. Everyone accepts that there is significant fraud, and we must take tough action to combat it, even if in some quarters that is unpopular.

I turn now to the alternative measures put forward by the industry. The hon. Member for Hertford and Stortford called it a package of 17 proposals. Our published regulatory impact assessment gives our detailed view of the trade's package, so I will be brief.

I welcome and appreciate the work done over the past year and more by the industry, through the joint alcohol and tobacco consultation group, to develop its package of alternative proposals. The package contained a few potentially useful new ideas, with some limited scope for additional impact on fraud. It proposed variations on ideas already being pursued by Customs, although we have already established that those ideas do not amount to "the answer" on fraud.

However, most of the measures in the industry package are either simply a restatement of established policy, or new suggestions that would have low or no apparent impact on fraud. Those suggestions would take significant time to develop, and some could be illegal under current EU legislation.

As a whole, the package contains a number of inherent weaknesses: First, it would leave the door open to displacement to other types of fraud, most notably inward diversion. Secondly, it could be undermined at any point by a complicit party, in the shape of an unscrupulous trader. Thirdly, and most importantly, the package does not address the issue of identification—the ability for consumers, retailers and Customs officers to distinguish readily between licit and illicit product. As a consequence, the estimated anti-fraud impact of the package fell significantly short of that estimated for duty stamps. Customs cautiously estimates that duty stamps will produce a minimum of additional revenue of £160 million in 2006–07. On a similar basis, as set out in the regulatory impact assessment, Customs confirms that the industry's package of alternatives would be unlikely to have an impact of more than £70 million a year once they were fully operational, and the figure would probably be lower.

It may help the Committee if I draw a more direct comparison between the approach to tackling the fraud problem with the trade's package and the duty stamps. In essence, the trade's measures seek to tackle fraud by tightening weak points in the supply chain, increasing the vigilance of the legitimate trade and Customs, and thereby stemming the supply of fraudulent product to retail shelves. Consumers' and traders' ability to tell whether duty has been paid does not come into play.

By contrast, duty stamps straitjacket the fraudsters on both the demand and supply sides. On the demand side, they ensure that consumers and traders have a clear and immediate visual means of identifying whether a bottle is licit or illicit. Even if some people are none the less prepared knowingly to buy dodgy goods, most will not be. The rules of the game will fundamentally change: people certainly will not be prepared knowingly to pay the full prices they unknowingly pay now for many fraudulent, illicit bottles on which duty has not been paid.

On the supply side, it will be impossible for a would-be fraudster to convince an honest alcohol trader that he is dealing in duty-paid goods if there is no stamp on them. It will be much easier for Customs to finger those caught in the act of diversion fraud. The difference, bluntly put, is between tightening the boundaries of the playing field for fraudsters and closing the ground. It

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would be misleading to suggest that the decision to proceed with duty stamps rather than the trade's alternative package was a marginal one.

Sir Robert Smith: The worrying thing about what the Minister is saying in assessing the alternative is that the Treasury has found what it sees as all the weaknesses, costs and likely drawbacks of the industry's proposals but has not balanced that with any assessment of the weaknesses, drawbacks and likely consequences of its own strip stamp proposal. He says that someone will know what they are dealing with, but will every customer be trained to see which stamps are fraudulent and which genuine? How is the Committee expected to make a decision now on something that will happen in two years' time when the risks of the Government's proposal have not been assessed, even though they have managed to assess the risks of the alternative?

John Healey: The hon. Gentleman has completely made up my mind that I really must proceed with my speech. I was about to move to a section entitled "Problems with Tax Stamps". Let me anticipate the areas of concern that hon. Members will raise and that the Select Committee on Scottish Affairs covered in its inquiry. I hope that that will ensure that those issues need not entirely dominate our debate this afternoon.

First, there is a concern that duty stamps will quickly be counterfeited. I say bluntly that I cannot guarantee that UK duty stamps will never be counterfeited, but we have held detailed discussions with anti-counterfeiting specialists and several leading members of the security printing industry. Anti-counterfeiting technology has improved considerably in recent years and continues to do so. We will consider all the technologies available in coming to a decision on the final stamp design, and there are a number of ways in which security features can help to remove the chance of counterfeiting.

The second, related, concern is the experience of other countries. The fact that several countries have abolished duty stamps in recent years has been repeatedly held up as an argument against implementation in the UK. I have three things to say about that. First, some of the examples given of stamps becoming the source of fraud have occurred in countries in which there is, frankly, a general level of corruption, legal non-compliance and maladministration that is alien to, and simply not comparable with, the situation in the United Kingdom. Secondly, there are examples that serve both sides of the debate: for every notable country that has abandoned the system, a Denmark, a Spain, an Italy or a Portugal can be cited in which duty stamps continue to work well. Thirdly, the reasons why countries have stamps, or why they got rid of them, vary. For example, in Latvia and the Philippines, duty stamps were introduced not to tackle fraud but primarily as a means of revenue collection. Greece was forced to abandon duty stamps because its system discriminated in favour of domestically produced ouzo, which was not required to be stamped.

Those who declare themselves determined to tackle fraud but who continue to oppose our plans have a duty to propose an alternative with an equal impact on the problem.

Ann McKechin (Glasgow, Maryhill) (Lab): Will the Minister comment on the fact that many consider the United Kingdom to be a unique market among the EU countries that apply strip stamps? We have a very large spirits industry and a high level of taxation. The combination of those two things makes the UK unique and particularly susceptible to problems of fraud and criminal gangs trying to undermine the system. What measures will the Government take to prevent that?

John Healey: We do indeed have a particularly strong spirits industry. We do indeed have relatively high duty rates on alcohol, although we have relatively low tax rates in many other areas. It is not the case, however, that diversion fraud is unique to the United Kingdom. Other EU member states suffer similar fraud, as my hon. Friend will know as a member of the Treasury Committee. We happen to be the only country that has made a systematic attempt to estimate the scale of the problem. At the heart of the difficulty lies the EU-wide duty suspension movement system, and that means that the problem is not peculiar, particular or unique to the UK.

Those who oppose our plans have a duty to propose an alternative with an equal impact on the problem. I must warn that the combined efforts and detailed work of the Government and the industry have failed to do so. After three years, we have reached the end of the road on alternatives. The task now is to design and introduce a system of duty stamps that will have maximum impact on the fraudsters and minimum impact on legitimate firms. The best interests of the spirits industry and of the people who work in it are best served by contributing to the Government's detailed design and implementation work and by influencing the decisions we take to reduce the costs for companies.

Mr. Richard Bacon (South Norfolk) (Con): I take it from the way in which the Minister's comments are proceeding that he has finished his remarks on the problems with duty stamps. There may be one or two Members who think that he has not referred to one or two such problems. May I point out one of them? There is a risk that genuine strip stamps will be used to disguise breaks in seals for bottles that have been refilled and that genuine stamps, issued by Customs and Excise, will therefore add authenticity to fake product, stealing sales from legitimate traders and revenue from the Government? Will he address that point?

John Healey: That concern is one of the drawbacks, which I mentioned earlier, in the proposal to incorporate the duty stamp on the label of the bottle rather than as a strip over the top of the bottle. The fear that legitimate strip stamps will somehow be used to disguise essentially counterfeit product is, in our judgment, unlikely to be realised. What drives the counterfeiter and fraudster are the profit margin and the low degree of risk. If they have to source legitimate duty stamps to put them on counterfeit product, the cost of doing so is likely to make the incentive to perpetrate such a fraud distinctly lower.

1.30 pm

The best interests of the spirits industry are best served by its working with the Government to influence the decisions that we take to reduce the costs for companies and to get right the detailed design and implementation work for the duty stamps regime. The industry is now committed to taking that approach, working with Customs in two formal sub-groups of the joint alcohol and tobacco consultation group—one looking at financial security and payment options and the other looking at the scope and design of duty stamps.

We recognise that duty stamps carry a significant compliance burden, and have accepted the trade's estimates of set-up costs of about £23 million and ongoing costs of £54 million, which in turn translate into an ongoing per-bottle price increase of about 13p. We acknowledge the particularly vulnerable position of small companies, in potential finance costs and the possible risk to competition, so we will help to offset and mitigate, as far as we can, overall compliance costs, and in doing so we will respond especially to those pressure points.

Mr. David Laws (Yeovil) (LD): The Minister mentioned the proposal's estimated costs to the industry as some £23 million in one-off costs and £54 million in ongoing costs. How much of those costs will the Government compensate the industry for?

John Healey: The scale of the compensation will depend on the discussions that we have now begun with the industry and the decisions that we take about the pressure points.

First, we will attempt to implement duty stamps without requiring up-front payment for the stamps. That would prevent increased cash-flow costs, which alone would account for more than 40 per cent. of the industry's estimated ongoing costs from duty stamps. We will have to discuss that further with the industry and ensure that such an approach does not undermine the anti-fraud benefits of duty stamps, but if it becomes apparent that it would be impractical, we will examine other means to keep cash-flow costs down.

Several hon. Members *rose—*

John Healey: I shall give way to the hon. Member for Salisbury (Mr. Key), as he has not previously sought to intervene. I shall then give way to the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), after which I shall seek to conclude my contribution.

Mr. Robert Key (Salisbury) (Con): Will the Economic Secretary confirm that when he considers, in consultation with the industry, how much he might be able to offset the initial costs, European Union state aid rules would allow him to contribute £12 million every three years?

John Healey: I can confirm that we have considered the EU state aid rules, and that relates to the second point that I was about to outline. We have set aside a £3 million fund for 2005–06 to assist firms with capital investment. Although 80 per cent. of capital costs will fall on the big nine producers—those that handle more than 1 million cases a year—we accept that the burden of compliance costs will be proportionately greater for smaller firms. Therefore, we want to target support on them. Officials are having further discussions with the trade on the details, and we want the trade to take the lead in deciding the principles that we should adopt in allocating the money.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): Will the Economic Secretary bear in mind the particular needs of micro-producers? My constituent, who happens also to be my wife, purchases retail whisky, infuses it with herbs and spices, rebottles it and sells it. Her business is only 500 bottles a year and she is not alone. Such businesses will suffer immensely under the new system. Will the Treasury consider seriously the plight of those small, but none the less important—certainly to me—businesses?

John Healey: I do not know whether that is a declarable interest, but it is certainly a handy one to have in the family. The short answer to the hon. Gentleman's question is yes.

Mr. Weir *rose—*

John Healey: I shall give way to the hon. Gentleman one more time.

Mr. Weir: On the question of capital start-up costs, will the Economic Secretary clarify the cost to individuals in the industry of the necessary machinery? My understanding is that the maximum compensation available will be €100,000 or some £67,000, but the cost of the machines and the disruption to the bottling line will be far in excess of that.

John Healey: The hon. Gentleman is getting his compliance costs mixed up. He started by asking me about capital costs, and I have explained that 80 per cent. of the capital cost, according to the industry's figures, which we have accepted, will be borne by the big nine companies. The impact on the running speed of production lines—and, therefore, the potential loss of productivity and output—is clearly costed as part of the £53 million of ongoing costs. If the hon. Gentleman studies the regulatory impact assessment, he will see that that is clearly identified and that we acknowledge that factor because the industry has helped us to analyse it.

Thirdly, the industry was concerned that it would have to bear the production and distribution costs associated with duty stamps, estimated at 1p per bottle. That figure was part of the compliance costs that the industry produced, which were based on no support or offsets. Instead, the cost of printing and distributing the duty stamps, which we put at between £5 million and £10 million a year, will be absorbed by Customs.

Finally, and to help to address specifically the issue of pass-on into average prices, which some in the industry have raised with me, my right hon. Friend the Chancellor has decided to freeze spirits duty for the remainder of this Parliament. The freeze will cost the Exchequer £40 million in 2004–05 and £70 million in 2005–06. It means that, by 2005–06, the tax on a standard bottle of spirits will be 36p lower in real terms

[John Healey]

than now, which is twice—nay, nearly three times—the estimated average cost of full compliance costs, and £1.33 lower in real terms than if duty had risen in line with expected inflation since 1997.

Mr. Laws *rose—*

John Healey: The hon. Gentleman will get a chance to make his own contribution and I would ask him to make the points that he wishes to make then, so that other hon. Members will get a chance to make a contribution. I will respond to him when I wind up the debate.

I draw hon. Members' attention to the overall approach that we have taken, which is to seek to specify at this stage the broad parameters of the duty stamp scheme and to leave some of the crucial but secondary detail to later legislation. We have done that explicitly in response to representations from the industry that it wished to retain flexibility over issues such as strengths of product to be covered, design of the stamp and how and where it should be affixed, and security. I know that the Scottish Affairs Committee is concerned about those issues, which have also been raised by hon. Members. They were included in the Scottish Affairs Committee report, and are for resolution in further consultation.

Unusually, draft Finance Bill proposals and the draft regulatory impact assessment were exposed to the trade for comment before publication of the Bill. Indeed, I ensured that the leading members of the trade had copies a week before we proposed to publish the Bill and the RIA. Draft regulations detailing the mechanics of the scheme will be available by the end of the year, and discussions between the industry and Customs are already under way on framing them.

There is a balance to be struck between maintaining flexibility and providing certainty, and I believe we have struck the right one at this stage. However, I have decided to emphasise that, for changes to the scope of the legislation, orders will be laid before the House subject to the affirmative procedure, so that Members will have a full opportunity to debate those provisions in due course.

As well as establishing the overall framework of the scheme, the legislation will introduce criminal offences for dealing in unstamped spirits. It will also create civil penalties for a range of offences involving interference with or misuse of stamps. Finally, when a person is convicted of "suffering" premises to be used for the sale of unstamped spirits, it will give the courts the power to ban the sale of alcohol from those premises for up to six months. Taken as a whole, those offences and sanctions reflect the tough approach that the Government intend to take to enforcement, in pursuit of our objectives to reduce spirits fraud significantly.

In conclusion, duty stamps for spirits are a necessary, proportionate and effective response to a fraud that, according to anyone's estimate, is cheating the Exchequer and the taxpayer of hundreds of millions of pounds a year. I commend the clause to the Committee.

Mr. Prisk: I welcome you to the Chair, Mrs. Heal, and I thank the Economic Secretary for his patient remarks. They were defensive, and not without good reason, but, as always, he was patient and thoughtful.

The whisky and spirits industry is vital to the United Kingdom economy. For example, nine out of 10 Scotch whisky sales are exported and the value of those is now more than £2 billion. In many parts of the United Kingdom, the jobs that the whisky and spirits industry provides are crucial, particularly to small local communities.

The Government have told us that they wish to impose tax stamps on spirits because they believe that such stamps are the only way to prevent fraud in the UK spirits markets. No one in the House, or beyond, doubts that there is fraud. However, as both the National Audit Office and Ministers have accepted, there remain serious questions about the level and trend of this fraud. What is clear, however, is that if Government policies are to work, they must be based on sound evidence.

The Secretary of State for Scotland told the House:

"It is estimated that about 16 per cent. of the spirits market has been subject to fraud, amounting to about £600 million".—[*Official Report*, 13 January 2004; Vol. 416, c. 651.]

What is the basis of that assertion? After all, a 16 per cent. fraud rate is neither recognised nor accepted by any of the leading figures in the industry. Both the Scotch Whisky Association and the Gin and Vodka Association believe that the figures given by the Secretary of State are wrong and that they represent a serious overestimate. If one stopped to think about it and consider the figures, one would realise that if the Government figure were correct, it would mean that about 200,000 bottles of spirits were going missing every day.

According to the evidence considered in the National Audit Office report, the problem is that the figures that the Government are basing their estimate on are unclear and run counter to other evidence. Both surveys from the Office for National Statistics—the family expenditure survey and the national food survey—are based on a very complex methodology that does not, for example, reflect the true amount of Customs clearances. Since the report, I gather that mistakes have been admitted by the Office for National Statistics. Therefore, as we have seen from the opening contribution to the debate, the result is a rising sense of confusion.

The Government's briefing to Members issued by the Economic Secretary on 18 March stated:

"Last week's report from the National Audit Office recognises that measuring illegal activity is inherently difficult."

He referred to that in his speech. The briefing went on that the report

"confirmed that that Customs' estimate is reasonable but suggests that given the high degree of uncertainty attaching to such estimates, it should be expressed as a range from £330m to £1080m".

As Members will recognise, that is a pretty wide range upon which to base Government policy. However, the briefing continued:

"The NAO report also concluded that a fraud estimate put forward by the Scotch Whisky Association showing fraud at a level of £100m to £150m should be expressed as a range from £10m to £260m and is also reasonable."

That means that, depending on how one measures the fraud, it might be as low as £10 million but could be as high as £1,080 million. In truth, no one knows for certain. The Government do not know, the industry is not sure and Customs cannot be certain.

Conservative Members accept that there is a problem. However, the very uncertainty—that wide range of values expressed surrounding the scale and the trend of the problem—means that it is even more important that the Government work closely with the industry.

1.45 pm

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I know that the hon. Gentleman will accept that there is no monopoly of concern for the whisky industry on either side of the House. In that spirit, may I put to him what appears to be the unanimous view of the all-party Select Committee? It said:

"The industry has been aware of the growing concern of HM Customs and Excise for some time, and it would have been helpful if the industry had responded quicker . . . Evidence from the Scotch Whisky Association did, we believe, illustrate a certain lack of urgency on the industry's part".

Does he think that any Government of whom he could be a member could accept that situation and do absolutely nothing?

Mr. Prisk: I think the right hon. Gentleman realises that, as I said earlier, we accept there is a problem and recognise that action must be taken. However, if that action is to work and to be sustainable, it has to be carried out in partnership. The action that the Government propose is not a partnership. Indeed, that is a reason why we firmly believe that they should think again and that it is wrong to impose the plans outlined in clause 4. A partnership, and not a diktat, should be sought. If the provision is to work—Conservative Members want to ensure that we tackle the missing trade of fraud—it must be carried out in partnership. That is where the Government are making a mistake.

Mr. Peter Duncan: Does my hon. Friend accept that the partnership that is necessary must be between Government and all elements in the whisky industry, from distillery to retail? The proposal will impose a burden that will fall almost exclusively on the smallest distilleries, and disproportionately so in constituencies all over Scotland. However, the problem lies further downstream, and that is the further inequity of the situation.

Mr. Prisk: As usual, my hon. Friend makes an excellent point, and I hope that the Economic Secretary will respond to it specifically. As I have said, we are keen to make sure that the end result is as improved as it can be. That is certainly our purpose today.

The proposal is not only based on uncertain evidence, but has been proven to be a rather crude and ineffective measure that could damage the industry and could yet fail to cut fraud. In April 2002, the Chancellor himself dismissed tax stamps as a viable option. In a Budget press release, he said:

"The Government also decided against the introduction of tax stamps on bottles of spirits, which would have significantly increased industry costs, and instead announced plans to work with the industry to tackle the problems of fraud."

If stamps were wrong then, why are they right now?

There are a number of other practical problems here. We know, for example, that tax stamps can be easily forged and the debate has already highlighted this problem. With UK duty at £5.48 a bottle, the incentive for forgery is strong. Indeed, as several Members have pointed out, forged stamps could add authenticity to illegal products while confusing the customer.

The industry has highlighted other practical problems, and I am grateful to the Gin and Vodka Association and the Scotch Whisky Association for keeping me up to date. They point out that

"the nature, design, shape and size of stamp remain to be confirmed".

This raises important issues for individual members of the industry. They also point out that

"no decisions have yet been made on the range of products that will be covered, where this will be decided on the basis of alcoholic strength or type of product."

A whole range of other issues to do with duty deferment, assistance with security costs and the costs of audit and administration has yet to be determined.

Mr. Key: As my hon. Friend knows, the headquarters of the Gin and Vodka Association is in Salisbury in my constituency. I would be the last person to wish to vote against any measure that would prevent fraud. However, there is one element that we have not heard much about in the debate—the ultimate consumer of the product. Does he agree that it seems inevitable that if the measure goes through as planned, the consumer of cheaper brands, which are often loss leaders or special sales, will lose out? Those products will become uneconomic.

Mr. Prisk: Indeed. My hon. Friend makes an excellent point. We have not yet considered how this will impact on the consumer. It is right that we concern ourselves with the industry, especially the small firms, but the consumer will be hit as well. I thought I saw the Economic Secretary agreeing with my hon. Friend.

There are a number of issues concerning costs and practicalities. The Scotch Whisky Association estimates that the initial cost will be about £23 million and the increased annual overheads about £54 million, and I gather that the Minister has accepted those figures. I accept that the Government have made offers of help, but they remain incomplete and inadequate. Alcohols Ltd., which is based in Bishops Stortford in my constituency, uses a family firm to bottle its gin. I suspect that this is not dissimilar to the example given by the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) a moment ago. The bottling firm will have to spend £160,000 on new strip stamp machines, but may get only about £17,000 out of the Government scheme; clearly that is wholly inadequate.

Mr. Bill Oddy, the managing director of another small firm, The Drinks Company, said:

"Our costs will rocket and the Chancellor's offer of £3m to aid small firms, with capital investment, is totally out of proportion to the impact strip stamps will have in our sector. It potentially creates barriers to entry, restricts competition, pushes up prices and reduces ranges."

He goes on to make an important economic point that is worth bearing in mind:

"The irony is that"

the scheme

"favours the large, established multinationals, whose high profile consumer brands are most easily traded in the black economy."

[Mr. Prisk]

There is an acute problem for small firms.

The Minister referred to the fact that some countries have accepted, and many have rejected, this scheme. I gather that Ecuador, Greece and the USA have abolished tax stamps; Belgium, Germany and Norway have now backed away from their implementation; and Poland, where, it is believed, 80 per cent. of the Scotch whisky sold is contraband, has tax stamps.

We have heard from the Government that action must be taken; indeed, we agree. That is why over the last year we have talked to the industry and welcomed its ideas. Since the Chancellor's request for ideas, the spirits and whisky industry has come up with 17 anti-fraud packages—I heard no reference to that in the Minister's speech. The industry's approach is based on something that the Government usually applaud, a risk-based strategy. Focusing on higher risk movements would give us a better chance of securing lost revenue, without unfairly burdening legitimate traders. Sadly, the Government's response to those ideas has been deeply negative.

It is unclear what analysis the Government have made of other countries' schemes. The United States, for example, has a three-tier system of distribution, which links the producer, the wholesaler and the retailer. Yet when one looks through the Government's regulatory impact assessment, the only reference to that system by Customs is solely concerned with how it could use it to implement the strip stamp scheme. Is it the Economic Secretary's opinion that the system would not work on its own? If so, how come it works in the United States?

We come now to the numbers. The most peculiar aspect of this affair is the comparison of tax yields and costs, and what the Government plan and the industry proposes. In the Economic Secretary's briefing to Members he states that Customs' own estimate is that the industry's measure would deliver approximately £70 million per annum in previously lost tax revenue. That compares with the £160 million best estimate for the strip stamp scheme. However, the hon. Gentleman alluded to the fact that that scheme involves a number of other costs to the Treasury, including a £3 million capital fund, between £5 million and £10 million in printing and distribution costs and, as he just told us, £110 million in lost tax revenue over the next three years as a result of freezing spirits duty. What then, when all the aspects of the two schemes are considered, is the net financial difference between them? Based on those figures, either the Government are seriously underplaying the cost of the tax fraud that they expect to recoup or someone at the Treasury has got their figures wrong.

Angus Robertson: The regulatory impact assessment states:

"The introduction of tax stamps will have a revenue impact of £160 million in the first year of implementation."

How does the hon. Gentleman think the Government have been able to come up with such an accurate figure if they are unable to give even the roughest estimate of the risk of fraud following the introduction of strip stamps?

Mr. Prisk: That is a very good point. We know that the £160 million must be based on the assumption of £600 million of fraud, but we know also that the National Audit Office has said that the assumption is questionable. The amount could reasonably be said to be between £330 million and £1.08 billion, but it certainly could not be said definitely to be £600 million, so the assumption of a £160 million saving is based on evidence that is yet to be proven.

The whisky and spirits industry is, as the Minister said, vital to the country's economy. The Conservative party strongly supports that industry, and of course we also support targeted, effective anti-fraud measures. That is why we urge the Government not to burden the industry with a scheme that clearly has a chequered history. The practicalities of implementing the scheme are becoming clearer to Customs, and not before time. What is clear to Conservative Members, however, is that the Government cannot tackle this fraud without a true partnership with industry, and that means co-operation.

In preparing for the debate I have consulted closely with the industry, including the Scotch Whisky Association, the Gin and Vodka Association and the Wine and Spirit Association. It is their opinion that the Government must think again. They wish to work with the Government, but they feel that the Treasury is becoming deaf to reason, and that is also the view of thousands of people whose livelihoods depend on this vital trade. I therefore say to Ministers, "Think again. It is not too late to delay this measure and give yourselves time to get it right." I say to Labour Members, "Help us to delay the clause because, if it proceeds, it will be bad for the industry but it could be even worse for the Government." This is an ill-considered, hasty measure, and it does not deserve the support of the House.

Mrs. Irene Adams (Paisley, North) (Lab): The Scottish Affairs Committee decided to look at this issue, not just in financial terms, some months ago when it became apparent that the Government might consider putting strip stamps on spirits. When the National Audit Office issued its report, we sent a letter to the Treasury asking it to be very cautious in proceeding with the idea. The figures provided by the industry and the Government were so diverse that we thought that it was not a good idea to proceed unless a more realistic figure became available.

During our investigations, however, the Government decided that strip stamps would be the solution to the problem. I say at the outset that the Committee, the industry and the Government all recognise that there is a very serious problem, and we all applaud attempts to do something about it. The Committee wanted to consider the impact of the proposal on the industry, so we visited a number of distilleries and bottling plants in Scotland and Northern Ireland. We are particularly concerned about the fragile communities that depend on the industry, on whisky in particular in Scotland and Northern Ireland. Those fragile communities are not necessarily those surrounding small island distilleries; they could be based around a bottling plant, such as that in Springburn in Glasgow, a very deprived area that would be seriously affected by this proposal. Morrisons of Bowmore, which owns that plant, does not know if it will be able to keep it going unless the Government get the measure right. The big danger is that firms will start

to outsource. Many of the communities in Scotland that depend on the bottling plants would suffer greatly if that process was outsourced. For the purposes of the stamp, the product can be taken anywhere to be bottled. It has only to be produced in Scotland to make it Scotch whisky; it does not have to be bottled in Scotland. I hope the Government will take account of that danger.

Angus Robertson: I agree entirely with the hon. Lady and draw her attention to a letter I received from the general manager of a distillery in a community that she has just described. The general manager of that distillery writes:

"An important market for us is the UK which represents some 30 per cent. of cased goods turnover. However, we are considering turning our back on the UK market entirely and by 2006 secure other markets for our products, rather than suffer the new tax regime."

He goes on to list the number of jobs that will be lost. Does that concern the hon. Lady as much as it concerns me?

2 pm

Mrs. Adams: That prospect would concern anyone. The last thing we want to do is lose jobs. I was struck by the hon. Member for Hertford and Stortford (Mr. Prisk) appealing to us for partnership and support. I did not hear that appeal when my constituency was losing 30,000 jobs over the years I have sat in the House. We can all agree that we are extremely concerned about job losses, and no doubt the Government will take the matter seriously.

Some of the other fragile communities that I hope the Government will consider are in places such as Islay and a very small distillery that we visited, which has reopened in the past few years, at Bruichladdich. Only a handful of people are employed there, but one must understand the nature of the community to realise the impact of the reopened distillery on it. A small bottling line has been set up, employing 12 people. That may not mean much in a huge constituency, but in a place such as Islay, it means everything. The firm has used the new deal for disability to employ four seriously disabled people on the bottling line. Those people could never have hoped to get a job anywhere else, yet there they were, in full-time employment with the assistance of the Government. If not for the Government's policies and the new deal, that could never have happened. There is great concern that if the measure goes ahead, the bottling line will have to be closed down. Again, I hope the Government will take particular account of such fragile communities.

In Northern Ireland at Bushmills, where there is a village of 1,000 people, 10 per cent. of them work directly in the local distillery—not outside it, but in the distillery. The whole village is entirely dependent on producing whiskey and, more importantly, on bottling whiskey. The big jobs are in bottling, not in production. Three or four people can produce a malt whiskey, but it takes many more than that to bottle it.

The company has three bottling plants and is a sister company of Jamieson in Dublin. The bottling plants are in Dublin, Bushmills and Cork. The company is considering closing the one in Cork. However, the Dublin distillery and bottling plant has the facility to put strip stamps on bottles, and Bushmills bottling plant does not, so the danger is that the company will move all bottling to Dublin where there is the facility and the capacity. That would shut down not just the Bushmills distillery, but the Bushmills village. When the Government consider the matter, I urge them to look not at the big boys—they will take care of themselves—but at the very small distilleries and, more important, bottling facilities.

The Select Committee recognised that there would be problems with counterfeiting. One of my hon. Friends will have a lot to say about that. A further issue was the theft of strip stamps—£50,000 worth of strip stamps is the size of a paperback novel. One can put that amount of stamps in one's pocket; one does not have to steal £50,000 worth of bottles of whisky to get the value of that. One can walk out the door with a paperback novel-size package of strip stamps in one's pocket, and one has £50,000. It is even smaller to carry than the equivalent amount of cash. Security will be a great problem for the bottling plants when they hold such huge sums. The stamps do not have to be counterfeit—the genuine product will be a great attraction to thieves. To carry that off will be a much easier task than carrying off £50,000 worth of bottles of whisky.

I strongly urge the Government to keep talking to the industry. The industry is not entirely innocent. Three years ago when the Government said they would not continue with strip stamps, the industry sat back and heaved a huge sigh of relief. Instead of looking for the solutions that were needed to combat the fraud, the industry came up with a few voluntary solutions that would never be an adequate answer. It did not at any time seek regulation, and I believe it should have done so, because the voluntary codes were clearly not working.

There was a case in which Customs warned a producer that one of its distributors was not a bona fide company and was diverting some of the product. The answer from the producer was, "Well, as far as we're concerned, they are bona fide and we'll keep using them." That is not good enough for the industry. The problem must be sorted out and there must be regulation. The industry has to be prepared to accept regulation. It must meet the Government half way in overcoming the problems.

We urge that the Government keep talking to the industry. Ultimately, both are victims of the fraud and are not the people who should be injured by the solutions. It is the perpetrators of the fraud whom we all seek to injure by the solutions. I appeal to the Government not to make the solution worse than the problem, to keep talking to the industry, and not to be absolutely sure that the solution is a stamp across the bottle. The industry is happy for the stamp to go round the bottle or on the label, or to have a hologram elsewhere. The difficulty in putting a stamp across the top of the bottle is a grave problem indeed. Owing to the way some of the bottling lines operate—the bottles go directly into boxes, and the boxes are closed and cased—it will mean reopening all the cases to apply the stamp. On such a line, the output is 600 bottles a minute, so it is not a question of adding just a few minutes to the operation. It would mean starting again.

[Mrs. Adams]

There is a host of issues that the Government must work with the industry to resolve. If the Government are determined that a stamp is the only answer, will they please be sure that they get the stamp absolutely right and that they do not make the solution worse than the problem?

Mr. Laws: I am glad to be able to follow the hon. Member for Paisley, North (Mrs. Adams) in the debate. Her Committee, a cross-party Committee, prepared an excellent report, which informs our debate. I hope the fact that the report was unanimous will give the Government pause for thought, and will cause them to reflect on the many serious concerns about their proposals and on whether those proposals are likely to deliver the desired results. I hope the Government will recognise the difficulties and risks involved, given that after the 2002 Budget they said they did not believe that the balance of risk and reward justified the proposals going ahead at that time. One wonders whether, in the intervening couple of years, the problems that the Government accepted then have been addressed.

My party has had a close interest in and strong commitment to the fortunes of the Scottish whisky industry for many decades, going well back before my hon. Friend the Member for Gordon (Malcolm Bruce) became Treasury spokesman for the Liberal Democrats and added to the commitment to get the tax regime for the Scottish whisky industry right. Many of my hon. Friends who have whisky distilleries in their constituencies have been lobbying very hard, and have been lobbied very hard, about the consequences of the measures. I pay tribute to my hon. Friends the Members for Argyll and Bute (Mr. Reid), for Orkney and Shetland (Mr. Carmichael), for West Aberdeenshire and Kincardine (Sir Robert Smith) and for Caithness, Sutherland and Easter Ross (John Thurso) for the work that they have done to draw attention to some of the deficiencies in what is proposed and to the potential cost to the industry.

I think that the Government understand that hon. Members in all parts of the House are concerned about the huge fraud that has been present in the alcohol and tobacco industries for many years. Of course, we welcome the fact that the Government have sought to reduce the scale of that fraud in recent years. However, the issue is the size of the fraud, whether the Government's estimates are realistic, and whether the response is proportionate. In addition, will the measures that the Government are proposing work? Will they deliver the benefits that the Government envisage, or will they be undercut, as many people fear, by fraud and other problems?

Furthermore, what will be the cost that will certainly fall to the industry as a consequence? How will smaller firms in particular cope with those additional costs? If there is one thing on which I suspect the Economic Secretary and I would agree in this debate, it is that the extra costs that will fall to the industry are relatively certain. What is uncertain is what the benefits will be. The combination of certain large costs and uncertain large benefits is not a happy one for the Government.

It is worth setting out at the outset the industry's precise concerns about the Bill. Essentially, it has expressed five concerns about the effect of the measures on productivity, investment and profitability. The first concern is that the measures will increase production costs, owing to the cost of new machinery and labour costs. The second concern is that they will increase the costs of downstream suppliers or importers, who will have to arrange for the repackaging and stamping of imported products. The third concern is that they will impose an earlier excise duty point for many small businesses, with an adverse impact on cash flow—something that the Economic Secretary mentioned.

The two other concerns expressed by the industry are that the measures will restrict the trading opportunities of brokers and intermediary suppliers where they have mixed UK and non-UK customers and that they will curtail the opportunities for the storage of spirits, duty suspended, in excise warehouses until the point of consumption. All those concerns add up to a very significant additional cost burden on an industry that is relatively small scale, and in which, as a number of hon. Members have indicated, there are many small producers who will be particularly hard hit.

2.15 pm

We hope that the Government will work with the industry to try to formulate proposals that will address those concerns, especially as they have been expressed not only by the Scotch whisky industry, as one might expect, but by the Select Committee on Scottish Affairs, whose report has been mentioned. Concerns have also been expressed by the Confederation of British Industry, which picked out the clause and schedule 1 in this year's briefing on the Finance Bill. It states:

"We are . . . very disappointed to see this measure included in the Finance Bill, since the additional compliance cost to business is likely to be significant, despite 'concessions' in the form of up-front help with cash flow and a freeze on excise duty."

As I mentioned, the Government are very much aware of those concerns. Indeed, they decided in the 2002 Budget not to proceed with this measure on the stamping of spirits, and the details were given in a press notice.

John Thurso: May I add to my hon. Friend's list another concern that was put to me by the general manager of the Invergordon distillery, which I visited two weeks ago: the burden of extra security that will arise because of having to store strip stamps, which will become a highly saleable and marketable black market commodity? The general manager was extremely concerned about the quotations for extra security and insurance costs, and about other burdens that have not so far been highlighted.

Mr. Laws: My hon. Friend is exactly right. The Select Committee report picks up on the same issue, to which I shall return in my closing comments.

I was referring to the Government's doubts about the proposal, which were expressed clearly only two years ago in the press notice that was issued after the Chancellor decided not to proceed with such measures. The hon. Member for Hertford and Stortford (Mr. Prisk) referred to the same issue earlier. In the press notice, the Government said:

"It was clear from this consultation process that the introduction of tax stamps would have a severe impact on the productivity and compliance costs of the spirits industry, which—

if passed on in full—could have had a significant impact on retail prices for spirits. The Government does not currently consider those costs proportionate to the benefits of tax stamps."

One wonders what has changed in the intervening period. While I accept that, as the Economic Secretary indicated, one of the things that may have changed in his mind is that he has been unable to satisfy himself that there are alternative proposals that will deal with the problems, the fact remains that the Treasury had such doubts about the proposals only a couple of years ago when it questioned whether the benefits would outweigh the productivity and compliance costs. If those problems were an overriding concern in 2002, the same must surely remain the case today.

A number of hon. Members have discussed how large the fraud is. I suppose that it is not particularly surprising that there have been significant disagreements between the Government and the industry on just how extensive it is. The Government will no doubt prefer their own figures, and they will be sceptical of those produced by the industry. As the Scottish Affairs Committee made clear in the conclusion of the section dealing with this matter in its report, however, even the National Audit Office was not satisfied with the figures produced by the Government and the industry. The NAO stated that, in the meantime—in other words, before the issue can be reconciled—

"neither survey can be accepted as unequivocally reliable and great care is needed in determining what reliance is to be placed on the results at present available."

The Committee, which represents all the major political parties in this place, was led to this conclusion:

"Until definitive figures are available, no estimate, whether from Customs or from the industry, can be accepted as accurate. For any Government to introduce important measures that could have major implications for industry and employment, based on what could be inaccurate figures, might be considered precipitate to the point of being reckless."

That is a very strong conclusion, as I am sure the Economic Secretary will agree, from a Committee that represents all political parties and has a predominance of Labour members. The Government accept the lower figure of £70 million cited by the industry in relation to costs. As one is talking about a gap of £110 million in the estimates of how much could be saved, as well as the fact that that gap is based on the Government's own estimate, which is many multiples of the industry's estimate and is extremely uncertain, as the National Audit Office accepted, one wonders whether they have a strong case for proceeding, even before one comes to issues about the potential for fraud in relation to duty stamps. As the Economic Secretary accepted implicitly if not explicitly, the Government still have to do a great deal of thinking about that.

I remind the Economic Secretary of the Committee's conclusions as to whether the Government's measures were likely to lead to the savings that he hopes for. After debating the issue, consulting the industry extensively and travelling to other countries to examine their experiences, the Scottish Affairs Committee concluded:

"We are convinced that there has to be a better alternative to strip stamps".

It was not convinced that the measures, which it described as "a nineteenth century solution to a twenty-first century problem", are likely to be effective.

The Government must also answer questions about the costs to the industry and the extent to which it will be compensated. The ongoing costs will be £54 million a year, which is a significant burden, particularly for the many small businesses in the industry. The Chancellor of the Exchequer and the Economic Secretary gave the impression that the industry will be compensated as a consequence of the Chancellor's decision, which he announced with a flourish, to freeze duty on spirits for the rest of this Parliament—most commentators expect this Parliament to run for about a year, so one doubts the generosity of that gesture.

We obviously welcome the freeze on duty on spirits, which the Red Book states will cost some £70 million over the next few years. It is tempting to think of that £70 million as compensation for the industry to set against the ongoing cost of the measures, which is about £54 million per year, and the one-off capital cost of £23 million. I am sure that the Economic Secretary accepts that, although freezing duty on spirits will clearly affect the extent to which the price of the industry's products is forced upwards by additional costs, it will not necessarily impact directly on the industry's profitability and will not necessarily offset the significant ongoing costs.

On offsetting costs, it would be interesting to hear whether the Economic Secretary has a principle in mind if he decides to go ahead with the measures in the Finance Bill. In other words, because the measures deal with a problem that was not caused directly by the industry, do the Government accept their responsibility to offset all costs to the industry, or are they working to another principle?

I apologise if this information is already publicly available, but will the Economic Secretary tell us the additional compliance costs to the industry if it proceeds with its proposals to save £70 million on duty fraud? The £70 million figure must be relevant when we compare the Government's package with the industry's package.

I want to catch up with some of the concrete concerns set out by the Scotch Whisky Association in its briefing paper, which it sent to hon. Members before this debate. The SWA is concerned about the Government's direction, and it hopes that they will not proceed with the measures, or at the very least, that they will delay them to think them out properly.

In its briefing paper, the SWA suggests four ways—I am sure that the Government are aware of them—to mitigate the cost of the tax stamps. First, it argues that the freeze on spirits duty will not bear directly on profits, and it would be useful to hear more from the Economic Secretary about whether his overall package will offset all the extra costs on the industry. The other three areas are duty deferment, security, printing and distribution costs, which my hon. Friend the Member for Caithness, Sutherland and Easter Ross referred to earlier, and capital costs, which other hon. Members referred to.

On capital costs, it has been suggested that the costs to the industry will be mitigated by the £3 million fund for assistance, which will be targeted at small firms. The SWA points out that the £3 million would be spread thinly across the industry in the light of the overall £23 million estimate for capital costs, and there is a

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particular concern that the extra costs will fall most heavily on smaller businesses, which are least able to afford additional equipment.

The SWA asks the Government to clarify their definition of smaller businesses on which the capital assistance will be focused, and points out that EU state aid rules will apply, which means that it will not be possible to provide assistance of more than €100,000 per firm. A single stamp application machine may cost more than €350,000, and there is concern whether the Government can, under EU law, compensate companies for all the costs, even if they want to do so. If would be useful if the Economic Secretary were to clarify that particular point in his summing-up speech.

The Government have made it clear that they will examine duty deferment arrangements in order to prevent increased cash-flow costs falling on the industry. The SWA briefing note states:

"Depending on the scheme, distillers and importers could face serious cash flow problems as a result of having to finance the purchase of tax stamps upfront . . . It is therefore crucial that the government implement the scheme without requiring any up front payment for stamps. There are concerns, however, that there is little detail of how this will be achieved, nor the damage to industry of not delivering such a measure."

It would be helpful to hear from the Economic Secretary whether the Government can deliver on their commitment, or aspiration, to avoid the up-front cash-flow costs, and if so, when information detailing how the measures will work in practice will be made available to the industry.

My hon. Friend the Member for Caithness, Sutherland and Easter Ross referred to security, printing and distribution costs. The Government have repeatedly told the industry that they will bear in full the production and distribution costs associated with tax stamps, although those costs are a fraction of the overall bill. Will the Economic Secretary confirm that point today and say more about how the system will work in practice, because the industry remains uncertain on that point?

It is clear not only from the industry's representations, but from those from the CBI and the Scottish Affairs Committee, which has members of all parties, that there is significant scepticism about whether the Government have the evidence to proceed with the measure. The scale of fraud is uncertain—according to the National Audit Office, there is no agreement on that point—whether the Government scheme will deliver benefits and solve the problems of fraud is uncertain, and the costs, and the extent to which they will fall on the industry, are also uncertain. Given that the Government are introducing measures with large, certain costs and uncertain benefits, I hope that the Economic Secretary will take the time to think again, even if he only delays the measures to allow time to consider their effect on the industry.

Mr. Doug Henderson (Newcastle upon Tyne, North) (Lab): I have no constituency interest in the matter, but I have a union interest—over many years, my trade union has been involved in the whisky industry and other spirit industries. I also represent the taxpayers of Newcastle upon Tyne, and I want to examine their interests and those of the industry.

If the public had known about the extent of the fraud in the whisky industry three years ago, they would have said to the Government, "Get on with it. Why should we waste taxpayers' money? That money should come back to the taxpayer." We have an obligation to ensure that the public's interests are looked after. I recognise that one cannot ignore the industry and the people who work in it, and I would not wish to do so, but there needs to be a very tough approach to such fraud.

2.30 pm

Angus Robertson: The hon. Gentleman is absolutely right that we should all keep the taxpayer in mind. In view of that, does he not agree that it is imperative for the Government to outline the scope of potential fraud before introducing strip stamps, which may be a significant disbenefit to taxpayers' interests?

Mr. Henderson: I do not see how that can be done until the Government have set out their objectives in Parliament, but instead of saying, "We're going to take on this fraud and this is how we're going to do it", it is much better, as the Economic Secretary said, to have discussions with the industry. The industrialists and trade unionists whom I know would want to have detailed discussions on such a matter, and that makes sense.

I am a Scot, although I do not represent a Scottish constituency, and I sometimes treat myself to reading *The Herald*, *The Scotsman*, and, for football purposes, the *Daily Record*. When I do so, I often see the Scottish National party making assertions implying that the nasty English Government and nasty English fraudsters are ripping off a Scottish industry. SNP Members have been well behaved in the debate so far, and I expect that to continue, but they should bear it in mind that this issue affects the whole of the UK, including Scotland. I do not see how people can be criminals involved in fraud in the Scottish whisky industry unless they have at least bunged the lad on the door of the whisky distillery before they remove the produce.

Angus Robertson: The SNP, like all parties, is opposed to criminality wherever it occurs. Can the hon. Gentleman back up his assertion by giving the dates of those articles in *The Scotsman*, *The Herald* or the *Daily Record*?

Mr. Henderson: I would be happy, if I am allowed to, to place in the Library several back copies of *The Scotsman* and *The Herald* that would make it obvious to any reader that my assertion is accurate.

Mr. John McFall (Dumbarton) (Lab/Co-op): If my hon. Friend refers to a debate that took place in the Scottish Parliament a couple of weeks ago, he will see that the SNP tried to claim exclusivity in defending the Scottish whisky industry in relation to fraud and tax. In the all-party group on Scotch whisky, Members of all parties—including, for the past 17 years, myself—have been involved in defending the interests of the industry.

Mr. Henderson: I am grateful to my hon. Friend for highlighting that important point. For many years,

Members on both sides of the House have been tough in arguing for the Scottish whisky industry. I am not suggesting that the Scottish nationalists have not said their bit or that they should not be entitled to say their bit, but the suggestion that they are the leaders in this campaign must be rejected.

I want to make one observation and ask two questions. My observation is this: I would have thought that the Government would be sympathetic to the idea of acting in a partnership with the industry by adopting its counter-proposals—of which there are 17—if they thought that there was any prospect that that would deal with the problem, because it would avoid all the industry opposition to strip tops on bottles that the Government knew would arise.

The report by the Scottish Affairs Committee contains 17 recommendations. I want to draw the Committee's attention to three. Proposal five is:

"Customs and trade to consider the introduction of a secure, approved device for processing movement documents".

Proposal six is:

"Greater control of transporters involved in duty-suspended movements by Customs introducing a registration process ... and ... warehousekeepers providing relevant information to Customs about transporters".

Proposal nine is:

"Warehousekeepers to co-operate with Customs to provide details about booked arrivals of excise goods and to advise them of non-arrivals".

Mrs. Irene Adams: Will my hon. Friend give way?

Mr. Henderson: I just want to finish this point. The industry's proposals seem to be a long list of red tape. If that was not the case, Customs and Excise and the Treasury might well have been susceptible to its influence.

Mrs. Adams: Will my hon. Friend make it clear that he is talking about the industry's proposals, not those of the Scottish Affairs Committee?

Mr. Henderson: If I gave the impression that these are the Select Committee's proposals, I apologise, but I think that I said that they are the industry's proposals, which are helpfully set out in the Committee's report.

Mr. Weir: Will the hon. Gentleman give way?

Mr. Henderson: I am tempted not to, but I suppose that I should.

Mr. Weir: The hon. Gentleman mocks the industry's proposals, but does he not realise that its evidence to the Scottish Affairs Committee made it clear that the difficulty lies not with the distillers, but further down the chain with the warehousemen, distributors and retailers? The Government's proposals are the wrong way round, because they attack the distillery industry instead of the other links in the chain.

Mr. Henderson: I have some sympathy with the hon. Gentleman's point. However, if it was possible to deal with the problem further down the line, I am sure that it would be done. If we are to know which bottle is licit and which is illicit, some kind of marking must be put on it before it leaves the bottling plant. It could be over the top of the bottle or around the side—I am not familiar with all the various technologies. If there is a newer technology—

Angus Robertson *rose—*

Mr. Henderson: I have given way generously, and I want to finish this point. If there are other technologies that can deal with the problem, I am not resistant to them, and I should hope that the Government would not be. There has to be something that identifies the bottle that everyone accepts and will be absolutely clear in any future legal challenge.

Angus Robertson: The hon. Gentleman is making the case for marking bottles clearly. He said that he may not be au fait with all the ins and outs of the industry, so let me tell him that every single bottle of Scotch whisky that is produced is already clearly marked with a lot number that makes identifiable the bottle, the distillery, and the time of bottling. Is that not good enough?

Mr. Henderson: No, it is not, because it does not say whether the duty has been paid. That is the key issue to be tackled, because it is the basis of the fraud.

I think that I have made enough of my observation. I did not intend to spend so much time on it, but I have been generous in giving way.

I want to put a couple of questions to the Minister. Is the £3 million fund for capital investment assistance an annual figure? Is it set in stone, or might the Government be persuaded to adjust it depending on what they find out from the industry about its needs? I understand that the technology will incur disproportionate costs among small producers, so assistance has to be geared towards them. If the industry says that there is a need for additional support within the European Union rules, will the Government consider that?

My second question in linked to that issue. Have discussions taken place with the Department of Trade and Industry on the extent to which any regional assistance might be made available to the various bottlers in industry, obviously not just in Scotland but throughout the whole of the United Kingdom? Is that a possible other source that could be tapped to try to deal with the issue?

What has been the effect of the tax freeze on the price of a bottle of whisky over the years that it has been frozen? I think that the Economic Secretary said that it was 36p a bottle, which compares to a cost of approximately 13p a bottle without additional state aid on the introduction of the Government's proposals. There are many arguments about whether this is an effective system or not, but it cannot be argued that the introduction of this measure without modification

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would cause a major loss of jobs as a result of Government action, because the Government have actually boosted jobs by freezing that tax.

Annabelle Ewing (Perth) (SNP) *indicated dissent.*

Mr. Henderson: The hon. Lady shakes her head, but the Government have effectively given a 36p rebate to the industry—[HON. MEMBERS: "No!"] Yes, they have.

Mr. Laws *rose—*

Mr. Henderson: I will not give way.

I know that the trade unionists in the industry in Scotland will welcome that rebate, as it is an important factor in protecting their jobs. Having said that, I know that they will also want to see the maximum support being given to the industry to implement the proposals, and I hope that the Government will do that.

Mr. Peter Duncan: I welcome the opportunity to follow the hon. Member for Newcastle upon Tyne, North (Mr. Henderson), who did his best, in the circumstances, to defend what it is clearly the indefensible part of the Finance Bill.

It is important to reflect on exactly what is at stake in these proposals. In Scotland, one job in 50 depends on the success and development of the Scotch whisky industry, and that industry is among the UK's top five export earners. Those are not numbers that we can dismiss flippantly; they are significant. Indeed, with the Government proposing to become indebted to the tune of some £130 billion over the coming years, one would have thought that their first objective would have been to ensure the successful continuance of one of their key industries. One would have thought that they would have wanted to preserve such a successful industry.

Labour Back Benchers have every right to feel let down. My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) reflected on the fact that they had been strangely silent in recent months in regard to backing this proposal as it has unfolded before our eyes. We are seeing a very destructive measure being forced through against the wishes of almost every informed commentator or impassioned observer. Every industry group is opposed to it. The Economic Secretary, for whom I have a lot of respect, did not do himself much justice when he failed to come up with a single industry group or observer who believed that the proposals were the right way to proceed. This is an embarrassing U-turn for the Government to have undertaken over the past three years, although embarrassing U-turns seem to have become the watchword of this phase for the Government.

Rural communities and urban work forces will be significantly and detrimentally affected by these proposals. The hon. Member for Paisley, North (Mrs. Adams) reflected on the work force in Springburn, and she was quite right to do so. Both rural and urban communities are being let down by a Labour Government who have failed to see the impact of what they are doing. That this proposal is to be forced through by a Scottish Chancellor of the Exchequer, aided and abetted by a Scottish Secretary of State, who has once again failed to stand up for our vital Scottish national interests, says much about how the Government now go about their business.

2.45 pm

My hon. Friend the Member for Hertford and Stortford reflected on the fact that 80 per cent. of the burden of implementing these proposals will fall on the top 9 per cent. of companies in the sector. It is important to understand exactly what that means for the smallest businesses in the sector. My constituency contains Scotland's southernmost distillery. In my opinion, it produces Scotland's finest whisky, but I probably would say that, wouldn't I? I suspect that we shall hear about some other contenders for that award later. Bladnoch distillery has recently restarted, after a period in mothballs, under the stewardship of Raymond Armstrong. It is in the very early days of re-formation, and it will bring vital diversity to the Scotch whisky industry. The Economic Secretary needs to reflect on the important fact that the Scotch whisky industry is not just about the major names. Its very essence is its diversity. It is about the Scotch whisky shops that we can all go into. The tourists love them, but so do the locals and some Members of Parliament. In those shops, we can see the huge diversity of this vital industry.

Mr. Armstrong informs me that the burden on his newly restarted enterprise in Bladnoch—a very small business indeed—will be in excess of £220,000. He expects to receive very little in contributions towards that, although he has not been able to ascertain much detail from the Government. That will represent a significant burden for his business to overcome. I am happy to accept that the number of jobs involved is not huge, but those jobs are highly significant in a very small community. The local town of Wigtown depends heavily on the tourism sector, and the Bladnoch distillery now plays a key part in that sector. The Government have so far failed to recognise that this measure will affect small, vulnerable rural communities, but they need to do so very quickly before they make a significant mistake.

Critically, Mr. Armstrong made his decision to invest in the restarting of Bladnoch distillery some two or three years ago, at a time when the Government were happily assuring him that they were not willing to contemplate strip stamps. At that time, they were not seen as an effective use of resources to counteract fraud. Now that he is half-way down the road towards restarting and developing an effective and successful business, he is faced with a substantial burden on his cash flow. I am particularly concerned about the increased barrier to entry for new businesses entering the Scotch whisky industry. This measure is another element that will make it more difficult for new businesses to enter an industry that depends on diversity and on small businesses continually coming into the sector.

Mr. Armstrong has also reflected on the security implications of tax stamps. His distillery is in a rural community in the middle of a very disparately populated area. What are the security consequences of having to store a significant number of tax stamps on the premises? The Chairman of the Select Committee rightly said that a pack of stamps the size of a paperback

book was worth £50,000. The security implications for that business are not trivial, and should not be dismissed lightly.

In an intervention on the Economic Secretary, I mentioned the Customs and Excise operation in London, which we have discussed on previous occasions. In that operation, some 300 premises were surveyed and visited by Customs and Excise staff, who reported that more than 140 were selling illicit spirits. That is a troubling figure. No one on either side of the House, and no one in the Select Committee who heard that evidence, has not been troubled by it.

But where is the action resulting from that statistic? Is each of those 140-odd retailers now facing an automatic discharge of their liquor licence? Are Customs and Excise lawyers queueing up to take immediate and effective action against people who are obviously knowingly dealing in illicit alcohol? No, there is a complete absence of enforcement action. The strip stamps proposal would have more credibility if it had been embarked on after a period of strong and effective enforcement of the existing system. There is no evidence, however, that that strong and effective action has either been resourced—resources may well be an issue within Customs and Excise—or has taken place. The fact is that fraud is happening—I shall refer later to the debate about its size—downstream from the distilleries. The distilleries, however, must pay the price, and as a result, Mr. Armstrong faces a huge bill to his new business.

The hon. Member for Moray (Angus Robertson), in an intervention a short while ago, said clearly that each bottle of whisky has a lot number on it. As a member of the Scottish Affairs Committee, I have still never been given a satisfactory answer as to why, in the 21st century, when bar codes are commonplace, computer technology is routine and men are sent to the moon regularly, we cannot track a bottle of whisky and its lot number from the place where it is retailed back to a distillery. I accept that it is difficult, and that there may be some complicated transactions, but I do not understand why it is not possible.

Sir Robert Smith: Given the Home Secretary's desire to track every member of this country through a centralised computer system with our biometric details, could not the Treasury at least embrace the idea of trying to track the whisky that is in the bottles?

Mr. Duncan: The hon. Gentleman makes an important point. If he is advocating biometric testing for whisky, I look forward to seeing his proposals in due course.

The issue of counterfeiting has come up on several occasions during the debate, and it is worth spending a couple of minutes on it. There are two aspects: first, counterfeiting of the tax stamps; and secondly, the counterfeiting of whisky as a product. Counterfeiting of stamps has been wildly underestimated by the Treasury. I found the Economic Secretary's opening remarks, in which he admitted that no assessment had been completed of the likely level of counterfeiting in relation to his proposal, unbelievable. If that is the case—I would welcome clarification in his winding-up speech—it is a serious omission and undermines significantly the Treasury's case.

The incentives for counterfeiting are massive. Part of the reason that we have a problem is that we have a high-tax product, and a higher-tax product than many other markets. The risks are small, and the reality is that in Taiwan and across the far east printers will be waiting for the nod from the Economic Secretary, at which they will start work on a very sophisticated product. If the Economic Secretary thinks that he can be one step ahead of the counterfeiters, I can assure him that they will be half a step behind him. They will devise counterfeit tax stamps that will undermine the system. The losers will be the distilleries, which will have paid the price for the tax stamp, but will still suffer from fraud.

Angus Robertson: The hon. Gentleman raises an important point. Has he seen the correspondence from Gavin Watson, who is one of Scotland's leading printers of secure stamps and the like? He wrote to the SWA and, I believe, to the Treasury, and said:

"It is known that there at least 25 Holographic Machinery Manufacturers in China alone, who currently have no reservations in supplying the Equipment to anyone worldwide who wishes to buy, and without the need to display evidence of being a Licensed Security or Brand Protection Supplier."

Does that concern him as much as it concerns me?

Mr. Duncan: Absolutely, because it undermines fundamentally the Government's case. The pursuance of counterfeit tax stamps will simply replace the diversion fraud that we are seeing. Counterfeiting tax stamps will be easier and arguably lower risk than many of the frauds that we are seeing now.

I also referred to counterfeit product, which is my other concern. Scotch whisky is a delicate product, for which branding is important. It depends on quality and brand. There is a significant risk that tax stamps will be used to give credibility to below-standard, counterfeit product in a way that the Government have failed to appreciate to date.

No one, on either side of the House, is in doubt that fraud exists in the spirit sector, and that needs to be addressed, but when the Government decide that gap analysis is too unreliable a methodology to assess fraud in wine and beer markets, it strikes me that to use that same analysis to quantify fraud in the spirits market, and on that basis to inflict a significantly expensive and burdensome procedure on vulnerable distilleries and business in Scotland, is more than should be tolerated by the House.

The reality is that the Government are playing fast and loose with a vital industry in Scotland. Scotland expects better from this Government. U-turns are no longer taboo under this Government, and it is not too late simply to say that more can be done to find an alternative. The Scottish Affairs Committee concluded:

"we are convinced neither that strip stamps would be the best way to tackle such fraud, nor that the Government has exhausted all possible alternatives."

That sums it up for me. That is exactly why I shall vote against clause 4, as this is a burden too far for the Scotch whisky industry.

Mr. Lyons: A number of colleagues have referred to the fact that the Scottish Affairs Committee took

[Mr. Lyons]

considerable time to examine the question of strip stamps. Properly, a number of people have quoted the Committee's conclusion in its report. I want to put it on record that we fully support the Government's and the industry's attempt to tackle spirit fraud. All of us are united in that objective. No one in the House wants to avoid that issue, although there may be differences on how to tackle it.

I, for one, was not against strip stamps at the outset of the investigation. I was quite prepared to listen to the evidence. On hearing the evidence, however, I for one do not think that it is the best way forward. There are other ways of doing it, and I would be more interested in the industry and the Treasury sitting down and agreeing on full traceability from A to Z, which could conclude the matter.

When considering a proposal from the Treasury or any other organisation, we need to ask whether it is viable, and more importantly, whether it is secure. I do not think that strip stamps across the top of the bottle will be a secure system, and I would reject it on those grounds alone. It will be a fragile way of trying to deter fraud throughout the UK and abroad. A number of Members have mentioned the cost of a stamp—£5.48—which indicates the attraction of fraud and counterfeiting. According to the industry, the strip stamp will cost 1p or 2p to produce, but the £5.48 cost makes forgery attractive in the first place.

Earlier in the debate, a number of Members referred to the fact that other countries had already experienced strip stamps, and I will repeat some points and perhaps add some new material. In Ukraine, in January 2004, within three weeks of their introduction, more than 60,000 bottles were found with a forged hologram strip stamp, which were seized in that country. In Hungary, 15 to 20 per cent. of the market remains illicit. In Bulgaria, 60 per cent. of the spirits trade pays no excise duty. There are major problems in some of those countries.

As was mentioned, some countries have already abolished tax stamps, such as Ecuador, Greece and the USA. Some countries have thought about it and pulled back, such as Belgium, Germany and Norway. A number of people have referred to the fact that if we have strip stamps, the spirit in the bottle might as well be replaced with some poor-quality spirit, as the strip stamp may deliver international acceptance. That is a real danger.

3 pm

Mr. Weir: Research shows that a large proportion of the Scotch whisky sold in Poland, which uses strip stamps, is counterfeit.

Mr. Lyons: I think that the same will apply in many other countries in future. The whole industry could be undermined if a poor-quality spirit became linked to the name of Scotch whisky, or anything else for that matter.

China was mentioned earlier in connection with counterfeiting. I raised it when the Treasury gave evidence to the Select Committee. A letter from Drew Samuel, managing director of Gavin Watson, one of the leading makers of security products, warns that the whisky industry faces financial disaster because of crime gangs' access to sophisticated technology. Mr. Samuel says that in China alone 25 manufacturers are supplying sophisticated hologram-making machines on a "no questions asked" basis, and are prepared to use them in that country or sell them abroad for purposes of tax fraud. There is clearly a market out there: people are prepared to do this.

Mr. Samuel says:

> "The skill of the counterfeiters has been grossly underestimated. Apart from the ease of apparently authentic numbering, holograms have been globally downgraded as a protection."

More and more people are going to find it easier to counterfeit whatever strip stamp we design. Mr. Samuel adds:

> "There appears to be . . . a 'headlong rush' towards a so-called 'solution', which in its projected format could only create more problems than those it would solve."

That was, I think, the conclusion of the Committee, whose Chairman has already mentioned the issue.

The Treasury should take account of evidence from other international quarters. It is not just the Scotch Whisky Association that is saying that. We met trade unionists in distilleries all over the place who confirmed their opposition to strip stamps, and the Scottish Parliament decided that they were not the best answer. As I have said before, any decision that could unite the Scottish Parliament must have something going for it. A reasonable case has been made by the Committee and by Members, and I urge the Treasury to act on it, even at this late stage. The industry has made it clear that it wants to be receptive to any further approach, and I think that we should use this opportunity to come up with an alternative to strip stamps.

I am not a betting person—they sit elsewhere in the House—but I would give short odds on someone trying to counterfeit a strip stamp very soon if it goes over the top of the bottle. That will happen as sure as night follows day unless the industry and the Treasury reach an agreement that would prevent all the pain.

Angus Robertson: Like many other Members who are present, I am an active member of the all-party Scotch whisky industry group. I declare a further interest, in that more than 50 per cent. of Scotland's malt whisky distilleries are based in my constituency.

Despite my implacable opposition to the introduction of strip stamps, I want to begin with a word of genuine commendation for the Minister. He has been extraordinarily generous in debates, and also with his time: he has met me, and other members of the all-party group, to try to persuade us of the Government's case—although he does not seem to have persuaded anyone. Let me add that I agreed with most of what was said by both the hon. Member for Paisley, North (Mrs. Adams), who chairs the Select Committee, and the hon. Member for Strathkelvin and Bearsden (Mr. Lyons).

Last week we learned that the previous year's Scotch whisky export figures had been excellent. According to the SWA, the export value of Scotch in 2003 was £2.37 billion, the second highest amount ever. The export value of malts bottled in Scotland has exceeded £300 million for the first time. Blends bottled in Scotland are up by 3.5 per cent. The industry feels buoyant in the belief that there are great opportunities for new markets

offering exciting prospects abroad. The United Kingdom figures, however, show a decline, just when the Government are planning to introduce strip stamps—a move which, according to Members in all parts of the House, will make the industry less competitive at a time when it is having to fight for its market share in the UK.

According to the SWA figures, Scotch sales were down in volume in the UK during 2003 by 113 million bottles. The tremendous export figures are a triumph for the industry and for workers all over Scotland—not just in rural communities like Moray, where much of the whisky is distilled, but throughout central Scotland, where much of it is bottled and many of the labels are printed. Many of the tourist attractions are there as well—for instance, the Scotch Whisky Heritage Centre on the Royal Mile. This is a truly national industry which employs people throughout the country, and all who work in it should be tremendously proud of the success that they managed to produce in last year's export markets. I am sure all Members hope that the sales will go from strength to strength in the coming years.

We should, however, also take account of the depressed domestic market figures, which should serve as a salutary warning to the Government and to all of us who must decide whether strip stamps will help or harm the industry. Will they make the industry more or less competitive? Will they damage jobs? We have an opportunity to make that decision today, and I hope that we shall do so in a decisive manner.

A number of Members have referred to the regulatory impact assessment produced by Her Majesty's Customs and Excise. It is a very important document, which outlines the Government's case and weighs no action to oppose strip stamps against alternatives suggested by the industry. What worries me is the paragraph just after the short one on counterfeiting that consists of only three sentences. It concerns the revenue benefits to the Government of the introduction of strip stamps. It states with certainty that

> "The introduction of tax stamps will have a revenue impact of £160 million in the first year of implementation."

That is a significant and very exact figure. I do not know how it is possible to come up with it when it is not possible to quantify the level of strip stamp fraud.

As sure as night follows day, if the value to criminals moves from what is in the bottle to what is on it, counterfeiting will take place as it has in other countries. We would all condemn that, just as we condemn the diversion that currently takes place. Given the resources available to the Treasury and to Customs and Excise—which, interestingly, lists at the back of the annexe to its report an impressive range of countries that have been consulted, from Albania to Vietnam—was it not possible for those who drew up the report to ask how serious the problem was? If they did not do so, why was that? If they had, surely there would be projections from all those countries.

Many Members have seen figures from countries that have introduced strip stamps. Tens of thousands of bottles for sale in Poland bear legal strip stamps, but contain counterfeit alcohol. Alternatively, the spirit is genuine but the strip stamps have been fraudulently copied. We know of examples of the percentage of the market that is accounted for by fraudulent activities where there are strip stamps. I am certain that someone in the Treasury would want to know what the figures are. After all, the Treasury and all of us, I hope, are looking at taxpayers' interests. How is it possible for the Government to give an exact figure about how much benefit there is to be to the Treasury when they cannot give us the slightest indication of how much of the market will be impacted by fraudulent strip stamp production and use?

Mr. Prisk: I do not want to upset the hon. Gentleman's flow because he is setting out a powerful case. However, does he share my concern that the Government have said that their scheme will generate £160 million and that the industry will generate £70 million, but the Government are willing to give £110 million in tax back by not increasing excise duty? Is not that peculiar mathematics?

Angus Robertson: To me it is voodoo economics from start to finish. I do not see how the figures add up. I still find it extraordinarily difficult to work out why we are here in the first place. After all, only three years ago, the United Kingdom Government wrote to the Norwegian Government in detail explaining why strip stamps were not a good idea. Everyone agrees that fraud is a bad thing but if the application of strip stamps was discouraged in Norway by a UK Government three years ago, why are strip stamps suddenly so acceptable?

The professional work of Gavin Watson, one of Scotland's leading printing companies, has been raised a couple of times, but neither I nor the hon. Member for Strathkelvin and Bearsden have alluded to the logic of what that firm has said. Is not it extraordinary that a company that could be producing strip stamps and making money after their introduction is warning us all that it is not the best way forward? Even companies with a potential commercial interest in producing the strip stamps think that they are a daft idea.

For many people in the industry, including trade unionists, the RIA is long on promises. It says that that the Government will mitigate industry costs if they go ahead with the scheme, yet at this stage there is no detail of the offset package that the Government are set to bring forward. Indeed, the offset issue merits just one and a half pages of an 83-page document. The £3 million contribution towards capital costs in such a significant industry is a drop in the ocean compared to the £23 million estimated capital cost in the first year.

As someone said earlier, the pot will be spread thinly across the wider industry. Given that it is meant to be targeted at smaller firms, it may apply only to a few companies. As there is no definition of a smaller firm—it is not clear what that means in the Treasury's estimation—even small players in the industry may not qualify, depending on claims from other sectors. The Government need to consider how to assist firms in meeting the security costs.

Without being specific about the distilleries involved, those who know Speyside will know that, when one drives from Aberlour and looks to one's left, one sees some of the largest warehousing anywhere in the European Union. For those hon. Members who are keen on arithmetic and understand how much spirit is

[Angus Robertson]

being produced, it does not take long to work out that one is talking about billions of pounds worth of product. At the start, I said that the export market was worth £2.37 billion. In one distillery alone in my constituency, there is vastly in excess of that figure maturing, producing a nice angel share, keeping people locally employed.

The security ramifications of the introduction of strip stamps are not a technicality. It is incredibly important, particularly in a region with more than 44 working distilleries and a significant number of bonded warehouses, too. It is important not just for the whisky-producing areas but for areas of the country, predominantly in the central belt, where the whisky is bottled.

3.15 pm

If the Government are to go ahead with the scheme, and I genuinely hope that they do not, it remains crucial that they honour their promise to implement the scheme without requiring any up-front payment for stamps. Concerns remain that Customs and Excise has not thought through how that will be achieved and that subsequently it will be put into the "too difficult" category, with the industry left to face crippling cash-flow problems. The Government have said that they will meet printing distribution costs. Many people are concerned, however, that the Bill leaves open the threat that the industry may have to bear the cost at some time in the future. From reports that emerged from meetings with Customs and Excise, it appears that there is little idea about how the system will operate, or the scope, design and nature of the stamps. That is worrying given that the clock is ticking and distilleries will need to start planning for April 2006.

Earlier, I said that the Economic Secretary had been very generous with his time. He was very generous when a leading small to medium company from my constituency, Gordon and MacPhail, came to explain the nature of its business, which sees it stocking more than 800 products. Those products in large part are special bottlings that do not necessarily go on sale at the standard 40 per cent. by volume domestically, or 43 per cent. by volume for export. They bottle at cask strength and everything in between. That means that the strip stamps that are set to go on the bottle have to be specially made for that strength of whisky. How quickly will that firm and similar firms get those strip stamps? What happens if they get special orders for products that they are expected to dispatch within a day or two? How long will it take Customs and Excise to provide those special labels that will go on bottles? We have not heard an answer to that yet.

We are at a stage in the issue where we are fully informed. We have received information from the National Audit Office, Customs and Excise and the Scottish Affairs Committee in its excellent detailed report. Many hon. Members have travelled around Scotland, Ireland and the States learning about the pros and cons of strip stamps. People who know about the industry and about the issue know that the time has come to make a decision. Someone on the Government side used the word "exclusivity". There is no exclusivity of concern about strip stamps but the time is coming to make a decision. The Scottish Affairs Committee reported that it was

"convinced that there has to be a better alternative"

to strip stamps. The Chair of the Committee said earlier in the debate that there is a danger that this solution could be worse than the problem. The chief executive of the Scotch Whisky Association, Gavin Hewitt, said yesterday:

"MPs will have a further chance to debate tax stamps"

He said:

"We urge members in all parties to reject tax stamps".

We are being asked to vote against tax stamps. Nearly one month ago, Scotland's Parliament voted overwhelmingly, by 111 votes to four, on the issue of strip stamps. Labour, Liberal Democrat, Conservative, Scottish National party and others—the others were the Trots, who are not in favour of business—voted for a motion that noted

"with disappointment the announcement by Her Majesty's Government in the 2004 Budget of the introduction of tax stamps on whisky and other spirits; recognises that the compliance associated with the measure will introduce a heavy burden on the Scotch whisky industry; and therefore calls on HM Treasury to engage in further discussion with the industry on the impact of these measures with a view to reaching a satisfactory outcome which deals with tax fraud and would lead to the decision being reversed."

We have the opportunity to reverse that today. I note that at about the same time the First Minister, Jack McConnell, rightly, told the Scottish Parliament that he was "disappointed" about the introduction of strip stamps. While the leader of the Scottish Labour party said he was disappointed about that, the chairman of the all-party group on Scotch whisky made a powerful speech in replying to the Budget, in which he said that he was dismayed that the Government had made a decision to go forward with strip stamps.

I think that now is the time—now is the hour—to ditch strip stamps. The case for them is flawed and discredited. It has been discredited and opposed by cross-party Westminster Committees and all-party groups. It has been voted against overwhelmingly in the Scottish Parliament, by 111 votes to four. First Minister McConnell says that he is disappointed. The Chairman of the Treasury Committee, who is also the chairman of the all-party Scotch whisky group, has said that he is dismayed.

If democracy is to mean anything, this daft measure has to be withdrawn or voted down. The Scotch Whisky Association and workers in the industry have called for that, and the SWA reiterated that call yesterday. That is what we as Members of Parliament need to do today. MPs either vote for this industry and its important jobs, or they do not because we vote to introduce strip stamps. There is no room for ambiguity. We must all take our responsibilities seriously and stand up for the whisky industry and the workers of this key national employer. Voters would find it inexplicable if MPs broke the general and political consensus that this is a bad deal, and it would be inexplicable to speak against it and then vote for it. Strip stamps are bad for competitiveness and bad for jobs, and they will lead to a new domestic criminal growth industry: the fraudulent counterfeiting of tax stamps. All of us, in all parties in the House, should vote against them.

Mr. McFall: I am delighted to be able to participate in this debate. The hon. Member for Moray (Angus Robertson) said that I was dismayed. I am dismayed, but there is one thing that dismays me even more: the obtuse tactics of Scottish National party Members. The opportunity to put right, and into context, their comments is extremely important.

I commend the Government for their actions on the Scotch whisky industry; the Labour Government have been a good friend of the industry. The freeze on duties, the longest since the 1950s, allied to duties for the next two years, adds up to a cumulative total of £1.33 off the duty on a bottle of whisky. With that £1.33 off, this Government have been good to the Scotch whisky industry over the years.

I also commend the report of the Scottish Affairs Committee. I have consistently told the Government that I am dismayed at the introduction of the tax stamps, and I commend the Committee report for several of its points, such as that in paragraph 9. However, we must all recognise that, at heart, the Government's proposals are aimed at tackling fraud in the spirits industry, and unless we have meaningful alternatives for tackling that fraud, this exercise is meaningless. It is important that the industry and the Government find ways of tackling fraud.

I commend the Committee report for its comments on the National Audit Office report, in paragraph 11. The Committee seems to be saying that the Government are making a decision that is illogical in terms of its implementation because of flawed figures. It is important that that issue is tied up.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): The hon. Gentleman refers to paragraphs 11 and 12 of the Select Committee report, which are on the NAO report. Paragraph 11, referring to the Customs and Excise estimate of £600 million in lost duty, says that the range

"should properly be expressed as . . . £330m to £1,080m",

and also refers to the Scotch Whisky Association's estimated range of "£10m to £260m".

Paragraph 12 goes on to say that

"it is difficult to accept that both methods are reliable when they result in such widely different estimates of consumption. It is therefore clear that further work needs to be done by the Office for National Statistics, with Customs and the Scotch Whisky Association".

Does not the hon. Gentleman think that the Government should at least postpone their proposals until the proper statistical evidence can be gathered, so that we know the real loss in revenue with greater accuracy?

Mr. McFall: Those points have already been made most eloquently by my hon. Friend the Member for Paisley, North (Mrs. Adams); if the hon. Member for Cotswold (Mr. Clifton-Brown) had been in his seat, he would have observed that we have severe reservations on that matter. We acknowledge that point.

Paragraph 20 of the Scottish Affairs Committee's report mentions flaws in the "physical nature" of the stamps. The Economic Secretary was good enough to accept an invitation from me to visit Scotland, and he visited the Allied Distillers plant at Dumbarton in my constituency. He saw for himself the thin, sticky labels becoming snagged in the machinery, being constantly ripped up and not adhering to the bottles properly. He then saw that they had to be manually recorded and stuck on to a list on a clipboard so that the distillery could claim the refund from them. That is a laborious process, and I ask the Economic Secretary to look at it again. It is important to put on record that whereas for the large firms in the industry—Diageo or Allied in my constituency—that strip-stamp process is a nuisance, for small companies it could mean existence or non-existence. The Economic Secretary must bear that in mind when he replies on this issue.

I agree that the industry has been slow. The Committee was right to refer to that and say that it would have been helpful if the industry had responded more quickly. The evidence in paragraph 28 on diversion, and the fact that nothing had been done about it, suggests that there must be some form of regulation.

I state again today that strip stamps are not the best way to tackle fraud. The hon. Member for Moray mentioned Gavin Hewitt, but I have news for the hon. Gentleman. I have here a letter from Gavin Hewitt dated 21 April, which does not read as a stirring declaration asking Members to vote against the proposal; the Scotch Whisky Association does not say that at all. It has realised from discussions with me that the all-party group comprises parliamentarians from all parties who do not take a political view on the matter, and Gavin Hewitt from the SWA reinforces that.

Angus Robertson *rose—*

Mr. McFall: The hon. Gentleman has had his turn. I shall read out exactly what Gavin Hewitt has written to me:

"We and many independent observers remain convinced that tax stamps are a mistake".

I think that we can find an echo of support for that on both sides of the Committee. However, he goes on to say,

"but we recognise the reality of the Budget announcement. The industry will work with Customs to deliver a workable scheme, at the same time ensuring—in line with ministerial commitments—that costs to industry are mitigated."

In that letter, the Scotch Whisky Association—the trade body for Scotch whisky—is saying that it will work with us. I want my colleagues and I to work with the Treasury and the industry, on the industry's behalf, to ensure that we get a sound outcome, because the industry has accepted the reality of the situation.

3.30 pm

Angus Robertson: I agree that Members on both sides of the House should work with the Treasury in the interests of the industry. Will the hon. Gentleman confirm that the SWA still opposes strip stamps, and is he saying that its chief executive did not issue a press release yesterday in which he urged Members—from all parties—to reject tax stamps in today's debate?

Mr. McFall: Is the hon. Gentleman saying that the chief executive of the SWA told Members of this House to vote against the Budget today? If so, I shall take the

[Mr. McFall]

matter up with the chief executive, because I have a letter from him declaring that he will work with us. The hon. Gentleman might have done better to have a personal chat with the SWA, instead of reading from a press release. In fact, I shall follow the example of my hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) and place this letter in the House of Commons Library, so that everyone can read it.

Let my colleagues be in no doubt that the Scotch whisky industry is saying that the Budget announcement is a reality, and that it will work with it. I am taking my line from the SWA.

Mr. Prisk: As Chairman of the Treasury Committee, the hon. Gentleman is very thorough in his approach to this issue. My discussions with the SWA made it clear that a year's delay was considered to be the most practical solution, and we tabled an amendment to that effect. Does the hon. Gentleman agree with that view?

Mr. McFall: The issue is meaningful negotiation. I shall deal with that issue later, and in doing so I shall take on board what the hon. Gentleman says. I agree that these are crucial and important matters, but the question is: can they be resolved through discussion?

In its letter to me, the SWA said:

"The industry held a most disappointing meeting with officials on 20 April. While the clock is ticking very fast, there appears to be little developed thought on many of the fundamental issues. We are pleased that the industry is being consulted on the terms of the scheme and the associated secondary legislation, but it is of major concern to us that so many central issues have not been addressed . . . If the industry is to engage in meaningful discussion, this situation must change quickly. Tax stamps are set for introduction in April 2006, but companies will need to test their equipment and systems, build up stocks and organise changes in their supply lines from January 2006 at the latest."

I ask the Economic Secretary to provide the industry with greater clarity on a number of issues, including offsets. The SWA states that

"Ministers have consistently and publicly said that the government will mitigate costs through offsets. This is stressed"—

as the Economic Secretary himself said—

"throughout the Regulatory Impact Assessment; but at our recent meeting"

Government officials

"had nothing concrete to offer on offsets; all the emphasis was on getting the money as early as possible".

Will the Economic Secretary comment on that? The SWA further states that officials

"were unable to comment on industry suggestions, for example, for an extension of the duty deferment period; and . . . appeared, in contradiction to all previous pronouncements, to suggest that they were not convinced that there would be significant costs to the industry to offset."

The industry is also concerned about guarantees. The SWA states:

"No other tax (VAT, corporation tax etc) requires companies to provide guarantees for payment of tax up front. Those companies with duty deferment accounts already have guarantees in place. We therefore see no justification for introducing further additional guarantees to cover tax stamps."

On capital assistance, which has already been mentioned, the SWA says that

"the government has promised to make available £3m towards the industry's first year capital costs of £23m. This is required to be directed at 'smaller firms'."

We would all agree with that. The SWA continues, however, by stating that

"it is not fair to put on industry the burden of deciding how to carve up this capital assistance among the companies concerned—as many as 160. Clear guidelines are needed. Without this, planning cannot take place."

On products, the SWA states:

"Perhaps even more surprising is the lack of clarity on which products will require stamps and which will not."

My hon. Friend the Member for Paisley, North asked a question, to which the Economic Secretary responded, about where on whisky bottles the stamp will be placed. That is a very important issue. The SWA states that

"it has been suggested that stamps should apply only to those categories where fraud is a problem; but this raises serious competition issues and possible distortion of the market. For example, why should liqueurs be exempt if special bottles of rare malt whisky are included?"

The Minister will see that there is a great opportunity for detailed discussions between the industry and the Government.

Flexibility is another issue. The letter states:

"The companies, the market and product range are hugely diverse. One scheme for all may not be the right answer. Companies with an unblemished record on compliance and payment should not be treated the same as a newcomer to the market without a track record. As far as possible, we should be aiming for a level playing field for large and small companies to avoid competition distortion."

The industry has told me very clearly that it wants to play a

"constructive and collaborative role",

but finds it

"depressing that the policy of tax stamps has got this far, when officials are only now grappling with the complexity of the practicalities."

I should like the Economic Secretary to give the industry some reassurance on its concerns. The industry will work with Customs and Excise, but needs

"the certainty of Ministerial guidance to officials to ensure that their undertakings to the industry are turned into action and reality."

In view of Gavin Hewitt's letter to me and his clear statement that the Budget is a done deal, where do we go from here? How can Members adopt a constructive and positive agenda working alongside the industry? Do we stand aside and be negative, providing no answers to the problem? Do we turn a blind eye to £600 million-worth of fraud, when we are here to work for the best interests of the taxpayer? The industry recognises that, and I suggest that we work, as the industry says, with the Government to secure a good solution to the problem.

If I were saying that all on my own, I might be subject to charges of cynicism, but the chief executive of the Scotch Whisky Association is telling me that. Let me make it absolutely clear to the Committee that the chief executive would never say in any discussions that Members of Parliament should vote against the Budget.

He would tell me that the Scotch Whisky Association is a non-political body, which is best served by all parties collectively working here for its advantage.

Mr. Laws: I would not want the hon. Gentleman to push his case too far. Surely he is not suggesting that the Scotch Whisky Association would not be happier if Members of Parliament voted down these proposals?

Mr. McFall: It is saying very clearly that it does not want to participate in the political debate. It is non-political. It is clear from the letter that the SWA gives us its support to work with the Government to secure a manageable solution to the problem. As parliamentarians we have to work for the benefit of the industry. The all-party group—I see its secretary in his place—will do all it can to work for the industry on behalf of all parliamentarians here. In the next few days I will meet the Scotch Whisky Association again to discuss the way forward.

As chairman of the all-party group I have had constant contact with the industry, and as Chairman of the Treasury Committee I have questioned the Chancellor on these proposals. Today, I am taking the opportunity to speak in the debate and question the Economic Secretary. MPs have done all they can to get these proposals dropped, but we must work with the industry, and the contact between Ministers, the industry and parliamentarians has to be meaningful. The dialogue should be intense. I hope to hear that the Economic Secretary will work with the industry and us and that he will communicate what we are saying to the Chancellor. No one in the Treasury, including the Chancellor, need be deaf to reason on this matter.

The whisky industry is one of the most successful in our manufacturing sector. As I have said to my hon. Friend the Economic Secretary and others, we cannot afford to jeopardise its competitiveness and reduce its productivity. It accounts for more than £2 billion in trade. It is therefore essential that we maintain its competitiveness and productivity.

I speak for the all-party group and the SWA when I say that we will work with the Treasury to ensure that the costs to the industry are mitigated. However, that dialogue must be constant if we are to ensure a good deal for everyone.

Mr. Alan Reid (Argyll and Bute) (LD): I hope that the Committee will vote to ditch clause 4. That is what the SWA has asked us to do today.

The Chancellor announced in his pre-Budget report that he planned to introduce the tax stamp scheme. Since then, the scheme has been investigated by the National Audit Office and the Scottish Affairs Committee. The NAO investigation cast doubts on the accuracy of the fraud estimates used by the Chancellor to justify the introduction of the stamps. Just yesterday, the Scottish Affairs Committee concluded unanimously that tax stamps were a bad idea and should not be introduced.

The view that tax stamps would be ineffective is shared by the US Government, who abandoned their own scheme 20 years ago because it was ineffective. Several other countries, most notably Norway, Belgium and Germany, looked at the idea but decided not to go ahead with it. The Department of Trade and Industry wrote to the Norwegian Government advising them not to introduce the scheme. Given all that evidence, I do not know why the British Government should be so hell bent on introducing the scheme. Many other countries that have introduced the tax scheme, among them Poland, Hungary and Ukraine, appear to be fighting a losing battle against fraud and forgery. The Scottish Parliament, including all the Labour Ministers and Labour MSPs, also voted overwhelmingly against the scheme. I am therefore very disappointed that the Government should be going ahead with the plan, despite all the evidence that I have mentioned.

We all agree that there is a problem with fraud. Where it exists, it must be tackled. However, we must ensure that anti-fraud measures are introduced only when we are satisfied that the benefits will outweigh the costs. All the evidence shows that tax stamps fail that test.

The industry will face great costs and risks. The hon. Member for Paisley, North (Mrs. Adams) spoke about the Select Committee's visit to Islay, where members spoke to the management of the distillery and bottling hall at Bruichladdich. The venture had been closed for many years, but was reopened a year or two ago when a group of local business people decided that the market conditions were right. At the time, they thought that Government policy was to oppose tax stamps. Their small bottling hall will face tremendous extra costs if it is forced to put tax stamps on bottles. The restrictions on European state aid were referred to earlier, and they make it unlikely that the Government's compensation scheme will be able to pay the full costs that that small bottling hall will encounter in buying the machinery needed to apply the tax stamps.

Bruichladdich is a small village on the Rhinns of Islay, where alternative employment is very hard to find. As the hon. Lady said, a very high proportion of jobs could be at threat in that remote community, even though the actual number of jobs involved is relatively small. There are no other job vacancies on the island for people who lose their jobs in the bottling plant. It is therefore important that the Government realise that any threat to the Scotch whisky industry risks devastating the employment prospects in, and the economies of, small and remote communities such as Bruichladdich. That is true of other areas on Islay, and of Jura, where the distillery is by far the biggest employer.

The SWA put forward alternative proposals, which the Government estimated would deliver a saving in duty fraud of £70 million. I point out that that could be achieved without all the risks involved in the Government's tax stamp scheme. Surely we should implement the risk-free measures first and evaluate their success before we proceed to more risky measures?

Tax stamps fail the cost-benefit test for three reasons. First, the Government's estimates of fraud are clearly dubious. In addition, the danger that the stamps will be counterfeited means that they are likely to be ineffective. Thirdly, tax stamps will impose a serious financial burden on the industry.

3.45 pm

The Government's estimates of duty fraud are arrived at by means of what is known as gap analysis—that is, using consumer surveys to measure consumption, then subtracting recorded legitimate sales to arrive at the level of duty fraud. That method depends heavily on the consumer surveys, which means that it depends on consumers accurately recalling how much alcohol they have consumed. I will leave the Committee to judge how accurate that type of survey is likely to be.

The Government plan to introduce an expensive scheme on the basis of the results of such surveys. Common sense tells us that that is not a sensible method on which to proceed, but we can look at the results of the surveys. The Customs and Excise annual report for 2002–03 noted that its gap analysis method for beer found that duty fraud on beer was negative. What rational conclusion can we draw? The analysis for beer says that duty fraud is negative, and the analysis for whisky suggests that duty fraud is high. The only sensible conclusion is that beer drinkers recollect, after their drinking bouts, that they have drunk a lot less than they actually did, while whisky drinkers think they have drunk a lot more. We cannot draw any sensible conclusion about duty fraud. No wonder the National Audit Office has concluded:

"Great care is needed in determining what reliance is to be placed on the results at present available."

That conclusion that great care is needed is a warning that the Government should heed. It is important to remember that if the Government have seriously overestimated duty fraud, the reduction in fraud that tax stamps bring will be proportionately reduced.

How effective are tax stamps likely to be? I spoke earlier about the failure of tax stamps in other countries, and even our Government seem to have doubts about how effective they will be. They estimate that the stamps will reduce duty fraud by only about a quarter, which does not indicate much confidence in the scheme's effectiveness and which seems to reflect the problems that other countries have had. We all know from the evidence given by other Members that forgeries will be so good that it will take a very experienced Customs officer to spot them. Shopkeepers and customers will still be taken in by the forgeries. Raids by Customs and Excise officers on shops and car boot sales will still be needed to spot the forgeries. I do not see what the benefit will be of having very good forgeries stuck on bottles. The whole idea of tax stamps is that somebody will be able to tell at first glance that if there is no tax stamp on the bottle, there is a fraud. We all know, though, that good forgeries will quickly appear, which will completely rule that out.

The Government estimate that the package of measures proposed by the industry would reduce fraud by about £70 million a year, which compares with their estimated reduction from tax stamps of £160 million a year. Their estimate of the extra savings from the tax stamps is therefore only £90 million a year. Yet their estimate of the annual ongoing costs is £54 million, and never mind the start-up costs. The saving appears, therefore, to be only £36 million a year, assuming all the Government's optimistic estimates are correct. I think the risk is too great for a saving of just £36 million a year, and that is without taking into account start-up costs and security costs.

Security costs worry the industry tremendously. Each stamp is a small piece of paper worth £5.48. Many bottling plants are in out-of-town industrial estates, and those plants will have millions of pounds worth of what is effectively cash sitting in their premises, for the tax stamps are as good as cash to any thief who breaks in and manages to steal them. What sane company would store millions of pounds worth of £5 notes in an out-of-town industrial estate? The police advise companies not to keep cash on their premises and to get it into the bank straight away. If tax stamps are introduced, bottling plants will have to store more cash equivalent on their premises than the local bank has cash. Thieves will no longer want to rob banks: it will be their ambition to rob the bottling hall. Bottling plants will be a magnet for thieves and, therefore, the insurance industry will be very worried. We all know that the insurance industry does not like to insure cash, so insurance premiums will have to rise considerably.

We have also heard about the problems for the production line that will be caused by the complicated process of applying tax stamps to the bottles. If marks have to be introduced, it would be much more sensible if they were in the form of modern laser marks or stamps on the labels. They would be much easier to fix on the bottles than the complicated process of applying tax stamps.

We do not know the scale of the problem that we are trying to solve, we do not know how effective the proposed solution will be and we do not know the full cost. However, we do know that the scheme is a great risk for a relatively small return. If the Scotch whisky industry has to cut back its production because of falling sales caused by increased prices, the outcome will be devastating for small communities, such as those that have been mentioned on Islay and Jura. I appeal to the Government not to proceed with tax stamps but to adopt the Scotch whisky industry's alternative package.

Kate Hoey (Vauxhall) (Lab): I apologise for not being in my place at the beginning of the debate. I wish to put forward the views of the Gin and Vodka Association on the issue, and I must declare the interest in my constituency, which includes the distillery for Beefeater gin, the only true London gin, and a small organic gin distillery, which also bottles in the constituency. I would like my hon. Friend the Economic Secretary to give me some more comfort on the prospects for very small producers, because the extra costs imposed by the scheme will mean that some will go under.

I also wish to raise the question about Bushmills in the excellent report by the Scottish Affairs Committee on the whisky industry. As I come from Northern Ireland, I feel especially strongly about that. Bushmills is one of the great tourist attractions in Northern Ireland, and I wonder whether my hon. Friend the Economic Secretary can really give us an assurance that the people of the local community will not be affected if the industry moves south to the Republic of Ireland. That would almost certainly have a bad impact.

I also question the whole basis of the scheme. I have tried to understand the logic behind it, but it is difficult to fathom—other than as a way to raise money. I appreciate that my hon. Friend the Economic Secretary shakes his head at that, but the Treasury does want to

raise money and is also committed to tackling fraud. However, no argument has been made that proves to me, or to the Gin and Vodka Association, that the scheme is the best way to achieve those aims. It is unbelievable that we propose to go ahead with the scheme without the proof that it will work. What is the point of a substantial number of companies going out of business if we then discover, two or three years later, that the scheme has made no difference to levels of fraud?

Angus Robertson: If the case has not been proven and if the scheme would damage businesses in Northern Ireland, Scotland, England and Wales—which now has a Welsh whisky company—is it not now imperative for all of us to vote against it?

Kate Hoey: I still have not decided whether to abstain or vote against the proposal. I want to see whether my hon. Friend the Economic Secretary can give any more assurances that will satisfy both the small company in my constituency and Allied Domecq, which is responsible for Beefeater gin. I want some assurance that the measure can be, at the very least, delayed. I do not understand the desire to rush it through. It does not seem that it will tackle fraud; it is merely a knee-jerk response that says that fraud will be tackled. I do not think that it will work, so at this very late stage I ask the Economic Secretary to think again and, at the very least, to accept that it should be delayed for one year, if not longer, until we have the facts about the real effect that it will have on fraud.

Mr. Bacon: It is always a pleasure to follow the hon. Member for Vauxhall (Kate Hoey). I have had great affection for her ever since I stood against her for Parliament. However, the combined efforts of many months of putting out thousands of newspapers saying that I was zooming to victory in the race for the Vauxhall constituency merely increased her majority from 10,000 to about 18,000. Nevertheless, I remember the contest with great affection.

I am glad that the hon. Member for Dumbarton (Mr. McFall) is now back in his place, because I want to congratulate him on what I can only describe as the magnificent mental gymnastics in his speech. He said that he was dismayed by the Government's decision to introduce tax stamps, and I should have thought that the obvious corollary to being so dismayed would be to vote against the Government on this issue. At times his gymnastics were so magnificent that I lost his flow—so fast did he pirouette—but I think I understood him to say that he would support the Government tonight.

Mr. McFall: Let me be clear. I spoke because I received a letter from the Scotch Whisky Association saying that this was a done deal in the Budget. It wants to reach the best outcome for the industry and it asked me, as the Member of Parliament for Dumbarton and as the chairman of the all-party whisky group, to help the association. I said that I would help it by negotiating with the Government. That was very clear and it is acceptable to me and to the association. I hope that it will be acceptable to everyone with whisky interests and who considers the industry as a whole and not in a partisan, narrow and bigoted way.

Mr. Bacon: I commend to the hon. Gentleman an article by Daniel Finkelstein that appeared in *The Times* this morning. It said that when any politician begins a sentence with the words "Let me be clear" we should start worrying.

I commend the hon. Member for Moray (Angus Robertson) on his powerful speech. It seems to me that four central points have emerged in the debate. The first is that the scheme will impose very high costs on legitimate players; the second is that it will be very damaging to small businesses; the third is that it almost certainly will not work; and the fourth is that it will encourage a whole new area of organised crime.

The Government are not new to fostering organised crime. The Roques report entitled "The Collection of Excise Duties in HM Customs and Excise" came out in July 2001, and Mr. John Roques studied the issue in great detail. He pointed out that Customs and Excise had often encouraged the scale of the fraud because, after identifying diversion fraud, it let loads run rather than knocking them. Paragraph 7.5.3 on page 149 is headed "Decisions to allow loads to run" and it states:

"Of the seven cases where substantial investigations took place before the knock,"—

in other words, before the intervention occurred—

"it was typically the case that large amounts of revenue were lost after the diversion of alcohol was identified."

The report adds that

"in one case I reviewed, it continued for over a year and in another for over two years. This resulted in a large amount of revenue being lost as a result of loads being allowed to run."

I know that things have improved since, and I am sure that that is what the Economic Secretary will say when he winds up. He will be right; things have improved since. However, we must remember that background.

The Government boast—the Economic Secretary did so in his opening speech—that they are one of the few Governments, if not the only one, to have made a reliable estimate of the amount of fraud that is going on, so it is extraordinary that they have not estimated the amount of fraud that is likely to occur from the introduction of tax stamps. There is consistency in their approach. Perhaps we are being a little unfair on them. The idea that one does not do a proper estimate, that one does not carry out a thorough survey or assessment and does not obtain a thorough understanding of the issues—in the case of tax credits, they knew that something would not work but they introduced it—has been common practice in Government IT projects for many years. The policy is now being extended to other areas.

4 pm

My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) mentioned the statement that the Chancellor made in April 2002, when he appeared to be against tax stamps. Since then there have been U-turns on everything from student tuition fees to the EU referendum, so it is no surprise that there should be a U-turn on this matter. I hope that the Economic Secretary

[Mr. Bacon]

will consider making another U-turn, and I have a suggestion, which I will put to him later, as to how he might accomplish that manoeuvre slightly more elegantly.

The hon. Member for Paisley, North (Mrs. Adams) made a very powerful speech. I was shocked to hear that 50,000 tax strips can be contained in something the size of a paperback book. If that is not enough incentive for a whole new area of organised crime to develop, I am not sure what is. I do not think that the Treasury has given anything like enough thought to that. We have seen in the case of SIM cards for mobile phones a whole new area of fraud—VAT carousel fraud, for example—because the cards are so small, so portable and so valuable. Exactly the same will happen with tax stamps; instead of stamping out a problem, they are much more likely to make it worse.

Solving the problem of diversion fraud involves a simple issue: full traceability. As the hon. Member for Moray said in his very good speech, there is full traceability now, in the sense that one can identify the precise time at which a bottle of whisky was created in the distillery and track it at every other point in the process. If we can have full traceability for beef and other products, we ought to be able to achieve it for whisky as well. The answer is to head down that route rather than having tax stamps.

The Economic Secretary mentioned the National Audit Office a number of times; indeed, it is fair to say that he prayed it in aid. I do not sit on the Scottish Affairs Committee, but I do sit on the Public Accounts Committee, and when the Committee considered the Customs and Excise standard report on 26 January, we were so concerned about the disparities between the estimates from Customs and those from the industry that we asked the NAO to do further work.

The Economic Secretary, who was quite fair in quoting the NAO report, said that there are substantial uncertainties inherent in any estimate of spirits fraud. He neglected to say, although I think that my hon. Friend the Member for Hertford and Stortford may have mentioned this, that there are differences between the two models even when estimates are presented as a range of possibilities. However, the NAO was careful to say in its conclusion that further work was needed by the Office for National Statistics, by Customs and Excise and by the industry, in the form of the Scotch Whisky Association. That point was made briefly in an intervention by my hon. Friend the Member for Cotswold (Mr. Clifton-Brown).

There is a way forward for the Economic Secretary. I know that he is a fair man, so I do not think that he could honestly say that he has carried the House with him on this. The Government have quite a reputation for rushing ahead with proposals that are not fully thought out, although the Prime Minister has issued a memo saying that that may be a bad idea. I suggest that rather than doing a humiliating climb-down on this clause now, the Economic Secretary should step back a little. Why, instead of doing a U-turn, does he not do two L-turns? In responding to the debate he should say that the House has clearly not been persuaded, that there are some serious concerns and that we are about to spawn a whole new area of organised crime, so we should work harder with the industry. As the NAO said, further work is needed.

In a few months, the hon. Gentleman should come back to the House, having done all that work, and say, "We have decided that tax stamps are not the way forward," thereby completing the second L-turn. I promise, at least on my own behalf, that if and when he does that, Conservative Members will not crow; we will welcome it as a sensible policy from a Government who, just once, have listened to the debate rather than storming ahead with something that plainly will not work.

Sir Robert Smith: I echo the remarks of the hon. Member for South Norfolk (Mr. Bacon) on the importance of recognising that, if the Government came to understand the concerns expressed in the debate, saw that the proposal in clause 4 will not be effective, and decided to take another road, we would constructively welcome that. The purpose of the debate is, after all, to engage with the Government, challenge their proposals and persuade them to come up with better alternatives. There would be no loss of face if the Government decided, at this 11th hour, to make that decision.

In a press release on Monday, the Scotch Whisky Association said:

"We urge members of all parties to reject tax stamps".

That is the advice on the way to go. Of course, we are here to make our own judgment on the issues before us, and the concerns expressed by the Scotch Whisky Association help to inform our decision. We do not have to take its advice, but it should be considered carefully. On the merits of the case made by the Government, the arguments put so far and the issues raised by Members in all parts of the House, it would be sensible for clause 4 not to go forward.

Despite the title of the report from the Scottish Affairs Committee, it is important to recognise that the proposal is for a spirit tax stamp, not a whisky tax stamp. It applies to all spirits throughout the country, not just in Scotland. It is a UK matter. I remember that on Second Reading my hon. Friend the Member for Somerton and Frome (Mr. Heath) was worried that cider brandy from his constituency would be affected. The hon. Member for Vauxhall (Kate Hoey) highlighted the fact that it would apply to gin, too. Although gin is a London product, much of it comes from Scotland. Spirits bottling is a major industry in Scotland. As whisky must come from Scotland, other spirits have migrated there because of the economies of scale and the production processes.

As a member of the Scottish Affairs Committee in the previous Parliament, I welcome the fact that the Committee has carried on our inquiry into the drinks industry in Scotland. We recognised how important the industry was to Scotland. I welcome the work of the Committee under the chairmanship of the hon. Member for Paisley, North (Mrs. Adams) in producing such a useful document, bringing together the evidence to inform our decision. It would be a recognition of the power of the Committee system in the House if we acknowledged that, on the basis of that extra information, it would be appropriate for clause 4 not to go forward, without the Government losing face.

The Economic Secretary opened the debate with wide-ranging remarks on clause 4, but as several hon. Members pointed out, he did not address the balance of the Treasury's analysis of the reliability of the strip stamp proposal, set against other proposals. The Treasury seems much more able to see the flaws in other proposals than the flaws that must exist in its own proposal. It would make a more convincing case if the Treasury had offered an assessment of the flaws, how those were taken into account, and the net benefit of its proposal. Instead, it seems to be saying, "We'll find out what the flaws are once we've introduced it and tested the ability of the criminal fraternity to work round it." It is more important for legislation to second-guess the criminal fraternity and avoid creating another trap that will only make more legislation necessary in future.

The Economic Secretary dismissed my remark about tachographs. My point was that the key part of the diversion fraud was the lorry not going to the proper destination. The proposals from the Scotch Whisky Association highlighted in proposals 5 and 6 in the Scottish Affairs Committee report focus on the key way of tackling the problem, if the Treasury were truly minded to do so. An audit trail showing the point at which diversion occurs would be the most effective way of preventing it. If the stamps were forged, diversion would still occur—the forged stamps would be put on at the diversion warehouse and the criminals would be back in business.

What I find most disappointing, notwithstanding the extra burdens being imposed on industry, is the potential failure to achieve a solution to a problem identified by the Government and recognised across the House. A voice that seems to be absent from the debate yet again is that of the Department of Trade and Industry. The chamber of commerce recently expressed concern about the Government's failure to deal with the extra burdens of red tape introduced by successive regulations under the present Government. The DTI was somewhat dismissive of those concerns. The DTI was able to convince the Norwegians not to introduce a tax stamp, but does not seem to have succeeded in convincing the Treasury not to do so in this country. That once again calls into question the role of the DTI in making sure the voice of business is heard.

The proposal will affect business at all levels. When we focus on small business, there is a danger that we will not recognise that any extra burden on big business is an economic burden on the economy that should be avoided if at all possible.

During the previous Scottish Affairs Committee inquiry on the drinks industry, we visited bottling plants. When one sees the processes involved in handling the bottles, one recognises that sticking in an extra piece of machinery or function creates a burden that will always be there, and which will slow down the plant and add to costs.

My hon. Friend the Member for Yeovil (Mr. Laws) made the important point that, if the Government forgo a rise in duty, it does not automatically mean that the money goes back into the industry to cover costs. Price competition means that the duty cut will also go to the consumer. That might increase sales, which would increase turnover and help with profits, but there is no straight correlation between duty forgone and the cost of introducing the stamp.

As many hon. Members have said, small businesses face particular challenges. Smaller bottling plants involve a major capital investment. I hope that the Economic Secretary will outline exactly what the Government mean when they talk about helping small businesses and what level of business they are referring to. My hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) spoke about his wife's microbusiness in his constituency. I wanted to address a problem that a small business has raised with me. Let us consider a business in which two bottling production runs occur every year—one every six months—and the product is stored in cases and sold by mail order as and when orders come in. The orders might come from the United Kingdom or from somewhere else; perhaps that would be Scandinavia in the case of the business in question. Somebody who is running a small business that has just been started up and has been going for only a few years will not have made a full assessment of the market.

Under the current system, the spirit will sit in the case waiting to go to market. If it goes to the UK market, the duty will be paid in this country. If it goes abroad, the duty will be paid in the other country. Under the Government's proposals, the stamps can be put on—the duty will be paid up front, even if there is some deferment; in this case, the deferral could last some time—but if the cases go to Sweden, the business must reopen them, rip off the stamps and somehow get a refund for those damaged stamps. Conversely, if there are no stamps on the bottles, the business will have to open the cases and put stamps on the bottles that are going for UK consumption. If such a business were larger, we could argue that it should have a feel for the market, take a few risks and have some cases without stamps and others with them. The whole point of trying to reduce the burden on businesses, however, is to allow them to flourish as effectively as possible in their market. With an unnecessary burden of having to try to assess which cases need stamps and which do not, the growth of the business in question will be undermined.

In the light of all the contributions that have been made, I urge the Government to recognise at this late stage that they have not made the case for the clause. They have certainly focused the mind of the industry on concrete alternatives; perhaps they made clear just how concerned they were about the problem. There may have been a breakdown in dialogue with the industry, but that dialogue is clearly under way again, and the industry is constructively engaged. The Government have certainly brought the issue back on to the agenda. They should not proceed with the clause, and they should re-engage with the industry on all the constructive alternatives, deal with the heart of the problem of diversion fraud, recognise hon. Members' concerns and not impose this extra burden on a very important part of the Scottish economy and the UK drinks industry.

John Healey: We have had a very full and thorough debate. A number of points have been made, and a number of them have been made several times.

I welcome the affirmation of the hon. Member for Hertford and Stortford (Mr. Prisk) of his party's determination to tackle fraud. I hope that we will see a similar determination in later deliberations on the Bill,

[John Healey]

when we discuss other types of fraud and tax avoidance. He shares my view that we need to work closely with the industry. We have done just that, and we will do so in future. He described such work as partnership. That partnership is already under way, and it involves not only the spirits producers; the joint alcohol and tobacco consultation group, which I mentioned earlier, includes not only producers, but retailers, hauliers, warehouse keepers, ferry operators and airline companies.

We are ready to work with those who want to work with us to obtain the maximum impact from the system of duty stamps, the minimum impact on legitimate firms, and the best measures to help to deal with the costs for the industry. I give way to the hon. Member for Hertford and Stortford, but if members of the Committee will forgive me, I shall then make progress and respond to the points raised in this thorough debate, rather than encouraging further contributions.

4.15 pm

Mr. Prisk: We learned in the debate that the potential for fraud involving the strip stamps themselves has not been properly assessed. Given that strip stamps will not reach the streets until 2006–07, will the Economic Secretary commission an assessment of potential fraud involving strip stamps, and publish it for the House to consider before we rise in July?

John Healey: I am wary of getting into the same pattern as occurred during my opening speech. I am dealing with the points raised in the debate, and if the hon. Gentleman will forgive me, I shall deal with his precise question when I get to it.

The hon. Gentleman asked, "Why now?" and the hon. Member for Yeovil (Mr. Laws) asked, "What has changed since 2002, when the Government last examined the possibility of a tax stamps regime?" Three things have changed. First, estimated spirits fraud has increased. Secondly, our action on other excise regimes has decreased fraud on tobacco, fuel and VAT—spirits is the one area in which fraud is not decreasing. Thirdly, we have worked within Government and with the industry for two years to come up with alternatives to tax stamps that have an equal impact on fraud. Last year, we held a formal consultation on a package of measures that the Government felt might do the job, but the simple fact is that, throughout three years of detailed work, no one has come up with an alternative. If there were a serious alternative to duty stamps that would have a similar impact on fraud, we would take it.

The work that has gone on over the past two or three years can hardly be described as "hasty", as the hon. Member for Hertford and Stortford argued. My hon. Friend the Member for Strathkelvin and Bearsden (Mr. Lyons) described the measure as a "headlong rush"; my hon. Friend the Member for Vauxhall (Kate Hoey) talked about "rushing proposals through"; and the hon. Member for South Norfolk (Mr. Bacon) accused us of "rushing ahead". Given the detailed work within Government and with the industry over more than two years to find alternatives that measure up to the nature and scale of the fraud, those descriptions are simply wrong.

The hon. Members for Hertford and Stortford and for Argyll and Bute (Mr. Reid) mentioned the position in the United States, as did several other hon. Members in interventions. The US system that governs the sale and movement of excise goods is far less liberal than the systems in the European Union and the United Kingdom. In the US, duty is paid early in the process—essentially, at the factory gate.

Last year's formal and public consultation considered measures radically to tighten up duty suspension arrangements in the UK. The measures would limit, first, duty-suspended movements, thereby reducing opportunities to divert alcohol, and, secondly, how many times alcohol products can be sold while they are in a warehouse, to prevent fraudsters hiding their connection with goods in complex and artificially long supply chains. The industry unanimously rejected both options on proportionality, cost and fair-trading grounds, and because the options' impact on fraud would have been limited. When we examined the industry's representations, carefully reviewed the anti-fraud impact of the proposals, and considered the information that we received during the consultation, we agreed that European Union rules mean that we cannot stop duty free product entering the UK duty free at the port of import. We cannot tighten the system sufficiently to deal with inward diversion fraud to create a system of regulation comparable to that in the United States.

I pay tribute to the balanced comments that my hon. Friend the Member for Paisley, North (Mrs. Adams) made about the Government and the industry. She expressed a strong and moving concern for what she described as the fragile communities in Northern Ireland and in Scotland. That was a feature of the report by the Scottish Affairs Committee, which she so ably chairs. We are paying attention to small bottling plants as well as to small distillers, and we will use her Committee's report as a contribution to that work. She urged us to keep talking to the industry, as we will, and urged the industry to meet the Government halfway, as I hope that it will.

My hon. Friend urged me to keep an open mind on the design of the duty stamps. We are indeed doing so at this stage, as the Bill leaves open the scope for the design of the stamp. We are prepared to consider the options. I have to tell her, however, that incorporating a duty stamp or mark on to the label has several potential flaws. Unlike a strip stamp, it would not be tamper-proof. Moreover, it would raise fresh security and counterfeiting risks, because we would have to entrust the design to all printers of spirits bottle labels. The spirits industry may have differing interests in this respect. For example, the Scotch whisky industry, which exports around 90 per cent. of what it produces, occupies a position in the UK domestic market that is rather different from that of other types of spirit producer.

The hon. Member for Yeovil expressed concern about the potential costs to industry, especially to small producers. We are giving particular attention to that, assisted by formal working groups under the joint alcohol and tobacco consultation group. I suggest that the hon. Gentleman and my hon. Friend the Member for Vauxhall read in full the regulatory impact assessment, which covers many of their concerns. I

undertake to keep them, and other hon. Members who have expressed an interest, informed about the development of our plans to deal with compliance costs.

My hon. Friend the Member for Newcastle upon Tyne, North (Mr. Henderson) rightly reminded us that the public interest is important and that the public would expect us as a Government to act when they as taxpayers are being cheated. The Public Accounts Committee might also have something to say about that, as it regularly does when it feels that we are not acting strongly enough or soon enough to deal with the collection and protection of duty. Although my hon. Friend did not say so, when he was a full-time official in the GMB he had responsibility for the spirits industry, so he speaks with experience in saying that trade unionists welcome the duty freeze because of the benefits that it brings in terms of costs and jobs in the industry. I share his interest in ensuring that trade union concerns are taken into account as we go forward. The best interests of those who work in the industry must be served by putting in place the most effective scheme with the least possible impact on legitimate firms.

My hon. Friend asked about the fund for capital costs. That is intended to help with start-up costs in the initial period, but we are also concerned about the possibility of recurring annual costs.

I was particularly interested in the doubts that my hon. Friend cast on the approach of the Scottish National party. It seems to me that its interests were made clear in the motion about tax stamps that it tabled in last month's debate in the Scottish Parliament, which stated that

"the Scottish Parliament should be responsible for the setting of all national taxation within Scotland."

It is now clear that the SNP is hijacking the interests of the Scottish spirits industry by turning legitimate concerns into a nationalist campaign on tax independence.

Angus Robertson: Will the Minister give way?

John Healey: No, I will not.

The Scottish National party is acting in contrast to my hon. Friends, to the Scottish whisky industry and to the Scottish Executive, who recognise that we have looked hard at all the alternatives over three years with the industry—which recognises that we must, and will, act to deal with fraud—and that the best interests of the industry will now be best served by detailed work between the Government and the industry on implementing the new system in the most effective way.

I would say to the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) that we do indeed have support for these plans from the retail sector, whose legitimate traders are threatened by spirits fraud. Let me also make it clear to the hon. Gentleman that I have not been looking for interest groups to come up with support for duty stamps. I have been looking for them to come up with serious alternatives, which they have not been able to do.

I understand the hon. Gentleman's argument about the essence of the Scotch whisky industry residing in small producers such as Mr. Armstrong in his constituency. If he would like to give me the details of the circumstances of Mr. Armstrong's firm, I will ensure that they are included in the consideration we give to the position of small firms as we examine the appropriate measures to deal with compliance costs.

The hon. Gentleman mentioned security, as did the hon. Members for Yeovil and for South Norfolk, and my hon. Friends the Members for Newcastle upon Tyne, North and for Paisley, North. As we have said, the contract that we shall award for the printing and distribution of duty stamps will incorporate a requirement for secure, timely delivery. We have also said that we shall look at ways of helping the industry with any costs associated with the secure storage of duty stamps. We shall be discussing precisely those issues and developing options with industry representatives in the coming weeks and months.

My hon. Friend the Member for Strathkelvin and Bearsden asked about the traceability of barcodes and lot numbers. I should like to explain to him and to the hon. Member for South Norfolk why we do not have fully traceability, and why those codes and numbers do not at present promise to be the alternative to duty stamps that they seek. The industry's proposal to use barcoding technology was considered as an alternative to tax stamps but, as the industry and the Select Committee recognised, it is not yet sufficiently advanced, in terms of its use in the spirits industry or of the barcodes including sufficient information, to be beneficial in the anti-fraud effort. Any potential benefits, including improved tracking and tracing, are unlikely to be widely realised until well beyond 2006.

Let us be clear that a lot number on a bottle of spirit will allow a UK distiller or bottler to identify the production run from whence it came. In reality, however, the lot number will identify only a series of customers, and it is often impossible to identify with any confidence a single customer from a long production run. Even if a customer can be identified, they are likely to be only the first step in a long supply chain. So a customer, especially a large concern, will find it even more difficult to identify with any certainty the subsequent customer, and so on.

Furthermore, the lot number is not required to be carried on the accompanying administrative documentation, the specifications for which are set not by the UK Government but by the European Commission in the European Union. Once the deliveries are moved and split beyond the first customer, therefore, it becomes very difficult if not almost impossible to track them simply by using the lot number. That is the problem with the audit trail in the current arrangements and with the trade's alternatives that the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) asked about.

I shall turn to the serious threat posed by counterfeiting that my hon. Friend the Member for Strathkelvin and Bearsden outlined so eloquently. The issue was also raised by the hon. Members for Moray (Angus Robertson), for Galloway and Upper Nithsdale, for Argyll and Bute and for South Norfolk. I say very bluntly that the simple fact is that we cannot make robust and reliable estimates of the potential for counterfeiting while many of the detailed design features remain open. Were we to choose the approach adopted by Ukraine, which we will not, clearly, the risk and level of potential counterfeiting would be different from what would occur were we to choose the approach adopted by

[John Healey]

Hungary. The detailed design features remain open because tax stamps are still two years away, and we intend to make the maximum use of the time available to get the design right. They also remain open because the spirits industry specifically asked us, if tax stamps went ahead, not to be too prescriptive at this stage. If, at this point, we had imposed the Government's prescription, if we had one, Opposition Members would rightly be criticising us for it.

4.30 pm

I thank the hon. Member for Moray for his generous opening comments, although I realised when he made them that they were too good to last. He and the hon. Member for West Aberdeenshire and Kincardine spoke about the advice given by the British Government to Norway. The hon. Member for Moray referred to that advice being given three years ago, but that advice was given seven years ago, in March 1997, and while I stand accountable for many facets and features of the duty stamp system, I will not be held responsible for the views of the previous Government.

The hon. Member for Moray also spoke about the First Minister. He said rightly and understandably that he was "disappointed" with the decision announced by the Chancellor in the Budget to press ahead with duty stamps. What he did not say was that the First Minister made it clear in the Scottish Parliament that

> "The job of the industry and the British Government now is to ensure that the proposals are implemented in a way that is most effective and that will have the least impact on productivity and competitiveness."—[*Scottish Parliament Official Report*, 18 March 2004; Vol. 60, c. 6829.]

That is what we are doing, what the industry is doing, and what Labour Members, who have the best interests of the Scottish whisky and spirits industry at heart, are doing.

The hon. Member for Moray made it clear that he plans to vote against duty stamps. I say to him, as I said earlier, that those who oppose tax stamps have a duty to propose an alternative that will have an equal impact on the fraud. He has not done so, the industry has not done so, and the time has passed when we can put off serious action any longer.

My hon. Friend the Member for Dumbarton (Mr. McFall) has taken an active interest in these plans, both as chairman of the all-party Scotch whisky group and as Chairman of the Treasury Committee. To his credit, he has proved a formidable advocate for the Scotch Whisky Association, and skilled in dealing with many of the industry's interests, as he demonstrated in relation to what I might call the recent pure malt problem. I assure him that I take his concerns seriously. I was interested in the letter that he read out from the chief executive of the Scotch Whisky Association, Gavin Hewitt. I understand that he says that he is convinced that the proposal is a mistake, but it is highly significant that he said "I recognise the reality of the Chancellor's decision and affirm the commitment of the industry to work with the Government." That is the lead taken by the industry and by my hon. Friend the Chairman of the Treasury Committee, and it is the lead that I urge my hon. Friends to follow, not that of the hon. Member for Moray or the Scottish National party.

My hon. Friend the Member for Dumbarton also mentioned the criticism that Customs and Excise had given no clear details to the industry about the offsets and deferment arrangements. That was raised several times by Members who are keen to see more detail of the plans. Customs and Excise provided a series of discussion papers to the industry on 23 March, shortly after the Budget, which covered the range of products to require a stamp and the container size, payment and financial security arrangements for stamps, the design specification of the stamp, and the functional requirements of the scheme. This is work in progress, but it is detailed work that has already begun. Customs and Excise met the industry to expand on those papers the following day, and again on 20 April, and further meetings are planned. I confirm to my hon. Friend the Member for Dumbarton and to the Committee that I will be meeting the chief executive of the Scotch Whisky Association later this week. I am sure that he will raise these matters with me. I shall tell him what stage we have reached in considering the plans for the offsets, the extension of the duty deferral period, and any payments and arrangements for the duty stamps. I shall also ensure that the Chancellor knows of my hon. Friend's concerns, given that he chairs the Treasury Committee, and also those of the Scotch Whisky Association.

My hon. Friend the Member for Vauxhall sought reassurances on the provision we shall make to support the industry. I did not see her in the Chamber when I made my opening statement, but I dealt with many of the issues she raised. I should welcome details of the small organic spirits producer in her constituency, and the problems it envisages with the potential compliance costs. If my hon. Friend wishes to contact me, I invite her to do so.

Duty stamps are necessary and proportionate, and will constitute an effective response to what are high levels of spirit fraud—levels which, according to anyone's estimate, are cheating the Exchequer and the taxpayer of hundreds of millions of pounds a year. I believe that we have made the case for clause 4 and schedule 1, and I hope the Committee will now give us the support that we need.

Question put, That the clause stand part of the Bill:—

The Committee divided: Ayes 298, Noes 186.

Division No. 148] **[4:36 pm**

AYES

Adams, Irene *(Paisley N)*	Betts, Clive
Ainger, Nick	Blackman, Liz
Ainsworth, Bob *(Cov'try NE)*	Boateng, rh Paul
Allen, Graham	Borrow, David
Anderson, rh Donald *(Swansea E)*	Bradley, rh Keith *(Withington)*
Anderson, Janet *(Rossendale & Darwen)*	Bradley, Peter *(The Wrekin)*
	Brennan, Kevin
Armstrong, rh Ms Hilary	Bryant, Chris
Atkins, Charlotte	Buck, Ms Karen
Austin, John	Burden, Richard
Baird, Vera	Burgon, Colin
Barnes, Harry	Burnham, Andy
Bayley, Hugh	Caborn, rh Richard
Beard, Nigel	Campbell, Alan *(Tynemouth)*
Begg, Miss Anne	Campbell, Mrs Anne *(C'bridge)*
Bell, Sir Stuart	Campbell, Ronnie *(Blyth V)*
Bennett, Andrew	Caplin, Ivor
Benton, Joe *(Bootle)*	Casale, Roger
Best, Harold	Caton, Martin

Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Elman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meacher, rh Michael
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Quinn, Lawrie
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Derek Twigg and Vernon Coaker

NOES

Allan, Richard
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian

Brooke, Mrs Annette L.
Burnett, John
Burns, Simon
Burt, Alistair
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davis, rh David *(Haltemprice & Howden)*
Dodds, Nigel
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hague, rh William
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Osten, Mark *(Winchester)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paisley, Rev. Ian
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Tether, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Wilshire, David
Winterton, Ann *(Congleton)*
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Clause 4 ordered to stand part of the Bill.

Schedule 1 agreed to.

Clause 5

RATES

Mr. Andrew Tyrie (Chichester) (Con): I beg to move amendment No. 2, in page 4, line 9, leave out "£0.0664" and insert "£0.0435".

I have no interest to declare—so far as I am aware—beyond having a very large rural constituency with a coastline. Many of the farmers and boat-owners who live there will be hit by the red diesel fuel hike.

I want to begin by making a few general observations about clause 5, and in particular about the scale of the hikes involved and the enormous amount of tax being raised. The clause raises a further £1.6 billion in excise from fuel duties, nearly £1 billion of which is over and above revalorisation. These are very large increases in taxation on millions of people. There is an increase from 47.1p to 49p per litre for both low sulphur petrol and diesel, and an increase for fuel oil for home heating of 1p above revalorisation. Of course, all duty increases are to be frozen until 1 September 2004, as the Economic Secretary will doubtless point out in a moment. But as the chief executive of the Road Haulage Association said recently, this freeze

"serves only to delay the pain. Come September, UK road hauliers will be operating at an even greater disadvantage compared with their foreign competitors".

We will return to the issue of biodiesel when we go Upstairs into Standing Committee. The only point that need be made today is that maintaining the 20 per cent. incentive for biodiesel does little or nothing to encourage its use, as my right hon. Friend the Member for Fylde (Mr. Jack)—unfortunately, he cannot be here today—so clearly illustrated in a speech last year. Everybody who has looked at this issue agrees that the differential is too small to be meaningful. Yesterday, the Government published a consultation paper the title of which—"Towards A UK Strategy for Biofuels"—admits as much. In other words, there is no strategy at the moment. Regrettably, the consultation paper tries to argue that a differential of 20p might work, but nobody else thinks that such a differential will be enough.

My amendment seeks to highlight the hike in red diesel, which dwarfs even the large hikes that will occur elsewhere as a result of the clause. The Bill proposes increasing fuel duty on red diesel from 4.22p to 6.64p per litre. That is an increase of 57 per cent.—a huge hike—which will come into force on 1 September. The purpose

of my amendment is to ensure that the rate of duty on red diesel increases not by 57 per cent., but broadly in line with inflation.

Of course, this is the second large hike: last year's Budget imposed a hike of 35 per cent. Indeed, the Government are accelerating the rate of increase. Last year, there was a 1.1p increase, and this year there was a 2.4p increase; I wonder whether there will be a 3.7p increase—if the Government get the chance—next year. There is a policy at work of steadily raising the tax on red diesel and narrowing the differential, but it is not being articulated as such. I shall come back to that point in a moment, and consider whether there is what amounts to a policy and whether it is in fact coherent.

This is a very large revenue-raising measure indeed. I estimate that increasing the fuel duty for red diesel to 6.64p per litre will raise about £141 million in a full year, and I should be grateful if the Economic Secretary confirmed that figure. That estimate assumes no behavioural effects, which, of course, there will be. People will use less red diesel; indeed, raising £140 million in this way will cripple some. They will either go out of business—it will be the straw that breaks the camel's back—or will simply use less red diesel.

It is worth looking into who is going to pay the £140 million that will be raised. Red diesel is used primarily by farmers in tractors and other off-road vehicles; by the quarrying industry, so building costs will go up; and by boat users. I have not seen an accurate breakdown of the share of the burden between those groups, but I hope that the Government have, if not a precise view, at least an estimate of the share of the burden. I would be grateful if the Minister could provide the House with a breakdown. If they can give me that information, it will be a sign that they have thought carefully about this. It is safe to say that everyone will be hit and that some will be badly hit. I should like to discuss two groups that will be particularly hit by the hike.

First, there is the motor boat and yachting industry. It is a large and growing industry, particularly significant in my constituency, and subject to vigorous global competition. The increase will reduce its competitiveness. As the Economic Secretary knows, the leisure boat industry also benefits from an EU derogation from harmonisation of fuel duty for a transitional period, so is the hike part of the preparation for the removal of that derogation? Do the Government intend to negotiate an extension of the derogation, which expires at the end of 2006? Will the hike in red diesel duty be seen as the harbinger of further, even larger, increases for the leisure boat industry? Many people will be listening to the Economic Secretary's reply.

Farmers will be the most gravely hit group. Many farmers in my constituency are, in effect, small business men. They are just recovering from a ghastly crisis of many years. Farm incomes have more than halved over the past 10 years. There has been a deep and prolonged recession in the industry. Farmers earn, on average, only half the average national wage. The most crucial consideration—I hope that the Government start to think it through—is that now is not the right time to clobber people in the agricultural sector, who have already been hit so badly. I believe that doing so is an insensitive move—and it will be seen as such.

Why are the Government acting in this way, and do they have a policy? The stated policy for the hike that was given last year was:

> "We understand the value of the rebate to those who depend on it, but we are keen to pursue and meet our environmental objectives."—[*Official Report*, 13 May 2003; Vol. 405, c. 255.]

In other words, it is viewed as an environmental measure, but the trouble is that that argument does not square with the Government's stated objectives and means of achieving them, as set out in the policy document, "Tax and the Environment", which was released at the time of the pre-Budget report of 2002. To the few Members present in the Chamber, I would particularly commend page 28, paragraph 6.19, of that document, which makes it clear that Government policy is quite different from the apparent policy for red diesel.

That document argues that the best way to meet environmental objectives is to tax vehicles that make use of the road system. After all, they are the ones that contribute most to pollution, congestion, noise, accidents and damage to roads. I believe that that is a reasonable viewpoint. The logic of the red diesel differential is, by implication, exactly the same. The vehicles that use red diesel are not road vehicles, so they should not be subject to the same level of tax.

It is true, of course, that red diesel contributes more pollution pro rata than forecourt diesels and the ultra-low sulphur fuels, but even that argument does not wash very well. We are increasingly told that it is other particulates, not just the amount of sulphur, that matter most. In any case, if the argument were environmental, all the logic of the Government's own policy documents would point to increasing road fuel duties by slightly more. I do not advocate that, but it would be a way for the Government to find the extra £140 million. However, they have not done that.

5 pm

In addition, the Government have destroyed what remains of the environmental argument for a hike by raising the rate for ultra-low sulphur red diesel by the same amount as the more environmentally unfriendly variety. What, therefore, remains of the environmental argument for raising the red diesel rate? I think that it hardly exists as an argument.

Environmental concerns have nothing to do with this proposed hike. It is a tax grab on groups, such as farmers and boat users, about whom the Government do not care much. After the tax revolt of 2000, the Government regard them as an easier target than road users.

The truth is that the Government need the money. Tax revenues are not as high as forecast, even though growth in the economy remains strong. The Chancellor has already spent the money that will be obtained, as he cannot afford to renege on the very large increases in public spending that he has announced. A number of people will have to pick up the tab for the shortfall. One such group is made up of boat users, members of the quarry extraction industry, and—most important of all—farmers.

Instead of producing all their other explanations for the narrowing of the differential, the Government would have done far better simply to say, "We need the

[Mr. Andrew Tyrie]

money." I hope that when Conservative Members occupy the Government Benches again—and that may be sooner than people think—we will have the courage to say that, when we come to the House with proposals for tax increases whose main purpose is to enable us to get our hands on the money.

In 1981, the then Conservative Government introduced a large rise in fuel duties, and the Chancellor at the time had the courage to say, "We need the money." However, after another Conservative Government raised fuel duties in 1995, the environmental argument was peddled a little. That did not cut much ice with the current Paymaster General, who is sitting opposite me. On 23 January 1995, she told the House of Commons:

"Pitching the ... tax rise as an environmental measure is cynical".

That is pretty much what I think about the Government's claim that the red diesel rise is an environmental measure. I hope that they abandon that argument.

Not all environmental arguments for hikes in fuel duties are bogus. In fact, there is much that is good in the Chancellor's 2002 document, to which I referred a moment ago. Nor are other arguments for narrowing the differential between excise levels on red diesel and road diesel always—at all times, and in principle—invalid. There may be something to those arguments, but raising red diesel duty now takes a great deal of justifying. It will hit a lot of vulnerable people who have had a very tough time already. As the Paymaster General also said on 23 January 1995:

"People living in rural areas will be badly affected."—[*Official Report*, 23 January 1995; Vol. 253, c. 99.]

I agree with that. We should reject this hike. If the Government persist with it, I shall be forced to press the amendment to a Division.

Mr. Laws: I shall be fairly brief, as the hon. Member for Chichester (Mr. Tyrie) has set out the case quite clearly. He made his concerns clear, and even managed to mention his constituency interests in respect of the leisure boat industry. He did that very effectively, and I commend him for it. I promise the Committee that I shall not speak at such length about my constituency interests in agriculture but, as the hon. Gentleman said, the proposals would have a very real effect on that sector.

I have two concerns about the measure. First, as the hon. Member for Chichester said, it is a tax grab masquerading as an environmental measure. The relevant line of the Red Book increases revenues by some £450 million over a three-year period. That is a very significant amount of money. If the Government see the proposal as part of an environmental strategy, there is no reason why the increased revenue could not be offset in some other area to stimulate more environmentally helpful activities.

The second reason for concern is the sheer size of the increase—57 per cent. on the duty for red diesel. That is a huge rise in just one year, and we hoped that the Treasury would see the advantages of moving tax policy in much smaller increments, particularly when changes of this type have a big impact on particular sectors. The hon. Member for Chichester mentioned the impact on farming, and that sector has estimated that the change will add 10 per cent. to on-farm fuel costs, which is extremely damaging at a time when agriculture has been under such pressure for a number of reasons, including depressed prices of many products and commodities. We would hope, therefore, that a change of this type would be accompanied at the very least by some measures to offset the impact on the farming sector.

Another area of concern, referred to by my hon. Friend the Member for Caithness, Sutherland and Easter Ross (John Thurso) at the time of the Budget statement, is the potential impact on the railway industry, which also uses red diesel. The change will increase costs in a sector of the economy that should have better environmental and lower pollution characteristics than other parts of the travel sector, and it is in that sense a retrograde step. We would have expected the Government to take offsetting action to stimulate environmental improvements elsewhere.

Our concerns, therefore, are the size of the tax grab, the fact that money has not been switched to other sectors to compensate some of those who have lost out, and to stimulate other environmental improvements. We also think that the Treasury should seek to avoid the magnitude of the rise over a short. I have no doubt that the Minister will be unwilling to rescind the measure, but it is regrettable.

Sir Robert Smith: I want briefly to reinforce the argument against such a large rise in a rate of duty in just one year without a clear strategy behind the rise or a clear indication of the principles on which people should plan. The hon. Member for Chichester (Mr. Tyrie) rightly highlighted the leisure boating industry, and as treasurer of the House of Commons yacht club I can certainly reinforce that concern. However, all small boat users, leisure and commercial, will be affected, and while larger fishing boats can reclaim duty, the smaller fleets, which are lower users, will be hit.

Will the Economic Secretary clarify whether red diesel is used for heating, particularly in large public buildings such as rural hospitals and schools? Will they be hit by the duty increase?

John Healey: This has been a short but interesting debate on the range of issues that arise from hydrocarbon oil duties, which are dealt with in amendment No. 2 and clause 5. In considering the amendment, it is important to bear it in mind that the main rate of duty on ultra-low sulphur diesel is 47.1p per litre. The duty on rebated gas oil—red diesel, as it is commonly known—is just 4.22p per litre. The amendment would limit the increase on rebated gas oil to a simple increase in line with inflation, which would be 0.13p per litre. I am interested to note, and glad, that Opposition Front Benchers endorse the need to increase duty on fuels at least in line with inflation, but the amendment does not take account of wider policy objectives.

The misuse of rebated oils as a road fuel cost the Exchequer £650 million in 2002—money that could have been spent on any of our priorities, rather than lining the pockets of criminal fraudsters. In Budget

2002, following our success in tackling tobacco smuggling, we launched the UK oils fraud strategy. The aim is simple: to reduce the illicit oil market to no more than 2 per cent. by 2006. To do that, we put in place new control regimes for rebated fuels, and there are now more Customs officers working with the trade, identifying fraudsters and stopping their criminal activities. Although it is still early days, that approach is proving successful. The total value of oil fraud detected has increased from £8.3 million in 2001–02 to £13.2 million in 2002–03, an increase of almost 60 per cent. The number of detections of oil fraud is also up and the number of fuel laundering plants disrupted and dismantled is also up.

As with all criminal activity, the nature of oil fraud committed is constantly changing. The strategy and our operational response as a customs and law enforcement agency must change to keep up. We are therefore constantly reviewing the effectiveness of the different approaches and adapting them as required.

In response to a question asked by the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith), I can say that it was against that background that we decided to narrow the differential between red diesel and road diesel in the Budget. That in itself will not solve the fraud problem, but reducing the differential between rebated fuels and road diesel eats into the launderers' profits and makes the fraud less attractive.

Sir Robert Smith: What is the final target differential in this so-called strategy on fraud?

John Healey: The hon. Gentleman asks me for the philosophy and principles behind the decision encapsulated in clause 5, and I have laid them out for him. We have not set a specific target, but we have set out our direction. I hope that I have explained in summary some of the background to the Budget changes, and I also hope that it explains why I have to reject this amendment. The duty increase on red diesel announced in Budget 2004 helps to reinforce our strategy to tackle road fuel fraud. The proposed duty increase on rebated fuels will raise £80 million in 2004–05, not £141 million, as calculated by the hon. Member for Chichester.

Mr. Tyrie: I gave the full-year amount, but I think that the Economic Secretary gave the half-year figure that took into account the freeze until September.

John Healey: Yes, that is the revenue that we expect, and the other figures are set out in the Red Book. The Opposition may say that this proposed increase will hurt the farming industry especially, but let us not forget that users of rebated fuel oils pay only a fraction of the duty charged to regular motorists. This measure is also spread across many users in different sectors, rather than unduly affecting the farming community. The hon. Gentleman asked for a breakdown of the burden. The statistics that the Department for Trade and Industry regularly collects from the oil industry show agricultural use accounts for only about 7 per cent. of red diesel consumption. The full breakdown of consumption by sector can be found in the DTI's digest of UK energy statistics.

Mr. Tyrie: If the total amount is so small, might not the Economic Secretary consider a targeted exemption from the increase to give some relief to farmers, who have taken some severe hits recently?

John Healey: We must always strike a balance. Any targeting increases complexity and I have tried to explain how the decision on red diesel rates has been made to reinforce the wider strategy to tackle fuels fraud. If one were to allow exemptions, one would weaken the impact.

It is interesting to note that the amendment is limited to rebated gas oil: it does not seek to mitigate the increases on the other rebated fuels, such as fuel oil, light oil used as furnace fuel and ultra-low sulphur gas oil, which are also provided for in clause 5. I will be generous and assume that that was an oversight, but it means that amendment No. 2 is only a partial proposal. It gives me the opportunity to point out that each of those fuels is, to some degree, in competition with the others.

The hon. Member for Chichester also asked about the derogation for leisure marine use. The derogation expires on 31 December 2006, and we have an opportunity to try to renegotiate it if we wish. We shall consider the approach that we shall take in the run-up to that date, and we will ensure that we consult widely before we settle on our approach. I emphatically make it clear that the rate change proposed this year is not, as the hon. Member for Chichester suggested, a harbinger of further increases for the leisure boat industry in the run-up to the expiry of the derogation in 2006.

5.15 pm

Like the hon. Gentleman, I want to talk more widely about clause 5, which will change the rate of excise duty for hydrocarbon oils and biodiesel from 1 September this year. It does not set rates for sulphur-free fuels, but the changes that it will make, combined with the separate definition of sulphur-free fuels set out in clause 7, mean that sulphur-free fuels will become the new main road fuels.

Under clause 5, the duty rates for ultra-low sulphur petrol and diesel are increased by 0.5p per litre above inflation, which will create the differential for sulphur-free fuels that my right hon. Friend the Chancellor announced in the Budget of 2003. The differential means that sulphur-free fuels are set to come on stream much more quickly than had otherwise been predicted.

Our initial indications are that sulphur-free diesel will replace ultra-low sulphur diesel almost immediately after the introduction of the new duty rate in September and that sulphur-free petrol should have entirely replaced ultra-low sulphur petrol by the end of the year. These fuels will therefore be widely available for all motorists in the UK well ahead of the EU mandatory date of 2009. As hon. Members will be aware, as well as offering environmental benefits in themselves, sulphur-free fuels will enable the development and introduction of new engine technologies, giving drivers much greater fuel efficiency savings.

[John Healey]

Some people have suggested that the duty should have been frozen, and the hon. Member for Chichester did so in his speech, but that would have a significant impact on a significant source of Government revenue. Each duty freeze represents a real-terms cut in revenue that is vital for maintaining the provision of essential public services. Inflation increases in all duties need to be made to maintain revenue. Even the delay in increasing the duty until September has a price to the taxpayer and to the Exchequer in terms of revenue forgone—about £300 million.

We decided that, with the introduction from 1 September of the differential to switch the market to sulphur-free fuels, the benefits of making changes only once during the year outweighed the hit on Government revenues. It also means that we can reduce the compliance burdens for the oil industry and increase the certainty for motorists at the same time. On that basis, I urge my hon. Friends to reject the amendment and to support the clause.

Mr. Tyrie: It is a pity that the Economic Secretary did not begin as he ended, which, although he wrapped it up a little, was to say, "We just need the cash." The Government are short of cash and need the money. Instead, we have had a succession of red herrings—if I can use that term—on red diesel.

I shall briefly pick up on a few points of concern. Just about all we heard from the Economic Secretary was bad news. We had something well short of a commitment even to try to renegotiate the derogation for the leisure boat industry to which I referred. We heard a bizarre remark from him suggesting that my amendment did not seek to mitigate the other fuel duty increases, thereby implying that I supported them. However, he clearly had not listened to the opening few minutes of my speech, in which I hope I made it clear that I was concerned about the increases. On a point of absolute clarification, he and the country should be left in no doubt about the Conservative party's concerns about the increases in fuel duty that are set out in the clause.

The plain fact is that we have not heard a rationale; we have heard only a series of cobbled-together statements. The environmental argument seems to have been taken off the agenda altogether this year. However, although Mr. Environment has disappeared, Mr. Fraud has appeared to justify the clause. The Minister seems to be saying that by narrowing the differential by a few pence, he will sharply reduce the incentive to commit fraud. Either he knows something that we do not about the elasticity of demand for this product, or, much more likely, he intends further sharp hikes in the duty on red diesel, to take it to a point at which the differential would be narrow enough to undermine fraud. That tells us that the Government do have a plan, and it is for further increases that all those who use red diesel commercially should be very worried about.

On the basis of what the Minister has said, I have no confidence that this red diesel hike will be the end of the line, or even near it. We will have more hikes if Labour gets the chance. It is extremely important that a firm marker be put down, and I would like to press the amendment to a Division.

Question put, That the amendment be made:—

The Committee divided: Ayes 166, Noes 294.

Division No. 148] **[5:21 pm**

AYES

Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Brake, Tom *(Carshalton)*
Brazier, Julian
Brooke, Mrs Annette L.
Burnett, John
Burns, Simon
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Conway, Derek
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Loughton, Tim
McIntosh, Miss Anne
Mackay, rh Andrew
Maples, John
Marsden, Paul *(Shrewsbury & Atcham)*
Mates, Michael
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Oaten, Mark *(Winchester)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paisley, Rev. Ian
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hartford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*

Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soames, Nicholas
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Wilshire, David
Winterton, Ann *(Congleton)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Geoffrey Clifton-Brown and
Mr. David Ruffley

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Best, Harold
Betts, Clive
Blackman, Liz
Boateng, rh Paul
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Dhanda, Parmjit
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Goggins, Paul
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Iranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meacher, rh Michael
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Prentice, Ms Bridget *(Lewisham E)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*

Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Wills, Michael
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and Derek Twigg

Question accordingly negatived.

Clause 5 ordered to stand part of the Bill.

Clause 20

GROUPS

Question proposed, That the clause stand part of the Bill.

Mr. Prisk: Clause 20 inserts a new section 43AA into the Valued Added Tax Act 1994. It does so to stop what the Treasury sees as abusive arrangements whereby a jointly owned entity can join a VAT group even though it is run by and for the benefit of an external third party.

We believe that the Government should delay implementation because the potential unintended consequences of the measure could prove damaging to UK jobs, and that they should first seek to sort out the underlying anomaly. At the heart of the issue is the nature and role of companies outsourcing work and the rapidly increasing trend towards offshore outsourcing. I think that it is fair to say that offshore outsourcing has changed almost beyond recognition during the past two or three years.

In just the past few months, HSBC, Norwich Union, Lloyds TSB and Abbey National collectively outsourced about 9,700 jobs to India, and in a cost-conscious global economic environment, that trend is likely to grow. Commercially, many financial institutions prefer to outsource non-core activities to service providers, which are often companies that specialise in an activity and are therefore able to maximise efficiency. Because financial institutions such as banks are exempt for VAT purposes, they do not charge VAT to customers, but the quid pro quo is that they cannot recover input VAT when they buy services and goods. Services or goods cost banks 17.5 per cent. more than they cost companies that are not exempt.

If a bank reorganises and decides to outsource a back office function or other similar function, it will incur an additional 17.5 per cent. cost that it, unlike other companies, cannot recover. However, if a bank were to outsource to an overseas supplier in, for example, India, in many instances it would not face the 17.5 per cent. charge. UK back office suppliers, and therefore the many locations in this country that have a strong reputation in that field, often find themselves at a significant price disadvantage against their overseas competitors.

Nigel Roxburgh, the co-founder of the National Outsourcing Association, recently pointed out:

> "If one has to claw back . . . the 17.5 percent tax, the best way in which to do it would be to move offshore. The . . . proposal could inadvertently help offshore suppliers, which are not subject to this tax".

Clause 20 fails to address that anomaly, and instead changes the rules, which the Government perceive are being abused.

The anomaly should be addressed first, so that if and when a bank chooses to outsource a call centre or similar activity, companies based in, for example, Wentworth, Bristol or Bolton can compete on level terms with Mumbai, Hyderabad and New Delhi. Creating a level playing field for British workers should surely come before a tax clampdown. Indeed, if these proposals lead to more offshore outsourcing, the tax yield will, ironically, fall. That is a classic example of how careful Governments must be in clamping down on alleged tax avoidance—hit too hard or hit inaccurately, and the end result is the reverse of that intended.

Allied to that is the danger that the tax clampdown does not work as intended and exacerbates the situation. In response to the Government's consultation, the Law Society said:

> "We strongly believe that these proposals will not achieve the Government's aims and may well give rise to increased opportunities for avoidance . . . We also believe that the need for new legislation is not yet demonstrated, given the powers that HM Customs admit they already have, but have chosen not to use."

Serious experts in the field clearly have their doubts. Although I recognise that the Government adjusted the final proposals after the consultation, I must say to the Economic Secretary that corporates and their tax and legal experts have serious reservations about whether the proposals will achieve their stated purpose.

There is a third reason why the Government should not seek to proceed with their plans. The Department of Trade and Industry is currently engaged in two reviews that relate to offshore outsourcing. One is a review of UK call centres and their competitiveness, and the report on the initial study will not be published until next month at the earliest. The other is the trade and industry White Paper, which is due to be published in the summer, although that may, of course, become the autumn. Both those reports need to be considered carefully by Ministers, then by this House, yet the clause contains a tax proposal that will have a direct impact on all these issues and cuts across those reviews. Surely, before pushing ahead with implementing the tax, the Government should consider the situation as a whole and report back to the House. Whatever happened to joined-up government?

There are three reasons why we believe that the Government should delay the implementation of the clause. First, we want to ensure that any unintended consequences of the change have been carefully considered and are understood by business, which is not the case at the moment. Secondly, we want to enable the whole question of the international competitiveness of call centres and other service providers to be considered in the round, and moving ahead with the tax before the reports are published makes that difficult to achieve. Lastly, we want to encourage the Government to focus on the first priority, which should be to create a level playing field for British workers who are trying to compete with overseas companies. Business and Government need time—not necessarily a year or two; perhaps only a matter of months—to get this right. I hope that in his reply, the Economic Secretary will recognise that and explain why the Government are putting a tax squeeze ahead of creating a level playing field for British workers.

Mr. Laws: We understand and support the stated aim of clause 20, which is designed to prevent large companies from avoiding VAT on high-value taxable services that are bought in by third parties. However, the question for us and for those whom we have consulted is whether the manner in which it is implemented will involve tests that are too complex or unworkable in practice. It is fair to say that practitioners have differing views on whether the Government's consultation on the clause was effective. The Chartered Institute of Taxation commended it, noting that the proposals in the Bill differ significantly from the initial proposals and stating:

"This is a case where consultation has worked well."

However, several other practitioners told us that their comments about the potential complexity of the provisions were ignored and that they are worried that they will impose a large regulatory burden on many firms and their advisers. It has been pointed out that the clause gives substantial powers to the Treasury and that once it has been brought in it may be difficult to remedy any problems at a later date. Although it is recognised that Customs needs to be able to deal with the abuse of VAT grouping, many practitioners believe that the clause as drafted is inappropriate and that the regulatory impact assessment understates the complexity of the proposed tests. They do not think those tests can necessarily be delegated to relatively junior employees, as is implied in the cost assessment that was carried out, and do not believe that the time and cost estimates are realistic. Several are aware of cases in which applying even the existing tests, which are less onerous than those in the Bill, required a long period—up to a day—in consultation with an in-house barrister. In practice, most businesses would need to seek professional advice in relation to applying the tests.

Our concern, which touches to some extent on the points raised by the hon. Member for Hertford and Stortford (Mr. Prisk), centres on whether the Government have yet listened sufficiently to the views of practitioners and have put in place tests that are simple enough to be applied relatively straightforwardly without adding to burdens on business. If the Government took a little more time to consult the practitioners, they might be able to address their concerns.

5.45 pm

John Healey: The Committee will be aware of the Government's commitment to reducing the revenue losses that have historically faced the VAT system and, in particular, of our commitment to tackling artificial VAT avoidance schemes and closing loopholes in the law that allow tax leakage. This was set out by the Government in "Protecting indirect tax revenues", which we published alongside the pre-Budget report in 2002.

VAT grouping is an area in which we have seen some aggressive tax avoidance. As a result, the Government proposed changes to the rules on VAT grouping eligibility in the 2003 pre-Budget report. The original proposal was to align the grouping rules with the rules on consolidation of subsidiaries in group financial accounts. A consultation paper was formally published on 23 November 2003, and a summary of the responses to it was published alongside the Finance Bill on 8 April this year. The summary spelled out the Government's modified proposal, which we developed in the light of the comments from respondents, and I hope that the hon. Member for Yeovil (Mr. Laws) will accept that we took the views of practitioners into account. Indeed, the hon. Member for Hertford and Stortford (Mr. Prisk) acknowledged the modification, and the way in which we had responded to the points raised in consultation.

It might help if I briefly explain the nature and operation of the grouping rules. I think that the hon. Member for Hertford and Stortford will then see that this is not a measure directed at outsourcing. Grouping is a business facilitation measure. Members of a VAT group are treated, for VAT purposes, as a single taxable person. This means that no VAT is charged or reclaimed on supplies of goods or services between the group members. In short, companies in the VAT group are in the same VAT position as divisions within a single company.

One benefit of VAT grouping is not having to register all the companies in the group separately for VAT. There is also a tax benefit when a member of the group would otherwise be unable to recover all the VAT incurred on purchases from other group members—for example, a partly exempt bank, insurance or property company. The Government accept this revenue cost as part of the normal operation of grouping, as part of our interest in seeing this business facilitation measure continue. However, some businesses attempt unfairly to exploit the VAT grouping rules in order to avoid tax and gain a tax benefit that goes beyond the normal operation of grouping. Some might argue that they are merely correcting the flaws in the VAT system. Others might argue, as the hon. Member for Hertford and Stortford did, that the new proposals on VAT rules will somehow act against business decisions to outsource in the UK and force outsourcing operations abroad.

I do not accept that argument. Our evidence shows that VAT is not a decisive factor for companies deciding whether or where to outsource. For example, recent research shows that a decisive factor is the cost per employee for wages and property, which is £27,000 a year in London and £18,500 in Sheffield. It is probably slightly less in Wentworth. However, it is £6,500 in Mumbai. Those figures show the significant cost savings that are often behind decisions to outsource.

[John Healey]

The call centre industry in the UK does not think that it is in serious decline. The Call Centre Association surveys its members quarterly, and it published its most recent findings in December 2003. When its members were asked:

"Do you agree with the claim that the call centre industry in the UK is in significant decline?",

76 per cent. said no and only 12 per cent. said yes. The 76 per cent. who said no expected offshore growth to continue, but they also expected it to be outpaced by market expansion, leading to continuing growth of the industry in the UK. Indeed, some noticed a trend to repatriate work to the UK because of quality difficulties experienced offshore. I think that the hon. Member for Hertford and Stortford overstated his case on that point.

Mr. Howard Flight (Arundel and South Downs) (Con): To revert to the point that the Economic Secretary was making in leading up to this, will joint venture company situations, where it may be administratively appropriate to be part of a group, be possible under the new measures? My understanding is that they would effectively be ruled out as a result of where the lines are being drawn, although there may be a perfectly good practical and non-tax avoidance case for them.

John Healey: It will depend on the nature and application of the test that we will devise and implement in secondary legislation. Principally, it will turn on who draws the principal benefit from the joint venture company. I shall explain further as I make progress.

The measure that we propose does two things. First, it amends the law on VAT grouping to make it clear that a company or other corporate body cannot be in two VAT groups at the same time. That clarifies the position but does not change anything in practice for existing VAT groups. Secondly, the measure will stop abusive grouping arrangements by changing the rules for VAT grouping eligibility. Currently, a company is able to join a VAT group even though it is run by, and for the benefit of, a company that is not part of that VAT group. Those are the criteria that we want to tighten up.

Mr. Flight: That reply leads on to the second related point. Can the Economic Secretary assure the House that there will be sufficient clarity in the secondary legislation in relation to this territory? Many in the business community are concerned that there will be greyness. Can he assure us that, without it being too extensive, it will be as clear as possible?

John Healey: If the hon. Gentleman will bear with me, I will come on to that point. I am confident that I can provide that degree of assurance in relation to clarity. There will also be consultation, which will also answer the point made by the hon. Member for Yeovil about concerns over complexity.

The arrangements that we want to tackle result in a substantial revenue loss to the public purse, which is estimated this year, if we took no action, at £75 million. Alongside those losses to the Exchequer, the companies concerned obtain a significant advantage over their competitors.

Since 2001, Customs has used its "protection of the revenue" powers to stop such abuses when it finds them. This has been well known, and Customs has published business briefs on its actions and activities. Nevertheless, the abuse has not stopped. The reason is that Customs can take action only once it has found a company using the scheme, which could be some years after the event. Even then, Customs cannot recover the VAT that has already been lost, so there is a limited downside risk to entering one of these schemes at present.

A further concern that has been raised about the current position is that, with the ability to challenge and close such schemes resting on Customs' revenue protection powers, businesses have complained that there is a degree of uncertainty about what is and is not unacceptable. The legislative solution proposed in clause 20 resolves those concerns.

These schemes create unfair competition, which should be rectified without the delay that the hon. Member for Hertford and Stortford urges. The revenue saved by such action against these schemes this year is estimated at £50 million. The change is not being sprung on business without notice or without dealing with their concerns. Most respondents to the consultation accepted the need to act on the abuse to get, as one person put it, a level playing field. However, they said that the proposed changes would impose extra costs on VAT groups generally, in order to tackle a small minority of abusers. We responded to those concerns. The clause that we are examining today does not change group eligibility criteria for the vast majority of VAT groups who are not involved in this abuse. Instead, it gives the Treasury power to make an order that can change the eligibility criteria in limited circumstances, targeted at the situations in which abuse can arise.

I can confirm that the order will be subject to parliamentary scrutiny under the affirmative statutory instrument procedure. I can also confirm that I will ensure that it is published in draft in advance. I hope that that helps to deal with the anxieties expressed by the hon. Member for Yeovil, and will give the hon. Member for Arundel and South Downs (Mr. Flight) an opportunity to scrutinise the provisions for the "greyness" that is worrying him.

The clause is not about outsourcing; it is intended to prevent abuse of the VAT grouping eligibility rules, to level the playing field for compliant businesses—particularly small businesses—and to give businesses in general more legal certainty. It constitutes an effective response to aggressive VAT avoidance. It is what is needed, and what is needed now. It is a proportionate and timely response, and I commend it to the Committee.

Question put and agreed to.

Clause 20 ordered to stand part of the Bill.

Clause 28

THE NON-CORPORATE DISTRIBUTION RATE

Mr. Flight: I beg to move amendment No. 3, in page 22, line 26, insert 'and—

(c) the company does not retain at least £10,000 of its distributable profits for the period.'.

The amendment seeks to deal with a specific aspect of the problems caused by the clause and the related schedule. I think there is a general view that the clause and the whole territory constitute an unfortunate example of the Government's incompetence, and their tendency to meddle for spin reasons without fully appreciating where their measures will lead. As we all know, the Finance Act 2002 introduced a zero per cent. rate on the first £10,000 of profits. During the debate on that, the Government were well warned that it would cause massive incorporation by small businesses. We have already heard much quoting of the Paymaster General's "gift horse" comment—that she realised that it was a big fiscal inducement to incorporation. Now the volume of lost revenue appears to be significantly greater than the Government anticipated, and we have been presented with a rather hasty and not fully thought out measure to deal with the problem.

In his Budget speech, the Chancellor claimed that he expected small businesses to retain £10,000 worth of profits. That was, I think, a somewhat disingenuous excuse for these measures, which present a variety of problems. For one thing, an unfair arrangement will operate when companies that have paid tax on past profits want to distribute those profits in a subsequent year. Our understanding is that they will be liable to the new 19 per cent. tax. In the past they could have borne tax of between 19 and 30 per cent., so there could well be an element of double taxation. Companies that are currently not profitable but are distributing earlier years' profits will also be penalised for past investment, as they too will pay 19 per cent. on the profits distributed.

We think it should be made clear that paragraph 9 applies only when companies continue to be under the control of those who had control immediately before the degrouping. The definition of a group for the purposes of new section 13AB and schedule 3 is very wide, and will treat companies with little economic interest in one another as being grouped. Surely what is needed is an amended version of the definition that applies for the purposes of corporation tax on chargeable gains, in order to go on applying the definition of a group to companies likely to have a significant common interest.

6 pm

The proposals are particularly harsh on small businesses with modest profits where the owners need to withdraw profits in order to live. In a sense, the only people who can benefit from the zero per cent. band are now those who have profits below £50,000 and do not need to withdraw more than £10,000 as a dividend. The tax relief thus ends up particularly benefiting the passive type of income-generating businesses, hobby businesses or businesses with spouses.

The 19 per cent. rule sounds simple, but in practice, because it makes dividends payable out of after-tax income, the calculations that it leads to are quite complex. Let us look at the calculation of profits available to be paid out as dividends where taxable profits are, say, between £10,000 and £50,000. If P is taken as the algebra for the profit for a full year, the calculation for distribution is P x 0.7625 x P + £2,375 + 0.9525 x P + £2,375. It is not at all straightforward.

If dividends paid in one year exceed current taxable profits, the excess is carried forward and treated as paid in the following period, so again small businesses need to record the carry-forward, or they may be caught out by an unexpected tax bill. Double taxation credit relief where it may be relevant is ignored in applying the new 19 per cent. rule. The new rule is worked out first and any double taxation could reduce it afterwards.

We tabled three amendments, two of which have not been selected. Amendment No. 3 has been drafted to provide some mitigation for small businesses. In a brief conversation with the Paymaster General, she mentioned to me that the situation that the amendment seeks to achieve may already obtain, but that is not the perception of the various accountants with whom we have spoken. If it is, it is very fortunate, but the issue is that the zero rate band takes effect on the first pound of distributed profits. If a company distributes profits, it has a 19 per cent. tax charge on whatever is distributed. Our amendment is designed to meet the Government's declared objective better than the proposals as we understand them and as others have understood them, and to be less harsh on small businesses. It is relevant to about 300,000 small businesses.

Our two other amendments sought to defer the new tax by a year, largely because the Government have made it clear that the new 19 per cent. non-corporate distribution tax is intended to be temporary. If it is temporary, the last thing small businesses want is perpetual chopping and changing of their tax arrangements. It therefore seemed to us that there was a case for waiting until the Government had made up their mind what they wanted to do. Others have suggested that the new NCD rate should take effect only once undistributed profits at 1 April this year had been paid fully, to avoid the double taxation problem to which I referred.

There are also some deeper administrative problems with the Bill. As the Chartered Institute of Taxation has pointed out, the Government need to clarify the interpretation of the proposals and their interaction with IR35 legislation, preferably making it clear that there will be no double charge on the individual or company where that company has engagements within the intermediary legislation, and that it could be treated as having made a deemed payment.

There are various other specific issues that need to be addressed, and I hope that the Paymaster General will be able to assure us that they will be satisfactorily dealt with in the forthcoming further consultation on the arrangements. There is concern that the new provisions will discriminate unfairly against small companies that qualify for accelerated allowances and SME—small and medium-sized enterprise—research and development tax credits, because their taxable profits may be considerably less than their distributable profits.

Is it possible to provide examples to explain further how sub-paragraphs 8(3) and (4) of schedule 3 will impact on the differing accounting periods of group companies? Is it intended that the agreement to apportion the new tax between group companies should be a stand-alone claim, or will that be incorporated into the corporation tax return?

[Mr. Flight]

A nine-month time limit exists for making an agreement to transfer excess non-corporate distribution tax between group companies. However, there should be a move towards standardising time limits. In the case of companies, there is a 12-month filing deadline after the end of the accounting period, so why is there a nine-month time limit here? Would it not be sensible to standardise the limit at 12 months?

There seems to be a discretionary power in the arrangements to vary an allocation to an officer of the board. Will there be safeguards on the rights of the company to allocate that to its advantage?

There is a deeming provision, and it appears that if some shareholders waived their entitlement, it would be possible for a minority shareholder that is a company to be treated as a parent company if it received more than 50 per cent. of the dividend paid. Is that result intended?

There appear to be no new legislative provisions dealing with the elimination of the possible new double charge in relation to IR35. The relevant section is broad enough to deal with that, but it would be helpful to have confirmation that it will be interpreted thus, and to have clarification on that matter.

The non-corporate distribution rate is defined as

"such rate as Parliament may from time to time determine."

The rate is not specifically linked to the small companies rate of corporation tax, and we would welcome clarification on whether that is deliberate or whether it is intended that the non-corporate distribution rate may deviate from the small companies rate of corporation tax in future.

If the nil-rate band is withdrawn in the future, can we have an assurance that the current provisions in relation to the non-corporate distribution rate will also be withdrawn?

I wonder whether the original draft provisions deal fairly with a company in receipt of franked investment income when, in reality, it may well be the franked investment income that is being distributed. I hope that the Minister can assure us that there will be a fair and reasonable approach to the issue of franked income.

We question whether the existing provisions are fair, in that a group can decide how to allocate an excess of the new tax, whereas the parent must utilise as much of the new tax as it can.

In summary, many complex issues arise from the proposals. Our particular concern is for the impact on small businesses. If the Government were bona fide when they introduced the zero per cent. rate to help small businesses, it seems all the more important that the unintended consequences of their measures should be tidied up so that they do not fall harshly on small businesses. That is why we stress amendment No. 3, which is designed to ensure that small companies are not hit with a 19 per cent. tax charge on the first pound that they distribute.

Mr. Laws: Clause 28 and amendment No. 3 are the story of an accident waiting to happen to tax policy. As the Paymaster General will doubtless graciously acknowledge in her response, when the Government's zero per cent. rate was introduced, many tax practitioners—and even many politicians—suggested that there was a serious danger that lots of people would decide to incorporate for tax avoidance purposes, resulting in a far higher cost than the Government anticipated at the time. Of course, the fear was that the Government would respond, which is precisely what happened, despite their telling us at the time that they were conscious of those risks and believed that their estimate of the revenue loss was reliable.

In the year after the Government introduced the zero per cent. tax rate, there was an increase in new incorporations of some 43 per cent., and as a result the Government's anticipated tax loss ballooned to approximately £1 billion a year. Clause 28, which is their response, rows back from the earlier zero per cent. tax rate, but because they do not want to reverse the process altogether, there is a 19 per cent. non-corporate distribution rate—the mechanism through which they intend to get the money back.

Following this year's Budget, the Institute for Fiscal Studies said in its briefing to the press, Members of Parliament and others that many practitioners and economic commentators had anticipated this problem when the measure was introduced. It also reflected on what this fiasco tells us about a Government who said that, in terms of tax policy, they would pursue stability for small and larger businesses. Robert Chote, director of the IFS, pointed out that many small companies have gone through some four different tax regimes in not many more years. The 20 per cent. small business tax rate was followed by the 10 per cent. rate, which was followed by the zero per cent. rate. Now, we have the zero per cent. rate, plus a 19 per cent. distribution rate. Of course, in a couple of years' time there will be a discussion paper and—if we are lucky—pre-Budget consultation. That will probably be followed by an entirely new tax regime, which will affect incorporated and unincorporated small businesses. What we are debating today might then be a complete irrelevance—who knows?—because the Government are likely to present us with something entirely new.

It is very depressing to have to deal with such a problem. When we reflect on today's debate on whisky duty and tax avoidance in the spirits industry, and on the persuasiveness of the Government's case in that regard, we realise how badly wrong Governments can sometimes get it. Indeed, this situation is a prime example of how wrong Governments can be.

Many of the tax practitioners and economic commentators who were conscious of this problem in the past year felt that, in many senses, the best way to deal with it was simply to cancel the zero per cent. tax rate, and to cancel the starter rate altogether. They felt that it was better to go for a much simpler system, rather than introducing the non-corporate distribution rate. The Government have not chosen that path, and one can imagine the Chancellor's embarrassment and the effect on his reputation had he announced in his Budget that he was doing away with the starter rate just two years after introducing it.

There remains real concern at the way in which the Government have decided to solve this problem. John Whiting, of PricewaterhouseCoopers, said that clause 28

"has a lot of disappointing features—fundamentally it is hard to get away from the simple point of "why do it?". Bringing in such a change, requiring nearly 8 pages of the Finance Bill, seems hardly

appropriate when one thinks that this is a measure to get at the smallest company. This will undoubtedly force more small businesses to take professional advice if only to make sure that they are complying with this new self-assessed charge."

6.15 pm

When we debated the issue briefly on Second Reading, I told the Paymaster General that, at the time the measure was introduced, I was invited to a presentation by one of the tax practitioners in my own constituency. His task was to persuade the many businesses there that it would be a good idea to pay the required fees to the tax advisers in order to take up the opportunity of exploiting the 0 per cent. tax rate. The major concern was whether any Government suffering the likely loss of revenue would suddenly change course within a couple of years. I made the terrible mistake of saying that no Government could possibly change course in such a short period and that they could rely on the fact that, at least until after the general election, they would be safe. Now these people, to whom I dare not go back, are not only going to have to pay the money to incorporate into the system in the first place, but probably pay for more advice on how best to manage the consequences of the Government's U-turn.

Clearly, the Government considered some alternatives to their proposed structure in the run-up to the Budget. Indeed, the regulatory impact assessment runs over a variety of options. It comments that increasing or abolishing the starting rate of corporation tax would run counter to the Government's aim of maintaining low rates corporation tax to encourage growth and enterprise. However, that makes an interesting counterpoint to paragraphs 23 and 24 of the same assessment, which predict that, once it is fully in operation, the new measure will raise in the order of £0.5 billion a year. One wonders whether the Government are really so concerned about not raising the tax burden on small businesses. Why do they not acknowledge that this measure will have the same effect, and recoup revenues that they did not anticipate spending when they introduced the 0 per cent. tax rate?

It would be fair to point out, as the regulatory impact assessment does, that the revenue raised by the measure is in many ways what the Exchequer inadvertently gave away a couple of years ago. As the assessment also admits, the measure will affect only companies generating less than £50,000 a year, and it goes on to say that it will help to ensure that the tax paid by those companies is more closely aligned to the tax paid by the self-employed, thereby improving the fairness of the tax system. One wonders why, if that is a priority and objective, the Government took the action that they did a couple of years ago, which made the playing field less level and gave people incentives to incorporate. That is the key to the whole issue and to the way in which the Government should pursue their policies in future. One wonders why, in any logical tax structure, there should be a significant differential between incorporated and unincorporated tax status, and whether we should be providing incentives through the tax system to change status in a particular way.

Paragraph 5.95 of the Red Book states that the Government propose

"to consider the strategic issues raised by these developments, to ensure that the tax system reflects the realities of today's changing labour market and business environment. A discussion paper will be issued at the time of the 2004 Pre-Budget Report."

Presumably, that gives it all away. We now discover that the new regime that the Government want us to approve today may not last long at all. Who knows, we may get a discussion paper in future with the conclusion that the different treatment of incorporated and unincorporated businesses makes no sense. Then—again who knows?—we may find in a couple of years' time, perhaps without any consultation whatever, that there is a new tax regime for small businesses.

It must also be a matter of concern that, before the introduction of this measure in clause 28, there was no consultation, and no proper discussion following the pre-Budget report. The regulatory impact assessment merely uses the specious excuse that consultation was not possible because of Budget confidentiality—a remarkably thin excuse for something that could affect 800,000 small businesses throughout the country.

There is great disappointment that the Government have acted in that way. I hope that the Paymaster General will assure the House that she will not subject the same companies, in a couple of years, to any further instability in the tax system. We need an undertaking that the new system is permanent, or that the Paymaster General will think again about introducing it until she has conducted the review referred to in the Red Book. In that way we can move—in one go, and without going through a fifth stage of instability—to a new tax system that deals coherently with smaller businesses, be they unincorporated or incorporated.

The Chartered Institute of Taxation raised a particular point about the proposal. The shadow Chief Secretary to the Treasury touched on this matter earlier, and I shall quote directly from the institute's discussion paper on clause 28. It states:

"There is one area where we feel that significant unfairness can arise as a consequence of the proposals. Where companies have paid tax on past profits but reinvested those profits and now wish to distribute them, they will be subject to the new tax. In some cases these profits will already have borne tax at 19 per cent., and, in extreme cases such as where the business is declining, perhaps even at a higher rate of 30 per cent. They will now potentially be taxed again, and we have received representations from tax advisers whose clients are not currently profitable but who are distributing earlier accumulated profits and suffering this double charge."

I hope that the Paymaster General can deal with that concern when she responds to the debate. I am sure that she would not want the proposals to have the effect that has been described. In addition, I hope that she will reassure the House that the problem that we have experienced over the past two years will not be repeated. We need clarification on the matters that have been raised, but more than anything else, I hope that the Paymaster General will give an undertaking that the Government will delay the implementation of the proposals until there is a coherent system of taxation for smaller businesses. Alternatively, I hope that she will offer an undertaking to ensure that there will not be any further instability in a year or so, when the Government's review is complete.

Mr. John Gummer (Suffolk, Coastal) (Con): I refer the Committee to the declaration of my interests in the

[Mr. John Gummer]

Register of Members' Interests. I want to suggest to the Paymaster General that she reflect on the debate and imagine herself in the place of the owner of a small business affected by the proposals. What will be the effect on people trying to do all that is needed to run a small business? Small businesses are about people doing everything from accounting to selling, and all the rest of it.

When a mistake is made, it is difficult for a Government to reverse it. I understand that, and it would be curmudgeonly to press the point too hard. However, the problem is that a bog up has been made, and it is increasingly difficult to know what the Government mean about the simplification of the tax system. What do they mean about their care for small businesses? Small businesses are finding it more and more difficult to handle changes in the tax regime without resorting to the sort of expensive professional help for which the Government should not be providing an employment exchange.

A measure such as this makes it extremely difficult for honest people to run their businesses in a cost-effective way. I beg the Paymaster General to think again, and to see whether the proposal can be made much more simple. I hope that she will accept some of the recommendations that have been made, and that she will put off the effects of the measures until simplification has been achieved.

I suspect that most small business people will make neither head nor tail of much of what has been said in this debate. That is not proper for people trying to earn wealth for themselves and for the rest of society. For that reason, the Government are condemned on this issue—as they are on many of the matters referred to in the Bill.

Sir Robert Smith: The right hon. Member for Suffolk, Coastal (Mr. Gummer) spoke about trying to achieve a simplified tax system. That is very important, and a goal that many people who take part in these debates aspire to, although we rarely see the outcome of their attempts.

The burden on people in business, and the complications that they face, are becoming very depressing. The Government have promised to bring in a new companies Bill to streamline the law in that area, but it is languishing in draft form. The final version never seems to come any nearer. The Government also promised to make life simpler for small businesses by having a basic de minimis system of regulation for them, and a more complicated system for larger concerns. Yet the way that the Treasury has made tax matters more complicated means that life has become increasingly difficult to understand, especially for people whose main priority is to get on and run a business.

If the Chancellor were genuine about wanting small business to assist in making the economy grow, he would try to make more use of the expertise of small business people in respect of their particular businesses. He would not be looking to their overall commercial skills in accountancy and tax law. What we need is a climate that allows small businesses to focus as much as possible, within the wider world with which they must comply, on the thing that drove them into the business in the first place.

As the Paymaster General knows, my constituency contains many people who operate small businesses, and she and I have had many exchanges on IR35 over the years. One frustration expressed to me by many constituents in the run-up to this debate is that they have been lured into a trap. Having gone to all the expense of incorporation, they feel trapped, in that the benefit that the Chancellor said they should get for going through all the hoops is to be taken away. It is much more difficult to unincorporate than it is to sort out the mess that they have got into, and for those people, there is a real compliance burden.

I reinforce what my hon. Friend the Member for Yeovil (Mr. Laws) said: if yet another upheaval in the whole system of taxation is coming down the tracks, especially if it affects smaller companies, it would make sense to bring the whole thing together so that people need climb only one learning curve during the main transition to take the whole thing on board.

I am worried by what I have heard about the distribution of past profits. This is where the Chancellor's gimmick has backfired and created even more of a muddle. He created the gimmick to get headlines, which was the start of the problem. Having done that, he then had to create a solution that did not leave too much egg on his face. That might tackle some of the problems his gimmick created, but it creates a trap for people who never intended to exploit the gimmick but who were lured in. The solution will hit them on their past profits, unless the Paymaster General has some reassurance to offer on that. I urge her to go down the road of stability and embrace what has been offered to her by my hon. Friend. She should try to bring the whole thing together, genuinely practising what the DTI has preached about a simpler climate for small business by delivering that climate.

The Paymaster General (Dawn Primarolo): In responding to the hon. Member for West Aberdeenshire and Kincardine (Sir Robert Smith) and the right hon. Member for Suffolk, Coastal (Mr. Gummer) on the approach that businesses should make to professional advisers, I want to say two things. First, as businesses consider whether to be incorporated, they, and presumably their advisers, may read *Tolley's Tax Digest*, which lists a huge number of points about the tax consequences for or the obligations on someone who is self-employed, in a partnership or who chooses to incorporate. The decision for a company on whether or not to incorporate has far more complexities, particularly if the company wants to plan its growth and move from self-employment to expand, than whether there is a zero rate on the first 10 per cent. of profits. In addition, the Government made it absolutely clear when we introduced that zero rate that we intended reinvestment of profits into the company for growth. That was the purpose of the rate—to encourage growth, not to have money taken out as dividends or as salary by another name.

I shall come to the points made by the hon. Members for Yeovil (Mr. Laws) and for Arundel and South Downs (Mr. Flight). Let us be clear, however. The Government's intention has always been to remain neutral with regard to the operation of the tax system on whether a self-employed person decides to incorporate. At that point, those people need to take advice. The

Government placed a mechanism in the tax system that meant that if companies chose to incorporate and to reinvest the first £10,000 of profits, they would be taxed at a zero rate, in order to help them to grow. That remains the case.

I am always happy to see measures intended to promote business growth, but the amendment would not achieve what the hon. Member for Arundel and South Downs suggests, as I told him earlier. In fact, it would work against the companies with the smallest profits—the very ones that we want to see grow. For example, a company owned by an individual with profits of less than £10,000 in an accounting period can, inevitably, only retain less than £10,000. It has no more profits to retain. However, the company would be liable for the non-corporate distribution rate if it paid a dividend. I agree that that might act as an extra incentive for the company to grow and earn profits exceeding £10,000, but such an incentive is neither equitable nor good for business.

The amendment has a substantial flaw. Corporation tax works so that it smoothes the transition from one rate to another, but the amendment provides that a difference of £1 of profits retained could have a tax impact greatly exceeding £1. For example, a company retaining £9,999 of profit would be liable, under the amendment, to the non-corporate distribution rate in relation to profits matched by its non-corporate distribution. However, if the company retained £10,000 of profit, it would not be liable at all at that rate. That is unduly harsh. The clause has no such unfair distortion. It is important to make that point because the hon. Gentleman challenged me on it.

6.30 pm

The amendment would have a further harsh consequence. There is no provision to adjust the £10,000 threshold to take account of a shorter accounting period. For example, the threshold for a company with a six-month accounting period would not be reduced, under the amendment, to £5,000. The amendment would also put groups of companies at a disadvantage. If a group had two trades, the £10,000 threshold that is proposed would apply to its retained profits for both activities. However, if it made commercial sense to separate the activities into two subsidiaries, the £10,000 threshold would apply to both. In other words, the amendment would increase the threshold to £20,000 of retained profits.

Clause 28, as drafted, suffers none of those drawbacks. It will encourage all businesses with small profits to retain some or all of them, so that they can be applied to investment and growth. That is precisely the point that I made when addressing the issue in deliberation on the Finance Bill in 2002. By contrast, the amendment would favour companies with £10,000 or more profits available for reinvestment and would put less fortunate companies at a disadvantage. I do not believe that that was the hon. Gentleman's intention, but he will be voting on a highly defective amendment—if he is prepared to take my word on that.

Mr. Flight: I am inclined to bow to the Paymaster General's superior knowledge and advice. However, as I understand it, the amendment would have the effect—granted, it is somewhat arbitrary—that if a company with profits of £10,000 or more retained up to that amount, NCD would not apply. That is because the clause that the amendment would add to the Bill would make it a reverse condition. Arbitrary though it would be, it would exempt a certain category of company from NCD.

Dawn Primarolo: I could see that that was what the hon. Gentleman sought to achieve, but that is done by the clause as it stands. The amendment would not achieve his aim, because he is setting the hurdle at £10,000 and anything beneath that would be liable to the NCD. However, our proposals cover cases up to £10,000, and that point needs to be made.

I shall deal briefly with the point about whether the clause is temporary and amounts to a strategic change in direction. I make it clear to all the hon. Gentlemen who have spoken in the debate that it is not a strategic change of direction. I have tried to point out that the Government have introduced a wide range of measures—both regulatory and tax measures of all types—to help business. I will not go through all of them. We believe that it is important that we continue to assist with reinvestment to help companies to grow. However, we will deal with cases in which money is being taken out.

The deliberate and cumulative aim is to underpin all the measures that the Government have taken to encourage businesses to grow and to be more enterprising and productive in the medium and long term and not to operate year by year by playing around with the tax system.

Mr. Laws: Will the right hon. Lady give way?

Dawn Primarolo: I would like to make progress so that I can answer the hon. Gentleman's questions, but I will give way briefly to him.

Mr. Laws: I was not sure whether the Paymaster General was coming to my question, so may I ask her whether she can give us a cast-iron guarantee that, if the clause is passed, there will be no change in the business tax regime for small businesses even after the review that was referred to in the Budget has taken place?

Dawn Primarolo: I was going to come to that point, but it is probably best if I deal with it now. It is not possible for any Minister to say that there will never ever be a change, but I point the hon. Gentleman to the consultation document that he mentioned. At all points, the Government's strategic direction is to look at small and medium-sized enterprises, their dynamism and ability to contribute to growth and to consider whether the tax system responds to their requirements. For example, he should look at the Budget discussion document on access to finance.

The hon. Gentleman asked me a similar question in Committee in 2002 about whether I thought I had got the balance right when he pressed me on the issue of incorporation and non-incorporation on the zero rate. I believe that the balance is right and that we are assisting companies to grow. We will, of course, act in the way that Parliament would expect us to do if the provision is

[Dawn Primarolo]

used in a way that the Government never intended. I could have not been clearer in the Committee about what the zero rate was for and about the reinvestment of the £10,000 of companies' initial profits.

The hon. Gentleman was right to say that the starting rate was never meant to encourage businesses to incorporate solely or mainly for the short-term tax and national insurance advantages. I am perfectly prepared to admit in the House that we did not anticipate the significant numbers that would be prepared to incorporate without taking proper regard to the wide-ranging and important commercial considerations that need to be taken into account when deciding whether a company is limited. We set up a model and the provision was discussed in Committee in 2002. We have debated the issue at length, but tax planning and encouraging companies to behave are important issues that the Government need to take on board to a far greater extent. We shall do that in the Finance Bill.

I shall briefly respond to the specific points raised by the hon. Member for Arundel and South Downs. The measure is not retrospective; it is solely concerned with determining the rate at which current, and sometimes future, profits are liable to corporation tax, so the hon. Gentleman's point about the measure being applied to the same profits twice does not apply.

The hon. Gentleman said that the scheme is unfair if the distributions are made out of reserves or in other ways, and that the Bill should give credit for the tax paid. As I said, the measure is simply a mechanism for determining the rate at which a company's current, and sometimes future, profits should be charged corporation tax; it is not in any way a tax on distributions past, present or future.

The hon. Gentleman also said that the measure hits the smallest companies when larger companies can get off free. That is not so. The measure applies to all companies with profits liable to corporation tax at below 19 per cent. if they make distributions to non-corporate persons.

I turn now to what the hon. Gentleman called the triple whammy on small business: IR35, section 660A and now the non-corporate distribution rate. He knows that IR35 is not an attack on genuine business; it tackles intermediaries such as service companies where individuals are avoiding tax. Neither is section 660A an attack on small business; the Revenue is applying legislation to those using a company or partnership to avoid tax. There is no question of a double whammy or a double tax on any of these companies. The hon. Gentleman referred to the nine-month time limit. Nine months is only a minimum time, and it ties in with the due date for payment of corporation tax—that is all. There is nothing conspiratorial about it.

The hon. Gentleman also referred to the question whether companies need to bother with the scheme, and he said that they need to know about all the legislation. That is not so. A company will know whether it is in a group, so it will know whether provisions in part 2 apply to it. Companies have advisers who know all this, as the hon. Gentleman knows.

The hon. Gentleman touched on the provision for an inspector of the board to allocate liability to other companies, and he wanted to know what safeguards there are. The measure also provides for companies to amend those allocations, so no further safeguards are necessary. It is not a one-way street in which the Government simply impose conditions.

Finally, the hon. Gentleman asked about the deeming provisions in paragraphs 14 and 15 of schedule 3. Of course, the Revenue will be issuing guidance explaining exactly how those measures work. I have spoken to him before about the marginal bands and the way we ease progression from one band to the next.

I have dealt with the point made by the hon. Member for Yeovil about incorporation and self-assessment. The point about complexity is sometimes a little overdone. The hon. Gentleman has only to cast his mind back to the arrangements for advance corporation tax, which applied to these businesses before it was abolished—that involved 50 pages of legislation.

The purpose of the clause is to fulfil the Government's intentions to deliver support to companies and encourage them to reinvest their profits, rather than distributing them. That is important, and all outside the House have welcomed the way the Government have approached the issue. Many thought that we would use national insurance or income tax.

New businesses are thriving under this Government. More than 1 million new businesses have been created since 1997, a net increase of 117,000 businesses, demonstrating that the tax system and our economic policy enable companies to open up, grow, develop, be productive and create profits for their investors. That is precisely what the clause provides, and I hope that, on that basis, the hon. Member for Arundel and South Downs will not press his amendment.

Mr. Flight: There is an apparent lack of clarity about the effect of our amendment. Our understanding of its effect is that if one retained the first £10,000, one would not be subject to the non-corporate distribution rate at all, because the amendment would add a requirement about a company not so retaining at least that sum. I will take on trust the Minister's comments that she does not believe the amendment has that desired effect.

Our opposition is, however, to clause 28 as a whole. The Paymaster General and the Chancellor have been a little disingenuous in the argument that the zero rate was always about retaining profits. I well recollect pointing out in the Finance Committee precisely how it would be used—businesses would incorporate, and would then withdraw via dividends at a lower tax rate, saving national insurance. I recollect an extremely conscientious colleague of the Paymaster General asking me whether that was really how things worked. I explained and he expressed great surprise. For the Government to argue that it was not absolutely clear that giving a biased tax rate to incorporation did not serve as a massive encouragement to sole traders to incorporate, then to distribute by dividends, is not a fair comment.

In view of the debate, I beg to ask leave to withdraw the amendment, but I urge my right hon. and hon. Friends to vote against the clause, given the whole background to it.

Amendment, by leave, withdrawn.

Question put, That the clause stand part of the Bill:—

The Committee divided: Ayes 280, Noes 186.

Division No. 150] **[8:47 pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Best, Harold
Betts, Clive
Blackman, Liz
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, Russell *(Dumfries)*
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Paul *(Gillingham)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cook, rh Robin *(Livingston)*
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Milburn, rh Alan
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Primarolo, rh Dawn
Prosser, Gwyn
Purchase, Ken
Quin, rh Joyce
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Wills, Michael
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Jim Murphy and
Mr. Fraser Kemp

NOES

Allan, Richard
Ames, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burt, Alistair
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Collins, Tim
Conway, Derek
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Marsden, Paul *(Shrewsbury & Atcham)*
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Osborn, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paisley, Rev. Ian
Paterson, Owen
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Tredinnick, David
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Winterton, Ann *(Congleton)*
Wishart, Pete
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. David Ruffley and
Mr. Geoffrey Clifton-Brown

Question accordingly agreed to.

Clause 28 ordered to stand part of the Bill.

Schedule 3 agreed to.

Clause 57

INTRODUCTION

Question proposed, That the clause stand part of the Bill.

7 pm

Mr. Prisk: Mr. Deputy Speaker—

The Chairman of Ways and Means (Sir Alan Haselhurst): Order. I remind hon. Members that when we are in Committee, the correct forms of address to the Chair, which apparently have not been widely observed today, are "Mr. Chairman" or by name.

Mr. Prisk: Thank you, Sir Alan.

Clause 57, together with schedules 11 and 12, introduces fundamental changes to the running of the construction industry scheme, which is a special tax deduction scheme that reflects what one might describe as the traditional cash basis of the construction industry. The changes that the Government propose have significant ramifications for subcontractors—

The Chairman: Order. I am sorry to interrupt the hon. Gentleman again. May I ask members of the Committee who are not staying for the debate to withdraw and have their conversations elsewhere, as they are disturbing those who are taking part?

Mr. Prisk: You are very kind, Sir Alan.

The revisions that the Government propose, which will affect subcontractors, mainstream contractors and deemed contractors, include stiff penalties for non-

compliance once the new scheme commences in April 2006. Conservative Members welcome the extensive consultation that the Treasury has engaged in on this complex matter. It is clear from my discussions with, among others, the Construction Confederation and the British Property Federation that the final proposals make important concessions to the concerns of those affected. We welcome that.

As I understand it, the Government have set out three broad aims that they feel that the revised scheme should meet: first, that it should reduce the regulatory burden of the scheme on construction businesses; secondly, that it should improve construction businesses' compliance with their tax obligations; and thirdly, that it should help construction businesses to get right the employment status of their workers.

In judging the Government's plans, we sought to measure them not only against those aims, but against several practical concerns in the industry. The first main change that is proposed is that subcontractors who are holders of valid CIS4 registration cards, or CIS5 or CIS6 gross payment certificates, on 5 April 2005 will be automatically migrated to the new scheme. Indeed, a unique taxpayer reference number, or UTR, will be allocated to each subcontractor, which will dispense with the need for them to hold cards after the relevant date.

Secondly, the current system of registration cards, certificates and vouchers will end on 5 April 2006, to be replaced by a verification procedure via the telephone or correspondence or over the internet. Will the Minister confirm that this verification procedure will not apply to contractors who make a payment after the beginning of the new scheme, but who have made a payment to the subcontractor in the current or previous two years?

In the absence of the detailed rules, which will be introduced in secondary legislation, it is quite difficult to assess how bureaucratic this process could prove to be. Can the Minister provide the House with some assurances as to the scope and length of those rules, and will she tell us what progress has been made on their preparation?

David Taylor (North-West Leicestershire) (Lab/Co-op): I should declare an interest in this matter, in that, in a past life, I dealt extensively with subcontractors in the construction industry. Does the hon. Gentleman believe, as I do, that despite the very welcome rationalisation of the structure of payment for subcontractors, the burden for very small subcontractors of employment status verification checks will be very significant? Medium-sized and larger companies will be set up and able to carry out the checks routinely, but the smaller firms will not. Some of them could have their future jeopardised, if we are not very careful indeed.

Mr. Prisk: As usual, the hon. Gentleman makes a very good point, and it is one to which I am very sensitive. We must ensure that the smallest of our enterprises—this might be difficult for the Government to see, let alone to understand—which are trying to ply a legitimate trade are able to do so, particularly in the construction industry, where they might have, shall we say, less legitimate competitors. I would like to add a further question to the Minister. What rights of appeal will there be in cases involving genuine mistakes?

Through the periodic returns, contractors will have to verify the employment status of subcontractors, which they will do by certifying that none of the payments in the return relate to a contract of employment. There will be a penalty of £3,000 in cases of non-compliance. I understand that the Revenue will be providing a web-based tool to help contractors to decide whether a subcontractor is employed or self-employed. However, in the light of the previous debate and many other discussions that we have had on employment and self-employment, and given Treasury Ministers' own considerable difficulty in being able to apply their highly academic minds to the question of who is and who is not self-employed, does the Paymaster General not recognise that asking small contractors to make these assessments could prove an excessive burden to people who are, after all, not employment lawyers?

Further to those points, the industry has highlighted a number of practical issues, to which I shall refer briefly. First, there is the question of the registration of subcontractors for gross payment, to which the clause refers. The draft regulations currently prescribe a minimum turnover test of about £30,000. Does the Paymaster General accept that this could prove to be an issue for some of the smaller businesses that we were discussing earlier? Is she therefore prepared to reconsider that figure?

Next, we come to the impact of the scheme's compliance test on joint ventures and special-purpose vehicles. In order to register for gross payment, subcontractors will need to meet a compliance test and a turnover test. This could prove quite an issue for joint ventures and SPVs that cannot qualify for a certificate under the current rules, even though their members have exemption certificates. The danger is that this measure could affect private finance initiative schemes, if a joint venture or SPV were set up and gross payment status could not be achieved because there was insufficient turnover in that entity. Will the Paymaster General assure us that the Government will be able to accommodate such joint ventures and SPVs, given the practical difficulty that I have described?

Next, we come to the individual verification for each legal entity. Under the current rules, a parent company or managing agent can inspect the certificates held by a subcontractor, and is able to do so on a once-only basis in relation to one certificate. That allows them to satisfy themselves that any company within a group is appropriately registered. The new rules that we are discussing prescribe individual verification for each legal entity, not per group. Clearly, that is far more onerous than the situation at present. Can the Paymaster General tell us whether that is strictly necessary?

Lastly, the strict application of the compliance test provides for one mistake, and the certificate will then be removed, admittedly subject to appeal. There is a real danger that that could penalise innocent errors, especially during the initial year or so, as the new scheme is introduced. Has the Paymaster General considered whether there is a case for a three strikes rule? Can she set out exactly what she means in the legislation by the term "reasonable excuse"?

In updating the scheme, and this clause, it is extremely important that the balance is struck carefully between tackling systematic tax avoidance and creating such a

[Mr. Prisk]

bureaucratic burden for legitimate companies that their costs rise and they find themselves undercut by black market firms. If that happens, it would be bad for the construction companies, their clients and customers, and for tax revenue. In that context, I hope that the Paymaster General will respond positively to the points that I have raised.

Dawn Primarolo: In responding to the hon. Member for Hertford and Stortford (Mr. Prisk), I need to point out a couple of things.

First, the scheme for which we are legislating was introduced by the previous Government in 1995. That scheme came under sustained criticism for its complexity with regard to implementation of the arrangements. After long discussions with the industry, to remove some of what were perceived as, and what were, burdens on the industry—which I shall explain briefly—it was agreed that the Revenue would move to an electronic system.

In relation to clause 57 and the rest of the clauses with some small changes that are beneficial to the construction industry, many of the arrangements are the same as those for the existing scheme. At this time, the Government have not made any significant changes to the scope of the scheme, as regards either who or what is within it. The hon. Gentleman could therefore have asked the same questions in 1995 of the Conservative Minister at that time. The issue at present is how we can try to move forward.

Some form of scheme has been existence for more than 30 years, and that is because the industry has a poor record in complying with its tax obligations. Unfortunately, that has not changed much. But the world has of course moved on, and more businesses want to engage with government electronically and move away from paper records, and the revised scheme facilitates that. It is the same scheme, but it moves away from paper towards electronics, as the industry wanted. The current paper-based scheme of certificates, cards and vouchers will therefore be replaced by a scheme that offers an Inland Revenue-run verification service, which will inform contractors how they are to be treated in relation to particular subcontractors, and which will inform the contractor if that subcontractor's status changes.

David Taylor: On a number of occasions, the Paymaster General has referred to consultation with the industry. I assume that by that she means consultation with the construction industry in the narrowest sense. I would be happy to hear whether that consultation included links or liaison with the accountancy firms who more commonly speak for the very small subcontractors and contractors in the construction industry rather than the formal organisations.

7.15 pm

Dawn Primarolo: Consultation is being undertaken not just with advisers from the industry, but with trade unions and trade bodies both large and small. Lately there have been discussions with the Federation of Master Builders, representing the smallest firms. My hon. Friend is right to draw attention to the disproportionate impact on the smallest businesses as a result of turnover tax. The turnover test causes them some concern. Things would be much easier if we could have "deemed employment", which would enable us to know immediately whether someone was genuinely self-employed or on PAYE. That is at the heart of this scheme.

The hon. Member for Hertford and Stortford asked about the verifying of payments made during the transition. Clause 77 excepts a contractor from the requirement to verify a subcontractor if a payment has been made in the current or previous two tax years prior to the transition. The hon. Gentleman also asked about penalties. When a penalty is imposed for a compliance failure such as a late return, the usual rights of appeal will apply.

As for the completing of an employment declaration, contractors are currently required to ensure that they engage people on the correct basis. If they are employees, the contractor should operate PAYE. The declaration merely underlines the importance of considering employment status, which has supposedly been part of the operation of the scheme for some time.

Both the hon. Gentleman and my hon. Friend the Member for North-West Leicestershire (David Taylor) mentioned the turnover test, which currently protects the tax flow to the Exchequer. The Government have agreed to consider with the industry other options that might provide the same protection.

The regulations are currently out for consultation. As the hon. Gentleman says, the details will need to be examined closely. When we have received the submissions, we will note comments and changes that might be made to the regulations. They will be recirculated for consultation with the industry. The industry is currently responding fairly, as is often the case when issues such as this are involved. They can see that there is a problem, but they do not know what the solution is, and they do not like the solution favoured by the Government .

It is a bit like the issue of tax stamps, if I dare return to that long debate. It is incumbent on those who want to engage in constructive consultation with the Government, and in the improvement of schemes, to come up with solutions as well as criticism. I hope that, on that basis, the House will support the clause.

Question put and agreed to.

Clause 57 ordered to stand part of the Bill.

Clauses 58 to 64 ordered to stand part of the Bill.

Schedule 11 agreed to.

Clause 65 ordered to stand part of the Bill.

Clause 66

CANCELLATION OF REGISTRATION FOR GROSS PAYMENT

Mr. Laws: I beg to move amendment No. 40, in page 68, line 25, after 'it', insert

'twice within a period of five years'.

The aim of the amendment is to clarify one small aspect of the construction industry scheme, and clause 66 in particular. The concern is that subsection (1)(b)

appears to be quite draconian, as just one error could lose a subcontractor his certificate. The preferable alternative suggested in the amendment is that an error in two returns in a five-year period would trigger the loss of the certificate. Another alternative is to introduce the concept of some type of serious error, although that introduces subjectivity and presumably the Government would need to define "seriousness" in terms of the amount of money lost.

Subsection (8) provides that, if the gross payment registration is cancelled, the person may not reapply for gross payment status within one year of the cancellation taking effect. The subcontractor must, however, be registered for payment under deduction. I hope that the Paymaster General will clarify whether the draconian interpretation of subsection (1)(b) is merited, or whether we are missing something that will satisfy us that our concerns are not justified.

Dawn Primarolo: The hon. Gentleman asks for reassurance about the regulation-making powers. I think that he interprets in an unnecessarily draconian fashion the conditions under which registration would be withdrawn.

The clause provides for regulation-making powers. The regulations, which are subject to discussion, will require the return to contain a declaration to the Inland Revenue. Without wishing to anticipate exactly what the industry may say, I think that I can assure the Committee that the declaration will be subject to the "two strikes" point that the hon. Gentleman made. It will require the contractor to confirm that he has properly considered employment status.

Therefore, I do not think that the hon. Gentleman need worry. I wonder whether he will consider looking at the regulations when the consultation has been completed. I will happily forward them to him, so that he will be able to reassure himself and those outside the Committee, who clearly have a concern.

Mr. Laws: I am grateful to the Paymaster General for that clarification. Obviously, there will be an opportunity to look at the regulations to establish precisely how the Government have defined the penalties. With that reassurance from the right hon. Lady, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 66 ordered to stand part of the Bill.

Clauses 67 to 69 ordered to stand part of the Bill.

Clause 70

PERIODIC RETURNS BY CONTRACTORS ETC

Mr. Laws: I beg to move amendment No. 41, in page 70, line 44, after 'that', insert

'he has taken appropriate steps to confirm that to the best of his knowledge'.

The hon. Member for Hertford and Stortford (Mr. Prisk) has touched on the issue already, as has the Paymaster General. I seek clarification about the intention of the clause, in particular the requirement to say that a contract was not a contract of employment. The Paymaster General will understand why people are concerned about having to sign up to that requirement and the uncertainty that there may be in some circumstances. The amendment invites her and the Government to make a judgment about the intention and the information available, rather than to pursue a particularly draconian approach. I hope that she can reassure us that this provision will be interpreted sensibly, too.

Dawn Primarolo: Again, as with the gross payments to which amendment No. 40 referred, what is important on the question of the declaration is that we have a workable scheme. On both the gross payment and the declaration, we are seeking, in conjunction with the industry, to ensure that we have regulations and rules that are achievable and carry a disincentive for those who seek deliberately not to comply but that, equally, are sensitive enough to recognise that sometimes errors are genuinely made. It will be important to ensure that in the operation of the scheme and the regulations—this applies to declaration as well as to gross payments—that balance is correctly achieved.

Again, I am happy to make sure that the hon. Gentleman receives information on that, if he is particularly interested in the consultations and how the matter will be handled. However, I can tell him and the Committee of the whole House this evening that the issue is proceeding with the industry in a reasonable and constructive manner, and I am therefore confident that there will not be the kind of unwelcome and draconian side-product that the hon. Gentleman has identified. I hope that he will bear with us a little longer and, rather than press his amendment, see the outcome and the draft regulations. If he is still not happy then, of course he will be able to return to the matter at a later stage.

Mr. Laws: I am grateful to the Paymaster General for that clarification. It is clear that the Government's intention is similar to ours, so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Clause 70 ordered to stand part of the Bill.

Clauses 71 to 76 ordered to stand part of the Bill.

Schedule 12 agreed to.

Clause 77 ordered to stand part of the Bill.

To report progress and ask leave to sit again.—*[Charlotte Atkins.]*

Committee report progress; to sit again tomorrow.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation).

IMMIGRATION

That the draft Accession (Immigration and Worker Registration) Regulations 2004, which were laid before this House on 25th March, be approved.

COMPETITION

That the draft Competition Act 1998 (Land Agreements Exclusion and Revocation) Order 2004, which was laid before this House on 19th April, be approved.

That the draft Competition Act 1998 and Other Enactments (Amendment) Regulations 2004, which were laid before this House on 31st March, be approved.

That the draft Competition Act 1998 (Determination of Turnover for Penalties) (Amendment) Order 2004, which was laid before this House on 31st March, be approved.—*[Charlotte Atkins.]*

Question agreed to.

EUROPEAN COMMUNITY DOCUMENTS

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (European Standing Committees),

Marketing of Sweet Corn from Genetically Modified Maize

That this House takes note of European Document No. 5916/04, draft Council Decision authorising the placing on the market of sweet corn from genetically modified maize line Bt11; and supports the Government's view that the sweet corn meets the necessary requirements for authorisation under Regulation (EC) No. 258/97.—*[Charlotte Atkins.]*

Question agreed to.

STANDING COMMITTEES

Motion made, and Question put forthwith, pursuant to Standing Order No. 117(6) (Standing Committee on Regional Affairs).

Standing Committee on Regional Affairs

That—

(1) the matter of regional economic performance and the northern way, being a matter relating to regional affairs in England, be referred to the Standing Committee on Regional Affairs;

(2) the Committee do meet at a quarter-past Two o'clock on Tuesday 15th June at Westminster to consider the matter referred to it under paragraph (1) above; and

(3) the proceedings at the meeting be brought to a conclusion at a quarter-past Five o'clock.—*[Charlotte Atkins.]*

Question agreed to.

BUSINESS OF THE HOUSE

Ordered,

That, at the sitting on Wednesday 5th May—

(1) notwithstanding the provisions of paragraphs (2)(b) and (2)(c)(i) of Standing Order No. 14 (Arrangement of public business), proceedings on Opposition business may continue for three hours or until Four o'clock, whichever is the later, and shall then lapse if not previously disposed of; and

(2) proceedings on the Motion for the adjournment of the House relating to Genetically Modified crops may continue, though opposed, for three hours or until Seven o'clock, whichever is the later, and shall then lapse if not previously disposed of.—*[Charlotte Atkins.]*

PETITION

Education and School Equipment

7.29 pm

Mrs. Patsy Calton (Cheadle) (LD): I bring to the House a petition of 519 signatures, collected by the students of Cheadle Hulme college as part of their activities for the global campaign for education. It states:

To the House of Commons.

The Petition of the parents, staff and students of Cheadle Hulme college, of Woods Lane, Cheadle Hulme, in Cheadle constituency declares

That parents, staff and students regard education as a basic human right and the key to raising people out of poverty, and believe that school equipment is important for this.

The Petitioners therefore request that the House of Commons urge Her Majesty's Government to introduce legislation to provide funding for school equipment for free compulsory public education globally, and in particular for children and women and all disadvantaged and deprived sections of society.

And the Petitioners remain, etc.

To lie upon the Table.

Bury Metropolitan Borough and Rossendale District Councils

Motion made, and Question proposed, That this House do now adjourn.—*[Charlotte Atkins.]*

7.30 pm

Mr. David Chaytor (Bury, North): I am pleased to have this opportunity to discuss the future relationship between Bury metropolitan borough council and Rossendale district council. In general terms that relationship is very good; our concern is the future, following what we hope will be a successful outcome to the referendum on regional government. Relationships between Members of Parliament representing constituencies within the two local authority areas are of course good, although we do have our moments and our disagreements. The issue that I want to raise tonight concerns one such disagreement.

As you will know, Mr. Deputy Speaker, the Government are committed to referendums on regional government in three of our regions, which will take place in the autumn of next year. If there is a yes vote in the referendum in the north-west, as I dearly hope there will be—my colleagues and I are confident that we will achieve such a vote—boundary changes will be necessary in parts of the region. It is the boundary change affecting parts of south-east Lancashire that concerns my local authority of Bury metropolitan borough council.

The boundary committee was charged with making initial recommendations for future boundaries, consequent on regional government. In December 2003, the committee produced its report on all the possibilities and made its initial recommendations. In terms of the area adjacent to my local authority, the committee considered four options for reorganising the south-eastern part of the current Lancashire county council area. One option was a very large unitary authority covering most of the existing area of Lancashire county council; a second option was a very large unitary incorporating Blackburn, Burnley and Rossendale; a third option was a smaller unitary incorporating the existing boroughs of Burnley, Pendle and Rossendale; and a fourth option involved amalgamating Bury metropolitan borough council and Rossendale district council.

The boundary committee recommended two of the four options. There was a further consultation period, and the committee will produce its final report at the end of May—in other words, within the next four weeks. The committee has to suggest at least two options. According to my understanding of the relevant legislation, the ballot paper must provide at least two options, but it could provide three. My intention tonight, therefore, is to argue the case for the option of a merger of Bury metropolitan borough council and part of the existing Rossendale district council.

First, we felt that the boundary committee did not fully examine the merits of the case for Bury. We were concerned that it dismissed the Bury option by basing its judgment on outdated information from the Audit Commission about the performance of Bury local authority. The assessment of 2002 was used, which was itself based on statistical information and performance indicators from earlier years. It has now been superseded. It is important to put clearly on the record that, although the boundary committee was concerned about Bury's designation by the Audit Commission as a "weak" authority, that is no longer the case. In fact, in 2003, the Audit Commission congratulated Bury on being the fastest improving local authority in the country. Its designation was improved to "fair"; at the moment its latest designation is a matter of negotiation and discussion with the Audit Commission. Bury is confident that it will be designated a "good" authority in the very near future.

We were also concerned about the boundary committee's other options. If the option to create a very large local authority—involving Blackburn, Burnley and Rossendale—were accepted, it would be the largest unitary authority in the country. Its population would be bigger than that of any of our regional cities, other than Birmingham. That option did not seem terribly realistic or to have widespread support among the constituent communities.

As to the Burnley, Pendle and Rossendale option, it had a logic and it was important to put it before the electorate, but the boundary committee made the point that there were no natural or automatic links between all of the borough of Rossendale and Burnley and Pendle.

I want to summarise the case for Bury and urge the Government to give serious thought to it. I hope that the boundary committee will, in its final deliberations before it publishes its report at the end of May, also revisit the case for Bury. The fact is that part of the existing Bury metropolitan district council—the town of Ramsbottom, an important, beautiful and historic town in my constituency—was, prior to 1974, within the former Lancashire county council, and it is firmly located geographically within the Rossendale valley. The links between Ramsbottom at the northern end of Bury and the rest of Rossendale are good. It is quicker to drive from the centre of Rossendale to Ramsbottom than it is to Burnley or Blackburn. There is a steam rail link between Ramsbottom and Rawtenstall, and it is probably quicker to get by bus from the centre of Rossendale to the centre of Bury than it is to either Burnley or Blackburn. My first point, then, is that the geographical and transport links between most of Rossendale and Bury are good.

I would also point out that the boundary committee, in its report of December 2003, had some concerns about the options that it finally recommended. It states, for example:

"We have identified some drawbacks to a Burnley, Pendle and Rossendale unitary authority . . . we have reservations over the current performance of the constituent districts and their ability, when combined, to provide for a high performing unitary authority . . . we note that there is little conclusive evidence of a strong community of interest between Rossendale and the boroughs of Burnley and Pendle . . . The research in Rossendale"—

research on public opinion—

"shows that residents are more likely to travel to neighbouring Bury".

The boundary committee report went on to say:

"We note that the MORI research"—

carried out by the opinion polling company—

"shows that some residents in Rossendale associate themselves with Bury and that many residents visit Bury for clothes and household goods shopping. We also note that there are good

[Mr. David Chaytor]

communication links between the two boroughs, which are connected via the M66. We are aware that there are some similarities between the two boroughs in terms of social, demographic and economic make up."

Clearly, the boundary committee was itself a little sceptical about some of the arguments in favour of the options that it recommended. It was also very supportive of much of the case that Bury made—and it is important to have that on the record.

The main point that I want to get across in this debate is that Bury metropolitan district council has significantly raised its level of performance in recent years. The 2002 Audit Commission assessment was critical, but much has happened since. Earlier, I said that Bury was described by the Audit Commission as the fastest improving local authority in Britain last year. Its education authority was listed as the fourth most effective and successful in the country, and its social services and housing departments were awarded two stars.

In addition, Bury's libraries and recreation department has moved from the low end of the three-star designation to the high end. That is exactly as good as the achievement recorded in the highest performing unitary authority in the country. It is very important that all those very significant improvements in Bury's performance are recognised.

In social services, Bury may be the best performing authority nationally in terms of discharges from hospitals. That is a very important indicator. Bury has also increased dramatically the number of households of elderly people receiving intensive home care—one of the most important services for ordinary people.

The improvement in the efficiency of Bury's administration of housing services is shown by the fact that it has achieved a dramatic increase in the percentage of rents collected. Rent arrears have been reduced, and tenants' satisfaction has improved. The efficiency of the council's void management is demonstrated by the fact that average re-let times have been cut almost in half, while benefit processing times have fallen by about 30 per cent.

Similar improvements are evident in other areas of performance. Some years ago, the use of recycling in waste disposal was on a downward trend, but it is now at 6 per cent. and on the up: 28,000 homes in the borough now benefit from doorstep collection and a green waste scheme.

Bury's scores for general management performance are also very high. Its robust scrutiny frameworks for monitoring best value improvement plans and for the biannual monitoring of target performance indicators have been commended. Overall, there has been an 80 per cent. improvement in the past year in its performance indicators. In addition, Bury's strategy for information, communications and technology is based on an investment of £3 million in new systems from 2005.

The town has a record of innovation. Bury is one of the smallest metropolitan districts in the country, but it was the first to adopt a climate change strategy.

Although it is small, Bury is famous for its shopping centre, and its market is a great attraction, being the busiest and best in the north-west of England. The town's shopping centre is also attractive to many residents in Rossendale. As a result, a major redevelopment of the centre is being negotiated that will cost the best part of £150 million.

The boundary committee report of December 2003 did not pay sufficient attention, or do justice, to the achievements and improvement in performance of Bury council. It is a question not only of the scores currently being achieved, but of the council's ability to sustain the improvement. That is a matter of great importance to the Audit Commission. Being a county district, Rossendale does not have experience of the delivery of the major service areas of education and the social services, but Bury's capacity to sustain the improvements in those areas is also highly commended by the Audit Commission.

This is a difficult matter, about which my hon. Friends the Members for Rossendale and Darwen (Janet Anderson) and for Hyndburn (Mr. Pope), who represent the Rossendale area, do not agree with me. Rossendale borough council has taken a different view, although the new leadership will accept whatever the outcome of the final reorganisation decision, which shows great openness.

There has been criticism of the extent to which the people of Rossendale have been engaged in the debate about the council's decision. There is concern that the council made up its mind—understandably, its preferred option is the link with Burnley—and did not take on board all the opinions of all the people in Rossendale. I merely report that there has been criticism that the results of some debates in the area forums that were held were not reported back in their entirety to the full council.

There is a feeling, which my hon. Friends may confirm and which is certainly reflected in the local press, that as the months have gone by and the debate has gone on, more people in Rossendale have come round to seeing the case for Bury as a viable option and have expressed the view that they would like a vote on the matter when the time comes.

I must comment in passing on the Conservatives in Rossendale—there may be only three of them, but they still represent a substantial body of opinion—by highlighting an interesting article from the *Rossendale Free Press* of last November, which said that the Conservatives backed the link with Bury. It says:

"Let's link up with Bury, say the Tories."

Quite how they will reconcile their support for boundary reorganisation involving a merger with Bury with campaigning against regional government is beyond me, but that is a hopeful sign that Conservatives in the north-west will also back regional government as a prerequisite step to obtaining the local boundary change that they want.

Opinion varies among people in Rossendale. In a borough of such disparate communities, we will never find an exactly uniform voice. There will be differences between those in the north, the west, the east and the south. However, arguments in favour of Bury have been made by local people. A submission from a body of local people to the boundary committee makes the specific point that as the months have gone by there has been evidence in Rossendale of growing public interest in and support for the Bury option. That growing support is

based on a number of factors, including the costs of change. Another is the fact that Bury, as a metropolitan district, is already running education and social services, which would make it easier to absorb education and social services in Rossendale without the costly and difficult problem of recruiting new staff from the former county council. The infrastructure is already there, as is the record of achievement. There is concern about minimising disruption, and the Bury option would do that.

In terms of the impact on council tax payers, Bury has historically had modest levels of council tax. It was recently praised for having the lowest council tax among metropolitan districts, and it rates highly in the national index of cost-effectiveness. A MORI telephone poll in the later part of last year indicated that Rossendale citizens as a whole identify more with Bury than with any other neighbour. There is one more important fact: of all the neighbouring boroughs with an interest in the matter, only Bury has proactively tried to market its proposals, which is appreciated by some of the body of opinion in Rossendale. Bury is enthusiastic about the potential for merger; Bury is confident about arguing its case and has put a lot of effort into putting that case before the people of Rossendale. Therefore, Bury feels aggrieved that, as matters stand, the Bury option will not be on the ballot paper.

The future of the boundaries in that part of south-east Lancashire is of great interest to many people. At the moment, two options are on the table, one of which is generally considered to be unrealistic. Therefore, the choice for the people of Rossendale is limited. The position of Bury metropolitan district council has been slightly revised since its original attempt to argue the case for a whole merger. The revised submission was sent to the boundary committee in January and further discussions were held in February. Bury council now accepts the logic of a small part of Rossendale being absorbed into neighbouring Rochdale—one of the boundary committee's recommendations. The council also accepts the logic of another part of Rossendale being absorbed into the district of Burnley. Therefore, Bury's current plea is that a revised option, under which Bury would be linked with the Rawtenstall and Haslingden parts of Rossendale, should be on the ballot paper. That would be advantageous, because that option could mean the division of Rossendale partly into Rochdale, with which it has a close community connection, and partly into Burnley to the north, with which it also has a close connection, but the remainder into Bury to the south. That option could achieve the widest consensus among people across Rossendale. Those in the north with an affinity for Burnley could vote for the link of their part of Rossendale with Burnley, those near Rochdale could vote for the link with Rochdale and those who have the strongest identification with Bury could vote for the link with Bury.

The boundary committee needs to consider carefully the revised case that Bury metropolitan district council has put forward. It is not a clear-cut issue, and all the options have pros and cons. However, I wish to ensure that the case for Bury gets a fair hearing and, when we move to the vote on boundary changes—after the successful referendum on regional government—that the people of Rossendale will have a fair choice between two or three viable options.

7.52 pm

Janet Anderson (Rossendale and Darwen) (Lab): I thank my hon. Friend the Member for Bury, North (Mr. Chaytor) for allowing me to speak in this debate for what will necessarily now be a very brief time. He has put forward an interesting proposal, but I am astonished that he has done so. I am especially surprised because my hon. Friend is no stranger to the Rossendale valley. He of all people should therefore understand that rural Rossendale and urban Bury have very little in common.

Recent research on behalf of the boundary committee found that 68 per cent. of Rossendale residents feel strongly about belonging to Rossendale. Some 71 per cent. feel strongly about belonging to the county of Lancashire and 71 per cent. have stated a preference for one of the options put forward by the boundary committee. I must also refute my hon. Friend's allegations that Rossendale borough council has not undertaken the widest possible consultation: it has. In fact, only 4 per cent. of residents expressed a preference for another option. In any case, there is no other option. The third option exists only in the fertile imagination of my hon. Friend. Our priority must be the delivery of services and effective local government for the people of Rossendale.

Rossendale council gives the highest priority to the improvement of its delivery of services. The September 2002 corporate governance report found that the council delivered unacceptably poor services at high cost. That has been followed up by the recent comprehensive performance assessment process, which has identified Rossendale borough council as poor, although it is now making significant improvements. However, Bury council, as my hon. Friend has stated, has recently moved up from "weak" to "fair" in the comprehensive performance assessment. He can argue that that a "fair" assessment is unfair, but that is the assessment at the moment. By contrast, both Pendle and Burnley are already rated as "good". We consider that these ratings and the sustained quality of service that they represent form a sound basis for the delivery of high performance in a new unitary authority of Rossendale, Burnley and Pendle. That is why the controlling Labour group on the council has been unanimous for a Burnley, Pendle and Rossendale authority, and that is why the majority of councillors of all parties support that option. My hon. Friend referred to Conservative support, but only three Conservative councillors gave that support.

I urge the Minister to listen to the people of Rossendale and to consign this madcap fantasy to the dustbin where it rightly belongs.

7.55 pm

Mr. Greg Pope (Hyndburn) (Lab): I shall be very brief. If we wanted evidence for what a madcap scheme merging Bury with Rossendale would be, it is provided by the fact that the idea is supported by three Rossendale Conservative councillors.

There is a compelling case for unitary local government in east Lancashire, and I hope that the Minister will take on board the good case for decoupling it from regional government. Unitary authorities are a good idea or they are not—I think that they are. There

[Mr. Greg Pope]

is a strong case for a unitary east Lancashire authority, but I take the point of my hon. Friend the Member for Bury, North (Mr. Chaytor) that such an authority may be too large. In that case, there is a compelling case for a unitary authority of Burnley, Pendle and Rossendale.

The people I represent in Haslingden do not want to be run from Bury. I do not think that my hon. Friend has made a case and, as time is short, I shall leave it at that. However, I hope that the Minister and the boundary committee will take note of the fact that the people of Haslingden do not want to be run from Bury.

7.56 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): In the short time allowed to me to reply, I shall congratulate my hon. Friend the Member for Bury, North (Mr. Chaytor) on securing the debate and on enabling my hon. Friends the Members for Rossendale and Darwen (Janet Anderson) and for Hyndburn (Mr. Pope) to participate, however briefly.

The Government are committed to offering the people of the north-west the choice of establishing an elected regional assembly, and we have had many debates in the House on the benefits that such an assembly would bring. We have made it clear that elected regional assemblies will draw most of their powers from central Government, their agencies and quangos, and not from local government. However, there will be implications for local government. If a region establishes an elected assembly, it will also move towards wholly unitary local government. If we left things as they are, elected assemblies would add a third tier of elected government below the national level. That would be a tier too many.

I have listened carefully to the arguments of my hon. Friend the Member for Bury, North and to those made by hon. Members in favour of alternatives. The boundary committee has been charged with recommending the options that can be put to voters in any local government referendum. The Secretary of State cannot add "options" that are not recommended. The only power that the Secretary of State has is to accept, reject or modify the committee's recommendations. Much will depend on the recommendations put to us, but in most circumstances the scope for modification is limited. A modification cannot materially alter the essence of the recommendation.

Once the Secretary of State has received the committee's final recommendations, which may include options different from the draft recommendations that are currently being considered, there will be a further opportunity for interested parties to make representations to the Secretary of State for a period of up to six weeks. I can therefore assure my hon. Friend and all colleagues in the House that any comments that they wish to make at that stage will be considered, along with any other representations received, before any order stating the local government options to be included in the referendum is made.

I emphasise that the judgments as to what options can be brought forward are judgments to be made by the boundary committee, having regard both to the need to reflect the identities and interests of local communities and to secure effective and convenient local government. The judgments must also conform to the guidance issued by the Secretary of State. While the boundary committee undertakes the reviews, the Government play no part in the process. Clearly it would not be appropriate for me to comment until the boundary committee's final recommendations are made. The Government will take no view of any prospective scheme for reorganisation until we receive the final recommendations from the boundary committee in May.

Although I have not be able to tell my hon. Friend the Government's position on any of the proposals that are being discussed, he and other hon. Members will have the opportunity to make representations once the boundary committee brings forward its recommendations.

Question put and agreed to.

Adjourned accordingly at one minute to Eight o'clock.

House of Commons

Wednesday 28 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

MESSAGE FROM THE QUEEN

DOUBLE TAXATION RELIEF

The VICE-CHAMBERLAIN OF THE HOUSEHOLD reported Her Majesty's Answer to the Address, as follows:

I have received your Address praying that the Double Taxation Relief (Taxes on Income) (New Zealand) Order 2004 be made in the form of the draft laid before your House on 9 March 2004.

I will comply with your request.

Oral Answers to Questions

NORTHERN IRELAND

The Secretary of State was asked—

Decommissioning

1. **Bob Spink** (Castle Point) (Con): What further progress has been made on decommissioning. [167660]

The Parliamentary Under-Secretary of State for Northern Ireland (Mr. Ian Pearson): There have been four acts of decommissioning to date. The latest occurred on 21 October 2003, when the Independent International Commission on Decommissioning reported that it had witnessed a third event in which IRA weapons were put beyond use.

Bob Spink: Following the Independent Monitoring Commission report, does the Minister believe that the fine of £120,000 levied against Sinn Fein was proportionate and reasonable, or does he agree with the overwhelming majority of decent people who reject terrorism and believe that the fine was an inadequate way of promoting decommissioning? Does he further agree that simple common sense and decency suggest that the facilities of the House should now be withdrawn from Sinn Fein?

Mr. Pearson: As my right hon. Friend the Secretary of State made clear last week, there is no equivalence between these matters. The IMC report recommended that action be taken in terms of either salaries or allowances. My right hon. Friend came to a decision on the matter, and made it plain at the time that the step taken showed how much the House condemns the activities that have been going on. As for use of the House's facilities, the Government will keep the matter under review, but it is also something for the House itself consider.

Rev. Ian Paisley (North Antrim) (DUP): The Minister will remember that something went wrong with the decommissioning process in October. The statement that was due to be made was not made. It was argued among the parties involved that certain promises that had been made and given were not kept. Does not the Minister think that the time has come to announce to the House what those promises were? Why have the general public been kept in the dark about this very important matter?

Mr. Pearson: I truly believe that the time has come to move on. The Government have made it very clear that it is time for all paramilitary activity to cease. Both republican and loyalist groups engaged in terrorist activity must understand that. That is the firm view of the British and Irish Governments, and also of the major political parties and the overwhelming majority of people in Northern Ireland.

Mr. Adrian Bailey (West Bromwich, West) (Lab/Co-op): I welcome my hon. Friend the Minister's comments on that matter. Does he agree that, if confidence in the decommissioning process is to be rebuilt, the total cessation of paramilitary activity by both Unionists and nationalists is absolutely essential? What progress is being made in reducing that activity?

Mr. Pearson: I agree with my hon. Friend. Decommissioning is an important part of the agreement, but more needs to happen. There must also be an end to all paramilitary activity. That is what the British and Irish Governments want, and the vast majority of people in Northern Ireland. All the Government's work is geared to securing a stable and peaceful Northern Ireland.

Mr. David Trimble (Upper Bann) (UUP): The Minister has referred to the IMC report and to the need to make progress. Is not the significant thing about the IMC report not the limited sanctions but the clear and unequivocal description that it gave? Did that not provide a very significant springboard for the Government, and should not the Government have rapidly followed up the IMC report by pressing paramilitaries, and republicans in particular, for those acts of completion? Has not the cancellation of the talks planned for tomorrow and Friday been a huge mistake? In the light of the IMC report, surely the Government must realise that they and others cannot proceed with business as usual as if nothing had happened.

Mr. Pearson: Let us be clear that the intensive talks have not been cancelled; they have been postponed. The two Prime Ministers met last week, my right hon. Friend the Secretary of State had meetings with a number of the political parties yesterday, and talks need to continue. The IMC report clearly and graphically demonstrated the level of paramilitary activity that is unfortunately still a regular occurrence in Northern Ireland, but there will be no resolution to this situation, and there will not

be the stable, inclusive institutions that we all want to see, if we do not and are not prepared to get round the table and talk, so we do need to move forward and to engage in talks, and that is what we will continue to do in the coming months.

John Robertson (Glasgow, Anniesland) (Lab): In a democracy the state must have a monopoly on the legitimate use of violence, and the arms of the paramilitary groups must be verifiably put beyond use. Will the Secretary of State and the Minister join me in condemning the latest comments by the president of Sinn Fein that the Independent Monitoring Commission is not really that relevant, and will he remind the paramilitary groups that if they reject the democratic process in this way, the blame for subsequent failure in the peace process will be laid well and firmly at their door?

Mr. Pearson: I believe that the Independent Monitoring Commission is truly independent. It has four distinguished people serving on it, and not one of the many press comments that I have seen responding to its report has really taken issue with the fact that it has produced an accurate report on the current situation in Northern Ireland. We need to keep re-emphasising that all paramilitary activity must cease, and my hon. Friend is absolutely right to point this out and to draw attention to the need for us to move forward on the basis of ensuring that we can eliminate all paramilitary activity. I want to assure him that, as far as the security services and police are concerned, we will do our utmost to continue to bear down on criminal and paramilitary activity and bring the perpetrators to justice.

Mr. Desmond Swayne (New Forest, West) (Con): May I take the opportunity to congratulate the Minister on his thoroughly deserved promotion? It is a matter of great satisfaction. Can he tell us whether it is the Government's policy to use the present improved relations with Libya to discover a full inventory of the arms that were shipped to the IRA? Is that the Government's policy or is it not?

Mr. Pearson: I thank the hon. Gentleman for his words of welcome. From previous meetings that we have had Upstairs, I know that we are going to have a lively time. In response to his question, relations with Libya are clearly a matter for the Foreign Office and I will bring his comments to the attention of the Foreign Secretary.

National Stadium

2. **Mr. John Grogan** (Selby) (Lab): What discussions he has had about the development of a new national stadium in Northern Ireland. [167661]

The Parliamentary Under-Secretary of State for Northern Ireland (Angela Smith): The issue of a national stadium has been around for some time. Recently, however, I invited the Strategic Investment Board to undertake a robust business planning exercise to consider whether a multi-sports stadium to accommodate soccer, rugby and Gaelic games is a long-term, commercially viable proposition. That exercise is now well under way and there are ongoing discussions with the relevant sports bodies and other appropriate interest groups. I am pleased to report that all three sports bodies are co-operating fully with the exercise.

Mr. Grogan: Given the passion for sport that unites all communities in Northern Ireland, and given the fact that England, Scotland and Wales have managed to combine the development of a national stadium with continued support for grass-roots sport, is not my hon. Friend ideally placed to make her ministerial mark and bring this matter to a conclusion during her time in office? Who knows—they may even name the stadium after her if she does that.

Angela Smith: I urge my hon. Friend to be cautious; the Angela Smith stadium is going a bit too far, but I welcome his persistence and commitment on this issue. There are significant difficulties to be overcome, but the right way forward is to look at the business case, and if a sustainable business case can be made the stadium should proceed.

Mr. Jeffrey M. Donaldson (Lagan Valley) (DUP): The Minister will be aware that the Maze prison site is a strategic site for the whole of Northern Ireland, and that there are proposals for the development of the site that include a national sports stadium. Will she give the site careful consideration? With the excellent transport links in the vicinity of the Maze site, it would be a first-class location for a national sports stadium.

Angela Smith: I welcome the hon. Gentleman's advocacy for his constituency. The location of any potential stadium is a matter to be debated. It is important to find a neutral site that gets support from all sporting bodies. I shall take his views into consideration.

Mr. Iain Luke (Dundee, East) (Lab): I echo the sentiments expressed. There has been a public consultation on what should be done with the Maze, and many people would like it used for sports purposes. That would be a sign that we were putting the past behind us and celebrating diversity, as was said in the *Belfast Telegraph* yesterday by Paddy McClean, rather than division, as was the case in the past.

Angela Smith: I welcome my hon. Friend's contribution to the debate, and I am sure that it is welcomed by the hon. Member for Lagan Valley (Mr. Donaldson). The Strategic Investment Board's case must be considered first, and there are significant difficulties to be overcome, including cost and location. Nevertheless, I welcome my hon. Friend's support for the concept.

Mr. Roy Beggs (East Antrim) (UUP): Does the Minister agree that participation in sporting activity not only helps develop physical fitness and good health, but helps bring about reconciliation between people with different political and religious beliefs and between nations? Will she positively support the provision of a national stadium for Northern Ireland in order to encourage more young people to become involved in sport, and to help them and us promote a better image of Northern Ireland internationally?

Angela Smith: I endorse the hon. Gentleman's comments about the benefits of sport. As the Minister with responsibility for health, I agree about the health benefits for young people as a result of being involved in activity. Until a robust business case has been made, it is premature to make a decision about supporting a national stadium. I am very sympathetic, but the involvement of young people in sport should start, whether there is a national stadium or not. I pay tribute to the work being done by the Sports Council, the Irish Football Association and others to encourage young people to become involved in sport.

Ulster Hospital (Dundonald)

3. **Lady Hermon** (North Down) (UUP): If he will make a statement on funding for the Ulster hospital, Dundonald. [167662]

The Parliamentary Under-Secretary of State for Northern Ireland (Angela Smith): The Eastern Health and Social Services Board plans to spend an additional £1.6 million on acute service developments at the Ulster hospital in 2004–05. In addition, my Department has provided £2,865,000 to support capital development at the hospital in 2004–05. As the hon. Lady knows, a major redevelopment programme is under way and the overall long-term development is expected to cost approximately £200 million. The next phase will provide additional ward capacity, the expansion and upgrading of services, and a new renal unit with 30 haemodialysis stations.

Lady Hermon: I am grateful to the Minister for that helpful and informative reply. Will she go a little further and tell the House how she proposes to deal with the serious issue of low staff morale at the Ulster hospital on account of inadequate funding there?

Angela Smith: An indication of the additional funding that is being put into the hospital and locality equity are important for staff morale. We will do everything that we can, both at a personal level and in the Department, to show the staff who work in our hospitals that we greatly value their work. I pay tribute to the staff at Ulster and other hospitals, who, as the hon. Lady knows, have recently had difficult circumstances to deal with as a result of a nasty stomach bug. The way the staff responded to that in the interests of patients must be recognised and praised.

Mrs. Iris Robinson (Strangford) (DUP): The Minister will be aware that the chief executive of the Ulster Community and Hospitals Trust resettled patients without dedicated funds during the recent outbreak of gastroenteritis at the hospital in an effort to reduce the number of patients in the delayed discharge category. Will the Minister assist with additional funding for the return to community care of patients whose discharge was brought forward to minimise the spread of the superbug?

Angela Smith: The whole House should be aware of the tremendous effort that has been made not only by the Ulster hospital, but by others, including the Royal Victoria hospital, which have seen the implications of what is happening. We have already provided £7 million of additional funding this year to deal with delayed discharges. We would certainly consider any request for additional funding, but it is important to put on record the additional work that is being done. The closure of 11 wards in a hospital puts tremendous pressures on staff and patients. I pay tribute to those who have undertaken the work involved.

Independent Monitoring Commission

4. **David Taylor** (North-West Leicestershire) (Lab/Co-op): What role the report of the Independent Monitoring Commission will play in the future of the decommissioning process. [167663]

The Secretary of State for Northern Ireland (Mr. Paul Murphy): The Independent International Commission on Decommissioning and the Independent Monitoring Commission are separate bodies with distinct functions, both of which play a vital role in the process. The decommissioning commission's objective is to facilitate the decommissioning of firearms, ammunition, explosives and explosive substances, while the responsibility of the monitoring commission is to report on ongoing paramilitary activity and progress on implementing security normalisation measures.

David Taylor: The whole House will have welcomed an IMC report that has helped to illuminate some of the bleak and dark recesses of recent paramilitary violence and criminality in Northern Ireland. Does the Secretary of State agree that the IMC now has a vital and continuing role to play in helping to get the gun out of Northern Ireland politics, and that those politicians who have any influence over the paramilitaries must now urge them to disarm and to use only the ballot box, and not the bullet, to achieve social and political change?

Mr. Murphy: I could not agree more with my hon. Friend. He is right to point to the ongoing work of the Independent Monitoring Commission, which will report in six months' time. I hope that we will then be in a position in which we can move forward. In the meantime, the details of the report are such that everybody in Northern Ireland now knows that paramilitary activity is at a level that is completely unacceptable in a civilised society and that it has to stop. Until it stops, it will remain an obstacle to the peace process.

Mr. Peter Robinson (Belfast, East) (DUP): Will the Secretary of State address the issue of sanctions? It is clear that only one of the paramilitary organisations involved can be kept out of government and suspended or excluded, and that only one of the paramilitary organisations is therefore open to the full range of sanctions and penalties in the legislation. Will he consider introducing a wider range of sanctions? Bearing in mind that the IMC has an international composition, does he agree that there is no limitation or prohibition on its making recommendations of an international standing, which could be recommendations to other Governments?

Mr. Murphy: The IMC can, of course, do that; its role is to decide what sanctions it wishes to impose. The hon. Gentleman will know that the IMC said in its report last week that if the Assembly had been up and running, a different sanction would have been recommended. As the Under-Secretary of State for Northern Ireland, my hon. Friend the Member for Dudley, South (Mr. Pearson), the security Minister, made clear, whatever sanction is imposed on different parties as a consequence of the report, at the end of the day, it is the detail of the report that shows people in Northern Ireland and indeed the world that paramilitary activity is at an unacceptable level, that it is an obstacle to the peace process and that it must stop.

Mr. Michael Mates (East Hampshire) (Con): While the answer that the security Minister gave a few moments ago to my hon. Friend the Member for New Forest, West (Mr. Swayne) may have been technically correct, we nevertheless need an answer to the thrust of the question, which is very important. Will the Secretary of State confirm that he has made representations to his colleague the Foreign Secretary to find out from Libya under its new openness regime exactly what arms were shipped to Northern Ireland during the time when Gaddafi was co-operating with the IRA? If he has not done so, will he tell us why not?

Mr. Murphy: Obviously, it is important that the issue is discussed and that the Foreign Secretary looks at these matters, but it is also important to understand that what has happened in Libya over past weeks is hugely important for the safety of the world. I shall certainly take the right hon. Gentleman's views into account when I next talk to the Foreign Secretary about this issue. *[Interruption.]*

Mr. Speaker: Order. The Chamber is becoming very noisy. These are important matters.

Mr. Seamus Mallon (Newry and Armagh) (SDLP): The Secretary of State is right to state that the international decommissioning body has a very specific remit—to facilitate and verify the decommissioning of weapons. Will he ensure that that specific remit is protected and preserved; that the body will stand alone and independent of the Independent Monitoring Commission and any other similar organisation; and that it will report solely to the two Governments who appointed it?

Mr. Murphy: My hon. Friend is right to distinguish between the two bodies. He was deeply involved in the creation of the Good Friday agreement, and knows that decommissioning is central to the process. The agreement says that decommissioning should happen, but the decommissioning that has occurred has not been sufficient, and we must ensure that it happens. The IMC's work is also extremely important, and it spoke about paramilitary activity last week. Both bodies are central to peace and progress in Northern Ireland.

Mr. David Lidington (Aylesbury) (Con): Last week, the IMC said that if the devolved institutions were sitting, it would have recommended sanctions against Sinn Fein and the Popular Unionist party, up to and including exclusion from Executive office. Given that the Government stated that they accept the IMC's findings and recommendations, does that mean that they are prepared to consider reconvening the devolved institutions and excluding from Executive office those parties that the commission identified as being linked to paramilitarism?

Mr. Murphy: No, it does not. We will not reconvene the devolved institutions immediately because, if the Assembly were restored, it would not reach an agreement within six weeks. Under the terms of the Northern Ireland Act 1998, the consequence would be either suspension, again, or another election, neither of which would serve the process in Northern Ireland. The other issue is that if we were to restore the Assembly, the points that the hon. Gentleman refers to do not guarantee the formation of an inclusive or exclusive Executive.

Mr. Lidington: The Secretary of State knows that the Prime Minister of the Republic of Ireland has repeatedly stated that a party that is integrally linked with a paramilitary organisation and a private army would not be a fit partner in a coalition Government in Dublin. Will the Secretary of State explain why that principle should not also apply to an Executive in Belfast?

Mr. Murphy: In reality, that is why the Assembly is suspended. In 2002, confidence was lost in Northern Ireland, and, despite the election, the Assembly and the Executive have not been restored because confidence has not returned, which is due to continuing paramilitary activity. Paramilitary activity is still the obstacle, and we must address it in the weeks and months ahead. Everybody wants the problem to be resolved so that we can have an inclusive Executive.

Lembit Öpik (Montgomeryshire) (LD): How will the IMC report, and in particular the confirmation that some parties appear to be in breach of their obligations, alter the Government's approach to negotiations? Specifically, will the Minister consider excluding those parties? Does he feel that such an action would help or hinder the process?

Mr. Murphy: Such an action would not help the process. We want to persuade the parties that they must ensure that paramilitary activity stops, and the best way to do that is to engage with them. What has happened in the past week or two has, or course, influenced discussions and negotiations in Belfast, and the report is important. This morning, we continually made the point that paramilitary activity must be tackled, and that issue obviously underlies the discussions. We also discuss other issues in Belfast, but the hon. Gentleman is right to point to the difficulties posed by paramilitary activity.

Mr. Harry Barnes (North-East Derbyshire) (Lab): The IMC and the Northern Ireland Office should consider more serious financial sanctions against political parties linked with paramilitary groups. Such sanctions could include treating political funds in Northern Ireland in the same way as they are treated in

Britain; tackling smuggling, which paramilitaries are involved in; and dealing with paramilitaries under legislation to seize the proceeds of crime.

Mr. Murphy: My hon. Friend is right to refer to the fact that the Assets Recovery Agency in Northern Ireland is looking specifically at the ill-gotten gains of paramilitary organisations. That is very important indeed. I would point out to him that one cannot have any sanction that is equivalent to trying to identify what the report said about murders, paramilitary activity, so-called punishment beatings and all the rest of it. Those issues will never have an equivalence in sanctions. However, the report ensures that people in the House of Commons, in Northern Ireland, and in the country as a whole are aware of the activities of these paramilitary groups.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [168953] **Julie Morgan** (Cardiff, North) (Lab): If he will list his official engagements for Wednesday 28 April.

The Prime Minister (Mr. Tony Blair): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Julie Morgan: My right hon. Friend is aware of the plight of the Allied Steel and Wire workers who stand to lose up to 90 per cent. of their pension entitlement, although many of them have paid money in for up to 40 years. He is aware of their campaign for justice and of the campaign in this House that is led by my hon. Friend the Member for Cardiff, West (Kevin Brennan). What can he tell me that I can go back and tell my constituents who paid into that fund? What hope can I give them?

The Prime Minister: As I hope that my hon. Friend accepts, we entirely sympathise with the position of the Allied Steel and Wire workers, as well as that of other workers who paid money into a scheme, then found in the end that it yielded them absolutely no benefit. We have the pension protection fund precisely to protect us against such situations in future. In respect of those who have already lost money, we are considering the situation to see exactly what the cost implications of helping them would be, and I hope that I can come back to her and to other hon. Members as soon as possible.

Mr. Michael Howard (Folkestone and Hythe) (Con): This week, 52 former senior British diplomats wrote to the Prime Minister about Iraq and the middle east. One of the points that they made was that there was no effective plan for the post-Saddam settlement. Does the Prime Minister think that there is anything in that?

The Prime Minister: I believe that we carried out all proper planning for what happened after the toppling of Saddam. Many of the things that people anticipated would happen, such as the humanitarian crisis, did not happen. It is true that there is action by former regime elements and by terrorists, some of whom are outside terrorists who have come to Iraq, but it is also true that the vast majority of Iraqi people stand with the coalition in ensuring that Iraq can complete a proper, peaceful transition to democracy.

I would also point out that I thought that the right hon. and learned Gentleman and his party supported us in the action on Iraq.

Mr. Howard: Yes, we did; and I agree with the Prime Minister's observations about what the majority of the people of Iraq want. But if he thinks that that somehow disqualifies me from asking perfectly legitimate and relevant questions about what is happening in Iraq now, he grossly misunderstands the nature of our parliamentary democracy.

Let me put to the Prime Minister again some of my questions that he did not answer last week. What say, if any, do the Government think that the Iraqi authorities should have on the deployment of coalition troops after 30 June? Do the Government think—*[Interruption.]* I am asking about the Government's views on this. Do the Government think that the Iraqi authorities should have the right to decide what happens to any insurgents captured by coalition forces? Can the Prime Minister bring this House up to date on any plans that he may have to send more British troops to Iraq? Have the Americans asked us for more troops? Will more be sent?

The Prime Minister: On the question of whether we need more British troops: as I said yesterday, we keep that under constant review depending on the situation in Iraq.

In respect of any arrangements that there will be between the new transitional Iraqi Government and the coalition forces, we will discuss that with them at the appropriate time. The situation at the moment, however, is that we have a relationship between the Iraqi governing council and the coalition forces under which we now operate.

Let me say to the right hon. and learned Gentleman that I do not in any shape or form say that he should not ask questions about what is happening. I do say that, at a time when coalition forces, including British forces, are engaged in trying to defeat these former regime elements and terrorists, and at a time when reconstruction in Iraq is going ahead subject to this appalling attack by terrorists on coalition forces, I would have hoped that he would support those forces and everyone in Iraq—*[Interruption.]*

Mr. Speaker: Order. The House must calm down.

The Prime Minister: I would have hoped that the right hon. and learned Gentleman would give us 100 per cent. support for the action that is being taken to defeat these terrorists, unless he is suggesting some alternative strategy which we have not yet heard—*[Interruption.]*

Mr. Speaker: Order. I do not want the Deputy Chief Whip shouting. I say that to him because he is nearest me. I call Mr. Hume.

Mr. John Hume (Foyle) (SDLP): Following the death of Pat Finucane and the enormous suffering of his family, and given their consistent requests for a public inquiry into his death, does the Prime Minister agree that the time has now come for such an inquiry?

The Prime Minister: As we have made clear before, we have announced inquiries into certain of these cases. We stand by the commitments that we gave at Weston Park. There are inquiries proceeding now because of the prosecution in respect of Finucane. We believe it important that that be taken through its proper process, but as I have said to the hon. Gentleman before, we stand by what we said in respect of Weston Park and we will hold to that.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): Last week at Question Time, the Prime Minister told me that he had no plans for further British troop deployments in Iraq. Today he has acknowledged, as he did earlier this week, that the Government are keeping that situation under review. May I question him a little more closely on that? Did he discuss this specific issue directly with President Bush when he was in the United States? Have the Americans made any specific requests to the Government for more British troops to be considered for deployment, and is the Ministry of Defence working up contingency plans for such an eventuality as we speak?

The Prime Minister: Of course we keep under constant discussion with the Americans, who are our allies, the issue of whether we require more troops. It is not correct that specific requests have been made in respect of troops as at the present time, but of course we have to keep the situation under constant review.

In respect of what is happening in Fallujah now, it is important to say that the American patrol that has engaged in military action in respect of insurgents inside Fallujah was fired on by those insurgents. It is therefore perfectly right and proper that they take action against those insurgents. Tomorrow, patrols by American and Iraqi police and civil defence forces will begin inside Fallujah. The information that I have is that the vast bulk of people, even in Fallujah, want these insurgents to lay down their weapons and allow a proper process of dialogue to take place. It is of course the case that we keep the situation under constant review, as we should do, because we have made a commitment to people in Iraq that we will ensure that we create a security situation in which a proper political process can work. But at present we believe that we have sufficient troops.

Mr. Kennedy: I thank the Prime Minister for that detailed reply. Following what he has just said, I am sure that he will acknowledge that it is legitimate for some of us—who have shown perhaps a degree more consistency—to ask these questions. Does he agree that, in the eventuality of further British troops having to be deployed, it will be utterly legitimate for them and for the country to see that he can demonstrate his influence in Washington, particularly in regard to coming forward with a clear, coherent military and political strategy to deal with the violence in Iraq, rather than one that relies of the overwhelming use of United States military force?

The Prime Minister: With the greatest respect, we have a very clear political and military strategy. The political strategy is to ensure that there is a transition to a democratic Iraqi Government. That will begin as a process after 30 June with transfer of sovereignty to a transitional Government. Then there will be a plebiscite on the issue of an assembly that will then draw up the new constitution, which will then be put to the people of Iraq at the end of 2005. That is the political process. It is supported by the overwhelming majority of people in the international community.

The military strategy is equally clear. It is to ensure that we can achieve sufficient security in Iraq for that political process to work. I have always said this and I do not disrespect anyone who took a different view from me on the wisdom of the conflict in Iraq, but surely everybody can now agree that that political and military strategy is essentially right. Of course, if it is the case that American soldiers are being fired on, American soldiers are going to have to fire back and take action to ensure that these insurgents, these former regime elements and terrorists cannot disrupt the political process.

I should say at the moment that any action that is being taken is being taken in accordance with the agreement with the national security council established in Iraq, which includes, from the Iraqi governing council, the Iraqi defence Minister. There are Iraqi Ministers here in this country at the moment, and I think the right hon. Gentleman will find that the vast majority of them agree, and the people of Iraq agree, that we need security to be maintained so that the overwhelming desire for a democratic Iraq is achieved.

Laura Moffatt (Crawley) (Lab): Will the Prime Minister congratulate *Nursing Standard* magazine on its year-long campaign to promote and to celebrate nurses throughout the UK? Will he tell it that the nearly 70,000 extra nurses whom we have in our health service today are a real commitment to our NHS, and that there has never been a better time to be a nurse in this country?

The Prime Minister: I am delighted at that, and I say to my hon. Friend that there are, of course, tens of thousands of extra nurses in the national health service. We have a situation today in this country where every single national indicator—in-patient and out-patient waiting times, waiting times to see a GP, people's treatment in respect of cancer and cardiac care—is in a far better position than in 1997. That is as a result of the investment and reform programme, which this Government will continue.

Q2. [168954] **Dr. Vincent Cable** (Twickenham) (LD): The most recent estimate of the cost to the British taxpayer of the war and continued occupation of Iraq is about £6 billion to £7 billion. With growing debate about further troop deployment, does the Prime Minister have any plans to plug the hole in the Chancellor's budget, or does he intend, like Sir Anthony Eden, to risk a financial crisis?

The Prime Minister: I do not recognise the figures that the hon. Gentleman gives, or indeed the analogy, but I have to say to him that I believe that the presence of British troops in Iraq is important to secure Iraq so that, as I was saying earlier, it can become a democratic and

stable country. Let us be quite clear: if it does so—if we succeed in doing what we have set out to do in Iraq—the benefits will be felt not just in Iraq but throughout the middle east and throughout the world. The blow against the propaganda of the extremists and fanatics who are trying either to kill people in Iraq or to kill people here in Europe would be immense. That is why it is important that we hold firm to the course we have set out and do what we said we would do.

Mr. Eric Martlew (Carlisle) (Lab): I am sure that my right hon. Friend, like me, is looking forward to the longer days and the lighter nights of summer, but is he aware that an increasing number of people dread it? That is because of the loutish behaviour, fuelled by alcohol, of many young people in our town centres and public spaces. In my own constituency, for example, under-age drinkers go into the parks and make a severe nuisance of themselves. Is it not time that the Government took action to help to solve that problem?

The Prime Minister: I am pleased to say that we are indeed taking action on it. Some of the measures that we are taking include the ability to use exclusion orders to ban those causing trouble from pubs, clubs and town centres. Of course, there are now the fixed-penalty notices and also the power of the police to shut down pubs and clubs where this binge drinking is happening and disorder results. These measures on antisocial behaviour are a vital part of the work that the police are now doing, which means that crime overall, since this Government came to power, has fallen, not risen.

Mr. Michael Howard (Folkestone and Hythe) (Con): May I break with all recent precedent and ask the Prime Minister a question about his engagements? When did he decide to make yesterday's speech on immigration?

The Prime Minister: Extraordinary question! I actually decided to make a speech on immigration many months ago when I realised that this was an issue of huge public concern, and when I thought that it was important that, as well as announcing measures to make sure that we got proper controls on immigration, we stated that it is to the benefit of this country that controlled and selective migration should take place. I hope that the right hon. and learned Gentleman agrees with that.

Mr. Howard: Everyone knows that the Prime Minister's speech yesterday was arranged hastily, at the last minute, because he was in a panic over newspaper headlines. We know this because at the end of last week he sent all Labour Members of Parliament—I hope that they have not forgotten—a list of all major Government speeches planned for this week. I have a copy of it here. For some extraordinary reason, it does not even mention the Prime Minister's keynote speech on immigration yesterday.

The reason why the timing of all this is important is that these days people are interested to know whether the Prime Minister is thinking more than one day ahead—on anything. We have been drawing attention to this problem for months. Now, European Union accession is only three days away. Why have the regulations, which would give effect to the measures to which he referred yesterday, still not been laid before the House?

The Prime Minister: They will be in place for 1 May, when the accession treaty comes into force, and the package of those measures was announced on 23 February by my right hon. Friend the Home Secretary. Since we are debating the record on immigration—*[Interruption.]*

Mr. Speaker: Order. Members should allow the Prime Minister to speak.

The Prime Minister: Since we are debating the record on immigration, we might like to point out exactly what the record of the Conservative Government was. We had an exchange on this, as people may remember, some weeks ago, when the Leader of the Opposition disputed the fact that asylum claims had risen by 50 per cent. when he was Home Secretary. I have checked the figures, and they did indeed rise by 50 per cent. What is more, the backlog had reached nearly 60,000 cases, it took 20 months to get an initial asylum decision, and when we came to office, we discovered that he was planning, as Home Secretary, to cut immigration posts by 1,200. Furthermore, we also discovered that the European accessions treaty, which allowed people free movement here after accession, was actually signed when he was Home Secretary.

Mr. Howard: And when I—[HON. MEMBERS: "Answer."] Oh yes, I will deal with the Prime Minister's point. When I left office, the number of asylum seekers was falling and it was less than half the number today. The Prime Minister does not know when the regulations that would give effect to the measures to which he referred yesterday are going to be laid before the House. He could not tell us when, and he has not given us any clear explanation for this week's shambles. Let me therefore ask him about last week's shambles. Why did he begin—*[Interruption.]* I think that some right hon. and hon. Members on the Labour Benches will be interested in this question. *[Interruption.]*

Mr. Speaker: Order. Let the right hon. and learned Gentleman speak.

Mr. Howard: Why did the Prime Minister begin last week's Cabinet meeting with an apology?

The Prime Minister: Because, as we had to bring forward the announcement of the referendum, it was obviously important to tell people why. We will now be in a position to have a debate about the facts in respect of the European Union. Since the Leader of the Opposition raises the issue, I have been doing a little research on what his position actually is on Europe. There are now 20 Conservative Front-Bench Members who believe in the following proposition put forward by Conservatives Against a Federal Europe:

"Our national aim should be to seek a separate relationship with the EU . . . If it is not possible to attain these ends by negotiation, we must withdraw from the European Union"—

[Interruption.] Of course, Mr. Speaker, Conservative Members want your protection against the truth.

Mr. Howard: The organisation to which the Prime Minister refers has been disbanded—and there is only one party leader at the Dispatch Box who has stood on a manifesto based on taking this country out of the European Union, and it is not me.

The Prime Minister had to apologise to the Cabinet last week because he had performed the biggest U-turn of his Government, and had not even bothered to consult the Cabinet beforehand. Is it any wonder that the former Secretary of State for Health, the right hon. Member for Darlington (Mr. Milburn), the keeper of the Blairite flame—there he is!—said this yesterday?

"politics and trust in it is corroded when you have people who shilly shally and mess about".

Is that not a perfect description of this Prime Minister? Is it not now obvious to everyone that we have a Prime Minister in panic and a Government on the run?

The Prime Minister: In fact CAFE's website has been suspended, showing the words "domain reserved"—and actually I think the right hon. and learned Gentleman will find that each of the Members who signed that statement still believe it. In case he wants confirmation of that, let me read out what the vice-chairman of the Conservative party whom he has appointed has said.

"We need a government that is going to say . . . we are ending the existing relationship with the European Union'."

That is actually what this is about.

The right hon. and learned Gentleman talks of trust in politics. I will tell him what people will trust. They will trust an economy with the lowest interest rates, lowest unemployment and lowest inflation for decades, as opposed to someone who put unemployment up by a million. They will trust a Government who are increasing investment in health and education, as opposed to someone introducing the poll tax. And they will trust a Government who are reducing poverty, not a former member of a failed Tory Government who opposed the minimum wage.

Q4. [168956] **Ann McKechin** (Glasgow, Maryhill) (Lab): As the Prime Minister will know, this week South Africa celebrates 10 years of freedom and democracy, as well as economic stability and growth. The countries of sub-Saharan Africa, meanwhile, continue to repay £16 million of debt a day, and one in five of their children will not survive until their fifth birthday. Does the Prime Minister agree that the new Africa Commission that he has helped to set up should decide that now is the time to cancel all the debt of the world's poorest nations?

The Prime Minister: I know my hon. Friend will accept that the measures that the Government have taken on debt relief for the most highly indebted countries in the world have had a huge impact on those countries and their ability to move forward. We always look to see what more we can do; but I was particularly proud to go to South Africa house yesterday and join in the celebration of 10 years of freedom, knowing that it was this party in opposition that asked for sanctions against that apartheid regime when the Conservative Government opposed those sanctions, which helped to change apartheid.

Mrs. Patsy Calton (Cheadle) (LD): Would the Prime Minister support a ban on smoking in enclosed public spaces?

The Secretary of State for Health (Dr. John Reid): We are consulting widely.

The Prime Minister: As my right hon. Friend says, we are consulting widely, and we will continue to do so. Obviously we must find a balance between doing our best to ensure that people can be in a smoke-free environment if they wish and observing people's freedom to smoke. We will return to the matter when we have the results of the consultation.

Q5. [168957] **Dan Norris** (Wansdyke) (Lab): Some 24,000 people are alive today because of new NHS drugs that prevent heart attacks, and a further million are benefiting from them in that, for example, they are not becoming disabled. Is it not an insult to NHS staff that their terrific performance is not properly measured through NHS performance and productivity targets?

The Prime Minister: It is of course, which is the very reason why they have to be changed. The present way of calculating productivity in schools, for example, means that, if we halve the number of teachers, we double productivity in our schools. That is patently absurd. It takes no account of school results, for example. What my hon. Friend says in respect of health is correct. It is not just a question of measuring the number of in-patient procedures carried out by consultants. It is the number of out-patient appointments, the speed with which people can see their consultant, and the speed with which we have been able to reduce cancer and cardiac deaths—20 per cent. down in respect of cardiac care. That is in part because of the expenditure of almost £1 billion a year on statins, the life-saving drugs. Those things are not currently found in the measurement of productivity. That is plainly why it is right to change it.

Mr. Tom Kelly

Q6. [168958] **Dr. Julian Lewis** (New Forest, East) (Con): What account he took of Lord Hutton's criticism of Mr. Tom Kelly when he decided to promote him.

The Prime Minister: The hon. Gentleman has asked me about this matter before. My reply remains the same.

Dr. Lewis: It is incorrect to say that I have asked the Prime Minister about his decision to promote Tom Kelly after Lord Hutton denounced his conduct as wholly improper—I have not. Did he compare and contrast the treatment when Jo Moore was forced to apologise for defaming the dead with the treatment given to his chief press officer, who likewise defamed the dead? When apologies are made, should they not be made freely, rather than when forced by the prospect that a tape recording of a disputed conversation might

be produced? Has he asked Dr. Kelly's family whether they are satisfied with the apology of the man he has now promoted to be his sole official spokesman?

The Prime Minister: Lord Hutton dealt with this in his report and the apology that was given at the time was repeated again to the inquiry. My official spokesman is a highly distinguished civil servant with a very good record as such. I hope very much that the hon. Gentleman would accept that apology. I believe that that apology was more widely accepted by everyone concerned, and I hope that that will be the end of the matter.

Engagements

Q7. [168959] **Mr. Patrick McLoughlin** (West Derbyshire) (Con): In the light of the weekend's press, will the Prime Minister define collective Cabinet responsibility?

The Prime Minister: It is to carry on taking the decisions that are necessary for the future of this country, the decisions that, in a constituency such as the hon. Gentleman's, have meant—*[Interruption.]* Oh yes, this is what it is about. Those decisions have meant more teachers, more doctors, more police, record school results, better national health service waiting times and crime falling. That is what it means. *[Interruption.]*

Mr. Speaker: Order. It is getting to the stage where, every time the Prime Minister replies, some hon. Members try to shout him down. I will not allow it. I will make sure that the hon. Members concerned are removed from the Chamber. The shouting must stop on the other side of the House, too.

Q8. [168960] **Mr. David Chaytor** (Bury, North) (Lab): In England today, the manager of the national football team is Swedish, the premiership footballer of the year and his manager are French, the royal family is part German and part Greek, and the Leader of Her Majesty's Opposition is allegedly the son of a Transylvanian asylum seeker. Is it not time we started to celebrate our relationships with Europe and tackled head on the infantile Euroscepticism of the Tory party?

The Prime Minister: I agree entirely. I hope that people realise that Britain's membership of the European Union is good for Britain. It is in the British national interest. It is good for jobs, for industry, for our influence in the world. Under this party, we will maintain that central place in Europe's future.

Q9. [168961] **Sir Peter Tapsell** (Louth and Horncastle) (Con): Does the Prime Minister support the murder or mutilation of hundreds of women and children in Fallujahas an appropriate response to the savage murder of four American contractors?

The Prime Minister: I do not agree with that characterisation of what has happened in Fallujah. Not only those innocent civilians but 19 Iraqi police were murdered. There are a large number of well armed former regime elements in Fallujah, and probably some outside terrorists as well. They are armed not just with ordinary and light weapons but with rocket-propelled grenades and so on, and it is right that the American forces should try to ensure that order is restored to the city. I repeat that I deeply regret any civilian death in Fallujah. It is necessary for order to be restored, and the Americans are trying to do that peacefully—with members of the Iraqi governing council, incidentally, and local civic leaders—but in the end we cannot have a situation in which small groups of people defy the will of the overwhelming majority of Iraqis.

The people who have been killing civilians in Iraq are not the American soldiers but people who use car bombs and suicide bombs to attack innocent Iraqis as well as coalition forces, causing death and destruction quite unnecessarily.

Rural Broadband Facilitation

12.30 pm

Mr. Ian Liddell-Grainger (Bridgwater): I beg to move,

That leave be given to bring in a Bill to promote the extension of high-speed broadband connectivity in rural areas, to encourage private investment in essential engineering; and for connected purposes.

Unusually in a speech on a ten-minute Bill, I start by paying tribute to a colleague, my hon. Friend the Member for Taunton (Mr. Flook), who has worked on the Bill with me.

Members with far-flung constituencies like mine, with more sheep than voters, often bleat about broadband, "Why haven't we got it in Little Nimby?" We are all familiar with that, but this Bill is no bleat. It offers a practical way to get wires in, and fast. If it becomes law, it will start a technological revolution, and at last we will begin to see proper communications everywhere.

I hope that the House will bear with me for a brief idiot's guide—dare I say it—to the world of broadband. Let us start at the lowest point, the ordinary telephone in rural areas. Chances are it is linked via a long stretch of copper cable that swings in the breeze from dozens of telegraph poles and ends up in an old-fashioned telephone exchange. That may be perfectly good for phone calls, but just try sticking a computer on the end of it. Most home computers use a modem, which sends and receives information along copper cables at about 56 kilobytes per second.

Believe me, 56 kbps is slow. One can comfortably put the kettle on and make the tea while the 56 kbps unravels one's single e-mail from Auntie Enid. If she tries to send a photograph of her pet poodle, one might as well skip tea and embark on something much more relaxing. In the time it takes for the poodle picture to download, one can have a bath, cook a meal, pop out to the shops and redecorate the living room—56 kbps is the Zimmer frame of communications. One does not want to use it unless one absolutely has to. Trouble is, in rural areas there is often nothing better available.

Whose fault is that? It would be easy to lay the blame at the door of Britain's biggest telephone company, BT. After all, BT owns the telegraph poles and all the cables that run between them, and BT makes a great deal of money. It is perfectly capable of installing broadband. It does it in cities automatically, and could certainly wire up most rural bits of my patch if it felt like it, but it might not even break even on the investment, and that is the point.

In fact, BT has done a great deal in rural areas. It has upgraded exchanges and switched on broadband for small Somerset communities in my seat and that of my hon. Friend that we never thought would qualify when we started. BT has taken considerable risks and has made a big pitch of promising broadband if enough people sign up. BT's pledge was generous to a fault. Once the relevant number of signatories came forward, bingo—BT started to spend money on the infrastructure, even with no guarantee that anyone would take on the service at the end of the day. I was rather shocked to discover what really happens. BT effectively invites people to sign a petition, and if the petition hits the right number, BT puts in broadband. However, the true take-up of broadband services is a measly 7 per cent. in my part of the world, which means that 93 per cent. said that they wanted broadband, but only a handful stumped up the money.

What sort of arithmetic is that? It is a wonder that BT even bothers. The business of wiring up Britain looks more like a charitable exercise than a commercial undertaking. Incidentally, that 7 per cent. broadband take-up rate also applies to urban areas. The average for the whole UK is a paltry 9 per cent., which means that the so-called broadband revolution looks like a small uprising.

This little Bill of mine offers tax breaks for installers of broadband infrastructure, not just for BT. BT might do most of the work, but other companies are involved in providing broadband in rural areas. There are firms using wireless radio links that also deserve our encouragement. What we need in exchange is broadband connections now. We should forget the silly sign-up petitions that prevent some areas from qualifying. The Bill gives tax breaks for investment, so it demands the full Monty.

I have some good news for the House. I took the trouble to discuss the whole idea in advance with BT bosses, and they said that they thought that I was on to something. This is rocket science, isn't it? BT has just decided, as of yesterday—as many Members will know—to scrap its sign-up registration scheme. From now on, it is making a firm pledge to install broadband in almost every rural area of Britain without any registration at all. By its reckoning, that means that broadband should be available in more than 90 per cent. of the United Kingdom by 2005. Congratulations, boys—it is obviously good to talk.

That all shows what a simple little parliamentary idea can do to galvanise a huge multinational company. The Prime Minister is said to be very keen on the concept of wiring up Britain. He even has an e-envoy, with a whole office of dedicated nerds beavering away at their terminals in Whitehall. I hope that they can stop just long enough to hear me this afternoon.

The idea behind the Bill is so straightforward and effective that we might wonder why on earth it has not happened before. Perhaps the e-envoy will say, "E-by gum, what a good idea". The Prime Minister wants all Government services available online in the next three years. That is a tall order, and it can only work properly if broadband gets much broader. My Bill would help that process.

I notice that the Prime Minister's own website—for those who do not know, it is pm.gov.uk—now carries a range of extremely well made and informative propaganda films. The only trouble is that even at 512 kilobytes per second of British broadband, we still have to struggle to watch those movies in a tiny window screen the size of a postage stamp. In Japan and parts of America, broadband is really fast— 4 megabytes per second. That means that a computer can be used to watch a full-length movie in very high quality indeed, just like a television. That makes Britain's best broadband resemble Mickey Mouse, but then it is completely different. It is run on fibre optics, not old-

fashioned copper cable. Unfortunately, it costs an arm and a leg to install, but companies and private users sign up willingly and pay on the nail, because it really works.

BT has the know-how to plumb in fibre optics all over the country, but unfortunately it cannot estimate the demand. The only way to persuade the BTs of this world to make the scale of investment necessary is to free them from elements of tax liability. This little Bill does that.

Broadband is the buzz word that does not really cause much of a buzz in Britain, I am afraid. A lot my constituency is wired up for it, which is excellent. A lot of rural areas have fought jolly hard to get it, as my hon. Friend knows, but the majority of my constituents are not prepared to buy it. Perhaps they have realised that it is already out of date.

Broadband can be 10 times faster than an ordinary phone line, but frankly, that is not actually very quick. The technology for British broadband is known as asymmetric digital subscriber line. To many people, it is a lot better than nothing at all, but ADSL still stands for "another disappointingly slow link".

It does not have to be this way. Fibre optics is the answer, and that technology will eventually come. My Bill would simply hasten the process of giving the installers a decent incentive to risk their capital. BT makes shed-loads of profit. I forget how many millions that it is said to make every minute, but it is mega. Most of it already attracts the attention of the Inland Revenue.

My Bill argues the case for a judicious tax break on what is spent to bring Britain bang up to date in communications. It is supported, I hope, by Members from across the political spectrum. I commend it to the House.

Question put and agreed to.

Bill ordered to be brought in by Mr. Ian Liddell-Grainger, Mrs. Angela Browning, Mr. Adrian Flook, Mr. Bill Wiggin, Mr. Andrew Robathan, Mr. Peter Atkinson, Angela Watkinson, Mr. Paul Goodman and Mr. Kevan Jones.

Rural Broadband Facilitation

Mr. Liddell-Grainger accordingly presented a Bill to promote the extension of high-speed broadband connectivity in rural areas, to encourage private investment in essential engineering; and for connected purpose: And the same was read the First time; and ordered to be read a Second time on Friday 15 October, and to be printed [Bill 97].

Orders of the Day

Finance Bill

[2nd Allotted Day]

(Clauses Nos. 4, 5, 20, 28, 57 to 77, 86, 111 and 282 to 289 and Schedules Nos. 1, 3, 11, 12, 21 and 37 to 39).

Considered in Committee [Progress 27 April].

[Sir Michael Lord *in the Chair*]

Clause 86

Income Of Spouses: Jointly Held Property

Question proposed, That the clause stand part of the Bill.

12.43 pm

The Paymaster General (Dawn Primarolo): This clause prevents tax avoidance by married couples who own shares in a close company together. Existing anti-avoidance provisions prevent people from saving tax by diverting their income to someone who pays tax at a lower rate, or not at all. These provisions specifically prevent people from saving tax by arranging for income to be received by someone else as dividends on shares in a close company. At the moment, married couples who own shares in a close company can side-step the anti-avoidance provisions by exploiting section 282A of the Income and Corporation Taxes Act 1988.

Section 282A of the 1988 Act was introduced to simplify the way married couples are taxed, and it treats income from the property that they hold in joint names as being shared equally between them. But when this rule applies to shares in a close company, it can divert income for tax purposes from one spouse to another, allowing them to make an unfair tax saving. Clause 86 ensures that where a husband and wife own shares in a close company together, they will be taxed in accordance with their actual ownership of the shares, rather than half and half. Each couple gets taxed on the income that it receives, and I am sure that the House would agree that that is clearly the right result. The vast majority of married couples will not be affected by clause 86, but now that the loophole is well understood, without it, the loss of tax would grow sharply, so I commend the clause to the Committee.

Mr. Howard Flight (Arundel and South Downs) (Con): May I first welcome you, Sir Michael, to chairing our deliberations today?

We object in principle to the Government's attack on the established principles of independent taxation and specifically on the tax position of husband-and-wife jointly owned businesses, which is represented by both clause 86 and the surprise attack on husband-and-wife businesses launched last April through the obscure settlements legislation contained in section 660A, with which clause 86 interrelates. As accountants pointed out to their clients, the section 660A attack could be

[Mr. Howard Flight]

defended by using the provisions of section 282A, to which the Paymaster General referred, and opting for joint ownership with 50:50 taxation, which clause 86 is designed to block.

Section 282A dates from the introduction of independent taxation in 1989 and 1990, when provision was explicitly made for the income from jointly owned assets to be split equally between spouses for tax purposes—unless each chose to split the income in accordance with the ownership. We see no argument for changing the position. Indeed, doing so amounts to a further stealth tax introduced under the guise of alleged anti-avoidance, which seeks to unravel the basis of independent taxation.

The section 660A attack on husband-and-wife owned businesses relies on being able to identify the way in which the shares are owned—namely, separately—as arrangements that create a settlement. The section 660 attack is the subject of litigation, which is set to be heard by the special commissioners this June. A joint statement has been issued by the Chartered Institute of Taxation, the Tax Faculty Institute of Chartered Accountants in England and Wales, the Institute of Chartered Accountants of Scotland, the Association of Chartered Certified Accountants, the Association of Taxation Technicians, the Federation of Small Businesses, the Society of Trust and Estate Practitioners and the non-Inland Revenue members of the Working Together group. The statement strongly criticises the Revenue's new position on section 660A, characterising it as a secret husband-and-wife tax.

In her references yesterday to my raising the matter on Second Reading, I fear the Paymaster General was misled in not appreciating that it was the heads of the UK's leading tax and accountancy bodies who were objecting to the Government's new disguised owner-manager husband-and-wife tax. If left unchallenged, the Revenue's controversial interpretation of section 660A will leave thousands of small owner-manager businesses facing entirely unexpected and significant tax bills, from which, if clause 86 were enacted, they could not protect themselves in the future by moving to joint ownership.

The above professional bodies assess that there are many more than the Revenue's 30,000 owner-manager husband-and-wife businesses at risk, which was the estimate. The Revenue's new interpretation of section 660A dates from 2001, but was then advanced only in an obscure tax manual. Yet it is seeking to apply that new interpretation for at least the last six years.

As the president of the Chartered Institute of Taxation commented, the Revenue has a legal and moral obligation to inform taxpayers of how legislation is going to be applied, and its current approach is a breach of human rights. What are the issues here? By way of illustration, where a couple has set up a business, jointly managed, and one spouse runs it with the other doing a limited amount of unpaid work for the company, and where the net profit of the company after the husband's pay is then distributed equally to the two shareholders as dividends with each having the same shareholding, the Revenue is seeking to claim that the dividends paid to the unpaid spouse should be treated as the husband's income and subject to tax at his higher rate, backdated six years.

Mr. John Burnett (Torridge and West Devon) (LD): What the hon. Gentleman is saying is of considerable interest to my colleagues and me. Is he saying that the tax treatment envisaged by the Revenue will not reflect the equitable ownerships in the shares?

Mr. Flight: Indeed, that is what I am saying. However, if the hon. Gentleman will be patient, I shall point out that the matter was debated at length in 1989, when independent taxation was introduced. At that time, a Labour amendment contained proposals similar to what the Government are trying to do in this Bill. The then Chancellor made it clear that the amendment would contradict the principles of independent taxation.

A husband and wife can each own shareholdings. The wife's shareholdings may have been given to her by her husband, and I shall refer to a specific quotation in relation to such gifts.

There is a blatant and unacceptable stealth tax where husband and wife assume the same risk on their equity investment. It is wrong for the Revenue to argue that the non-salaried spouse's equity investment is wholly or mainly a right to income. The ownership of a share does not represent just a right to an income.

There was a debate in Parliament on this matter when the 1989 Finance Bill was being discussed. I understand that the matter was also discussed by the Prime Minister of the day. Also, the Budget press release relating to what became section 660A made it clear that the intention was to make the rules for settlements operate in a way consistent with independent taxation and that the income arising from outright gifts between husband and wife should be taxed as the income of the recipient spouse and not of the person making the gift.

In response to a Labour amendment, which would have rewritten what is now section 660A and which was designed to achieve roughly what the Government are now trying to achieve, the then Chancellor said that it would undermine the very basis of independent taxation, and that people should be free to arrange their affairs as they wished. He said specifically that independent taxation was bound to mean that some couples would transfer assets between them with the result that their total tax bill would be reduced. He said that that was an inevitable and acceptable consequence of taxing husbands and wives separately.

Such is the Government's deviousness that neither the recent Budget notes nor the explanatory notes to this Bill provide any explanation of what clause 86 is really about. They give no clue as to the clause's relationship to the section 660A attack.

Most small business owner-manager couples are as yet unaware of the Government's attempt to undermine their tax position as clearly set out when independent taxation was introduced, and to unravel the principles of independent taxation established in 1989.

I am sure that the special commissioners will come to a just conclusion in relation to the section 660A attack in the case that will come up in June. However, we oppose

clause 86, as it undermines the established principles of independent taxation relating to the assets of businesses jointly owned by husbands and wives.

Mr. Burnett: May I, too, begin by welcoming you, Sir Michael, to our proceedings?

Originally, my intention was to reiterate what Liberal Democrat Members had said in earlier debates—that we considered clause 86 to be a sensible anti-avoidance measure. However, if the hon. Member for Arundel and South Downs (Mr. Flight) is right, we will have to reconsider our position.

I hope that the Paymaster General will be able to answer a fairly straightforward question about the settlement provisions in income tax legislation with respect to income deemed to be that of the settlor. It should always be the rule that married couples should be able to organise their affairs in such a way that they can legally mitigate tax. The proposed change will be unacceptable if, when a husband decides to gift shares in a company to his spouse in a way that allows for an equality of shareholding, all the tax will fall on him.

I hope that the Paymaster General will put our minds at rest on this matter. If the thrust of clause 86 is an attack on the independent taxation of spouses, as the hon. Gentleman claims, we will oppose it. Liberal Democrats believe in the principle of independent taxation, and I hope that the Government will not erode that principle. Spouses should always be able to alter their equitable interests in property, free of capital gains tax and inheritance tax. Subsequent to that alteration, they should be taxed according to the equitable interests that they own. If clause 86 alters that, we will have to reconsider our view of the matter.

I listened carefully to the list of eminent bodies recited by the hon. Gentleman. It is a compelling list.

I hope that the Paymaster General can enlighten us on two matters. First, clause 86 refers specifically to "close company". That suggests that the rule is not intended to apply to joint holdings in non-UK resident companies. I refer the Paymaster General to section 414 of the Income and Corporation Taxes Act 1988. It excludes companies that are not resident in the UK from the definition of "close company".

Secondly, will she clarify why the words "equal or" are included in proposed new section 282A(4A)(b) to the 1988 Act? It is difficult to see what form of ownership in joint names of close company shares is not covered by the existing provisions.

Dawn Primarolo: I shall begin by dealing with the question of independent taxation. I hope that I will be able to reassure the hon. Members for Torridge and West Devon (Mr. Burnett) and for Arundel and South Downs (Mr. Flight). I think that they might be misreading the scope of clause 86.

The hon. Member for Arundel and South Downs is right to refer to the debates in 1990, when independent taxation was established. The approach settled on by the Government of the day ensured that, where property and incomes were jointly owned by spouses, the simplest and most straightforward way to apply taxation was on the basis of a 50:50 allocation. I shall come on to explain the target of clause 86 in respect of close companies, but I assure the hon. Gentleman that there is nothing in the clause to disturb that principle.

Mr. Burnett: For the sake of completeness, will the Paymaster General confirm that it was open to taxpayers to elect otherwise and to choose to be taxed according to their equitable interests in shares or other property?

1 pm

Dawn Primarolo: I will come to that point because it is at the heart of this set of proposals, but first I want to reassure Members on the questions of the principle of independent taxation, and then explain exactly how the provisions in the clause will affect the avoidance that has been identified with regard to close companies.

Let us deal with the first proposition that the hon. Member for Arundel and South Downs asserted. There is no attack on the principle of independent taxation. Independent taxation is untouched by the amendment in the clause. The change simply stops couples manipulating the rules to save tax in a way not intended by Parliament when independent taxation was introduced; when married couples genuinely hold shares in close companies in joint names, the present provisions will continue to apply. The hon. Gentleman said that section 660A was an attack on husband and wife businesses, and that is absolutely—

Mr. Flight: The new interpretation of it, not the section itself.

Dawn Primarolo: I am grateful for that clarification. I am saying that it is a long-standing principle that people should not be able to direct income to people who are liable to a lower rate of tax or no tax at all, and that is what section 660A deals with.

Mr. Richard Bacon (South Norfolk) (Con) *rose—*

Dawn Primarolo: It is important to keep focused for the moment on the question of independent taxation and close companies; afterwards I shall be happy to pick up on other points.

Mr. Bacon: When the Paymaster General says "to people", is she saying that that long-standing principle includes spouses?

Dawn Primarolo: Yes. I am referring to the operation of independent taxation and transfers between spouses. The amendment in clause 86 simply ensures that anti-avoidance legislation is fully effective, as it had always been intended to be. We think that it is right, as I am sure the Committee will agree, that spouses should be taxed fairly and according to their income. Those who do not attempt to avoid those rules will not be affected.

The hon. Member for Arundel and South Downs also said that there had been legal challenges with regard to small businesses about the Inland Revenue's application

[Dawn Primarolo]

of settlements legislation, but I say to him that there have been no successful challenges. The tax system is challenged quite a lot.

The amendment plugs a loophole whereby a person who is liable to tax at higher rates avoids tax by transferring his or her income to a spouse who is liable at a lower rate or not at all. It is not a stealth tax; it has nothing to do with section 282A and clause 86, which simply taxes husbands and wives on the income they are entitled to and according to their declarations. I want to come to that point, because it is about the use of the declaration in these circumstances. It also has nothing to do with gifts between husbands and wives; husbands and wives are still free to arrange their affairs as they choose, but they should not be able—I think that we would all agree—to manipulate by legal arrangements, by declaration, in order to avoid tax.

It may help if I explain exactly how the clause works. The settlements legislation exists to stop tax avoidance by means of the transfer of income from a higher-rate taxpayer to someone liable at lower rates or not at all. It is possible to side-step the legislation by transferring property into joint ownership, then declaring that most or all of the income belongs to one person only. The settlements legislation does not apply, because there has been no transfer of income, and section 282A of the Income and Corporation Taxes Act 1988 provides that income from property owned jointly by husbands and wives is taxed at 50:50—the settlement agreed in 1990 on the introduction of independent taxation. So, a person who is entitled to the whole of the distribution from a close company is taxed on only half of it, which was not the intention in 1990, and the clause provides that husbands and wives are taxed on the income to which they are entitled.

I would stress that, in the avoidance that we are seeking to prevent, the husband and wife, having had the joint ownership, produce a legal declaration to apportion not on a 50:50 basis but on a 100:0 basis or 90:10 or whatever, so the taxpayers themselves are declaring that the situation is not 50:50 but something else. They are transferring to the partner—the spouse—who has taxable allowances to use up.

Let us be clear about what the clause does. Its concern is close companies and only close companies—nothing else is affected here—that are jointly owned by a married couple, but where the company is really or mainly owned by one spouse and the married couple make a declaration to that effect. So, they tell us in that declaration that the ownership is not 50:50. Section 660A ensures that husbands and wives are taxed on their proper share in the income from the company.

By making a legal declaration—I should stress that we are using their legal declaration, which is voluntarily provided to the tax authorities—that the ownership is not 50:50, and that the income actually belongs to the partner who is really entitled to it, husbands and wives are trying to neutralise section 660A. That allows section 282A to kick in, attributing income equally even though the taxpayers have told us in the declaration that, truly, it is not equally apportioned. We are trying to get the right result following the declaration that the taxpayer has provided to us about the true nature of the income and assets.

Clause 86 gets us back to the right result. If the legal declaration is an accurate reflection of the ownership of the income—and it must be, because the husband and wife have signed it and declared it as a legal document—the husband and wife will be taxed on that basis. There is no need to look to the special rule that was provided in section 282A to work out their liability, because they have told us what their liability is and the tax consequences follow from that.

Mr. Barnett: I am extremely grateful to the Paymaster General for giving way. I should like to put to her a set of circumstances. Let us imagine that Mr. and Mrs. A form a company. Mr. A has 99 shares; Mrs. A has one share. The company's income is taxed accordingly, with Mrs. A taking one hundredth and Mr. A 99 hundredths. Three years down the line, Mr. A gives 49 of his shares—I hope that I have still got my maths right—to Mrs. A. Will they thereafter be taxed 50:50 or, because of the settlement provisions, will Mr. A be taxed 99 per cent. and Mrs. A 1 per cent.?

Dawn Primarolo: The hon. Gentleman should focus on the declaration. If there is no declaration, the settlement provisions in section 660A will run and section 282A will kick in on the 50:50 split. A legal declaration is provided by the spouses to tell us that the ratio is not 50:50, but some other proportion. We need to follow that for tax purposes. If there is no declaration, the two provisions operate in the way that was always intended. It is not necessary to think up "what ifs". The only "what if" is if there is no declaration to the contrary, how do the two sections in the Income and Corporation Taxes Act operate? That is what I have explained.

The final question that the hon. Member for Torridge and West Devon asked was why the words "equal to" appear. Those words are needed because the clause must include any case in which couples have entered into a legal declaration—we do not require them to enter into such a declaration, but they have decided to do it—in respect of close company shares held in their joint names. If shares are held half and half, income will be taxed half and half. The effect of the clause is that couples will be taxed on their proper share of income, as they declare it to the tax authorities.

I do not see why the Commitee should object to income being taxed fairly, on the basis of information given to the authorities about the close company. The legal declaration seeks to neutralise the working of the two sections. Clause 86 ensures that if there is a declaration, it is followed. If there is no declaration, section 282A will apply, as normal. With that clarification, I hope that the Committee will agree that the clause is appropriate, proportionate and right to close a loophole whereby legal declarations have been used to get round the clear intent of Parliament since independent taxation was introduced in 1990.

Mr. Flight: I apologise for taking the Committee's time but, with respect to the Paymaster General's comments, the clear intent in 1990 was not as she described. She agreed—I thank her—that clause 86 was introduced because if the Revenue is successful in its new interpretation of section 660A, which we object to, the clause removes the section 282A alternative defence. The two are entirely interlinked, in that the essential motive for clause 86 is to support the new initiative under section 660A.

Mr. Burnett: I do not know whether the hon. Gentleman is minded to answer my last intervention on the Paymaster General. What effect will an alteration of equitable interests have? Will it invoke the settlement provisions—income deemed to be that of settlor provisions—in which case the allocation of shares will be altered by declaration of trust or otherwise, but the married couple will still suffer tax as to the ownership prior to the alteration, and the change will not be reflected?

Mr. Flight: I thank the hon. Gentleman. That is precisely the point. My understanding is that, if the Revenue succeeds with its new interpretation of section 660A, the couple, in spite of having transferred to 50:50, will go on being taxed as though the split were 99:1.

Let me elaborate on the areas of dispute in relation to section 660A. By the way, the case comes up on 14 June and I know a little about it, as it concerns a constituent. Perhaps the Paymaster General should be aware that all the bodies whose names I listed have come together to disagree with the Inland Revenue on that case. It is therefore the first test case, which will resolve the matter one way or the other.

The area of dispute in relation to section 660A concerns the application of the settlements legislation where a husband and wife set up a company together, each subscribing for the shares. One party—say, the husband—earns money in the market place, and the wife may play a supportive role, giving advice or organising appointments. After paying employees and the husband's salary, there are sufficient funds in the company for a dividend to be paid to the shareholders.

The Revenue view in its new interpretation of section 660A is that that combination of factors is a settlement, and the necessary bounty is created when the husband takes a salary that might be deemed to be less than market value, so to leave distributable profits. The dividends received by the wife should thus be re-allocated to the husband. That is the specific case that the Revenue made in its 64th tax bulletin. The Revenue holds that the mischief in such situations is that the shareholdings adopted and the dividends paid lead to the diversion of income from a spouse who may be liable to tax at the higher rate to the spouse with a more favourable tax situation.

1.15 pm

The contrary argument that all those professional bodies have advanced is as follows: there is a clear exemption in section 660A(6) for outright gifts between husband and wife unless the gift does not carry a right to the whole of that income, or the property given is wholly or substantially a right to income. In a partnership where both the wife and the husband assume the risk of unlimited liability, it is surprising to see the Revenue arguing that the partnership share is wholly or mainly a right to income. In a company, the income comes to the wife by reason of her shareholding, and ordinary shares cannot represent a right to income. They are a bundle of rights, including a right to a share in the underlying capital of the company. The ownership of a share does not represent a right to income. At best, there may be an expectation. There may, in fact, be no income, or the directors may decide not to distribute the income. The wife is contributing to the business, even though she is not the person active in the external marketplace.

At the time of the 1990 Budget and Finance Bill, the Budget press release stated that although the settlements legislation was introduced in the 1930s, the exemption for gifts between spouses was introduced in the 1990 Finance Bill as clause 109. That subsequently became section 108 of the Finance Act 1990, and then section 660A(6) of the Income and Corporation Taxes Act 1988. The purpose of the clause was set out in the relevant Inland Revenue Budget press release:

"The Chancellor proposes in his budget to make changes in the income tax rules for gifts between husband and wife and for some other settlements. These follow the personal tax reforms in last year's budget. They will make the rules for settlement operate in a way which is consistent with the Government's objective for independent taxation ... the changes will ensure that when independent taxation begins in April 1990 income from simple outright gifts of assets between husband and wife and certain pensions allocated between them will be taxed as the income of the recipient and not as the income of the person making the gift."

That was further elaborated in the detailed sections of the release:

"Under independent taxation the income arising from a gift of an asset between husband and wife will be treated as the recipient's for tax purposes only if it is an unconditional gift of both the asset and the income arising from it. The income will generally be treated as the donor's for tax purposes ... if the donor has the right to get back the asset in the future, or to decide what the recipient should do with it",

or if

"the donor uses a trust to give the income to his or her partner while retaining control over the capital or passing the capital to a third party."

It should thus be noted that there is no mention of the sort of situation to which the Inland Revenue now refers in its new interpretation of section 660A, which was set out in examples 3 to 5 of its tax bulletin. Indeed, the press release indicated the opposite, by saying that unless the donor retains the underlying asset, the transfer will be effective for tax purposes.

The parliamentary debate on clause 109 of the Finance Bill back in 1990 makes interesting reading. It centred around an amendment tabled by the right hon. Member for Islington, South and Finsbury (Mr. Smith)—I apologise for not knowing his constituency at the time—to rewrite what is now section 660A(6) by adding a subsection that sought to achieve what the Government are currently seeking to achieve. The provision would have applied when the gift did not carry

[Mr. Flight]

a right to the whole of that income, when the property given was wholly or substantially a right to income, or when the gift was undertaken with the sole or main objective of achieving a tax advantage. The amendment was tabled because the Labour party was concerned that it would be possible to make a gift producing income that was taxed at a lower rate than in other circumstances, especially when one household member was in a higher tax bracket, while the other paid tax at the basic rate.

The Chief Secretary of the time said that the amendment would undermine the very basis of independent taxation and that, if it were carried, there would be no independence for married couples and people would not be free to arrange their affairs as they wished. He added that independent taxation was bound to mean that some couples transferred assets between them, with the result that their total tax bill would be reduced. He stated that that was an inevitable and acceptable consequence of taxing husbands and wives separately. Even more explicitly, he said that the Government had made it clear that they expected that income splitting would occur, and the amendment was withdrawn.

The reallocation of assets between spouses to take advantage of one spouse's personal allowance and lower rates of tax was thus not only contemplated, but accepted by the Government of the time as part of the price for independent taxation. There is no reason why such transfer of assets should not include shareholdings and partnership shares.

I apologise for putting all that on record, but the bottom line is that if the Government wished to reinterpret section 660A, they would have been better off doing it by legislation. Instead, it is being done by Inland Revenue initiative. As has been pointed out, and as the Paymaster General conceded, that matter has an acute relationship with clause 86 and the defence usage of section 282. We therefore oppose clause 86 in principle, and we will certainly do so until the special commissioner's findings emerge in June to resolve the underlying section 660A issue one way or the other.

Mr. Burnett: The Paymaster General stated that married couples should be taxed fairly and that this state of affairs will not be changed or altered by the clause. I put it to the Committee that married couples should be able to alter their shareholdings and should be taxed in accordance with that alteration, and that nothing should be done to disturb that.

There are many reasons why married couples decide to change their shareholdings in close companies. If there is a new marriage and a company is formed, only one share might go to one spouse because the other spouse has put considerably more capital into the project. After a few years of healthy marriage, there will be greater equalisation of those capital assets. These are common-sense matters. Drawing the settlement provisions into these arrangements is absolute nonsense; it should not happen and it is a disgrace.

Dawn Primarolo: Surely, the hon. Gentleman is not saying that in 1990—this is the fundamental point that the hon. Member for Arundel and South Downs, who referred to the debates at that time, also misunderstands—it was expected that we should tax people in a way that was contrary to their explicit declaration as to how income was actually earned, as opposed to the operation of the 50:50 arrangement. It is to a declaration from the taxpayer, which was never discussed then, that the clause seeks to respond, and only in the case of close companies.

Mr. Burnett: I have spent most of my life—or at least quite a lot of it before I came to this place—dealing with close companies and corporate taxation, and I believe that it should be clear to everyone in the Committee that people, and married couples in particular, should be free to alter their shareholdings, by declaration of trust or otherwise, and then to be taxed in accordance with that alteration. Undermining that principle flies in the face of tax practice for years. Why are transfers between spouses free from capital gains tax? Why are such transfers free from inheritance tax?

Dawn Primarolo: The point is what happens where couples are saying that they jointly own a company and then seek to be taxed in a different way, which is not the 50:50 arrangement.

Mr. Burnett: I have heard what the Paymaster General has said; she has made the same point once or twice. I believe that a declaration should be made at the end of the tax year that reflects the true ownership of the shares and the proportions in which they are owned.

Mr. Flight: May I repeat the complicated point that clause 86 is relevant only because of the reinterpretation of section 660A? It is quite clearly an option for people to choose to hold assets jointly and achieve 50:50 if they are taxed successfully under the reinterpretation of section 660A. Therefore, the business of giving the declaration is not the fundamental underlying point that needs to be debated.

Mr. Burnett: I think that all of us in the Chamber have understood that point.

The point that my party and I cannot accept relates to the fact that, if people alter their ownerships in close company shares, they should be taxed in accordance with that alteration. The anti-avoidance or settlement provisions should not bite on that principle, and people should be taxed fairly in accordance with such alterations. It is free, and it should be free—I thought that this was the philosophy even of the Labour party—for married couples to make changes in their equitable ownerships. Such changes should be free of capital gains tax and inheritance tax. Such couples should be taxed in accordance not with the previous situation, but with the alterations that they have made in those equitable ownerships and with the circumstances and ownerships that prevail at the time when they make their tax return.

What is important is not to erode those principles, but to ensure that married couples can alter their equitable interests and shareholdings and be taxed accordingly.

Question put, That the clause stand part of the Bill:—

The Committee divided: Ayes 266, Noes 160.

Division No. 151] **[1:29 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Austin, John
Bailey, Adrian
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benton, Joe *(Bootle)*
Best, Harold
Blair, rh Tony
Blears, Ms Hazel
Blizzard, Bob
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flemmons, Mrs Lorna
Foster, Michael *(Worcester)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McCartney, rh Ian
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
Mclsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Malleber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Pearson, Ian
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Primarolo, rh Dawn
Prosser, Gwyn
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Rayneford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Timms, Stephen
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
White, Brian
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Ms Bridget Prentice and
Charlotte Atkins

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Bacon, Richard
Baker, Norman
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burnside, David
Cable, Dr. Vincent
Calton, Mrs Patsy
Campbell, Gregory *(E Lond'y)*
Carmichael, Alistair
Chidgey, David
Chope, Christopher
Clifton-Brown, Geoffrey
Cotter, Brian
Davey, Edward *(Kingston)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Hague, rh William
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paisley, Rev. Ian
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Salmond, Alex
Sanders, Adrian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Steen, Anthony
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Younger-Ross, Richard

Tellers for the Noes:
Gregory Barker and
Mr. Peter Atkinson

Question accordingly agreed to.

Clause 86 ordered to stand part of the Bill.

Clause 111

RESTRICTION OF GIFT RELIEF ETC.

Question proposed, That the clause stand part of the Bill.

Mr. Flight: With your indulgence, Sir Michael, I wish to make some reference to our amendment No. 8 to schedule 21, which covers the same territory as the clause.

The combination of clause 111 and its supporting schedule removes, from 10 December last, the availability of gift holdover relief on any transfers into settlor-interested trusts and makes consequential amendments to the penalties regime and information powers. We fear that, in certain circumstances, that could result in a double inheritance tax and capital gains tax charge. We also seek confirmation that the provisions will not in any way affect charities. Although we are reasonably satisfied that that is the case, it has been suggested to us that it could happen in some circumstances.

Under gift holdover relief, the settlor may have to pay capital gains tax if the asset being transferred has gained in value during his ownership, as a transfer into a trust is a deemed disposal for capital gains tax. A settlor-interested trust is one in which the settlor making the transfer will continue to have some interest and to derive some benefit—for example, income—from the assets, and in which the tax position should be entirely transparent. Arguably, the tax should therefore fall when the settlor's trustee disposes of the asset, not when the asset is moved into the trust. That restriction of gift relief has been presented as an anti-avoidance measure because people have been entering into tax-planning arrangements using a combination of settlor-interested trusts and gift reliefs to exploit the changes introduced by the Government to the definition of business assets for taper relief purposes.

We have objected before to the unfairness of the Government's definitions, under which, for example, a person who has owned a newly qualified business asset for only two years will qualify for full business asset taper relief, reducing their capital gains tax to 10 per cent., whereas another taxpayer who has held a similar asset for six years, since the introduction of taper relief in 1998, could find themselves not qualifying for taper relief on the first proportion of the gain between 1998 and 2000 and suffer a capital gains tax charge of 16.67

per cent., despite the fact that they have held the asset longer. I recollect many such debates in Committees on previous Finance Bills. A similar change in definition will take effect from 6 April this year.

1.45 pm

Not surprisingly, such inconsistency has led to the use of settlor-interested trusts to reset the taper relief clock and thereby redress the inequality created by the Government's time definitions for taper relief. Logically, if gift relief is to be restricted, the taper relief should be amended along the lines that we have previously suggested.

The double tax issue could now arise where the transfer is to a settlor-interested discretionary trust where no beneficiary has an absolute right to income. Under current legislation, there is an immediate charge to inheritance tax on any transfer into a discretionary trust unless the transfer qualifies for an inheritance tax exemption—for example, a business or agricultural asset. The accounting profession has anticipated a restriction to gift relief for transfers to trusts used for avoidance, but the expectation was that gift relief would be stopped where an immediate inheritance tax charge arose—in other words, that there would be either an inheritance tax charge or a capital gains tax charge. However, the clause and the schedule could result in both charges being levied in circumstances in which no reliefs are available. I see that the Paymaster General is shaking her head, so I hope that she will be able to assure me that that is not the case.

The schedule requires clarification in respect of the notification obligations—are they via self-assessment or stand-alone?—and there are some detailed points that are worth focusing on. Sub-paragraph (7), on page 382, refers to

"a person in receipt of"

certain benefits. Our amendment No. 8 would extend that to people who qualify for such benefits even if they are not claiming them, because not every disabled person claims benefits.

New paragraph 169C, on page 380, refers to the possibility of a revocation of a section 260 or section 165 claim. Can the election be revoked? If so, what is the time limit for so doing? Does the normal limit of five years and 10 months obtain? Does a revocation need to be entered into by both parties, in the same way as a claim?

New paragraph 169F uses the concept of derived property, which was debated in the West *v.* Trennery case. Should not it be made clear that the property referred to is property within the settlement under consideration, not property passing from one trust to another?

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): Order. The hon. Gentleman is straying into different parts of the Bill. Does he intend not to refer to those parts again; and will he be reasonably brief? We are debating clause 111 stand part.

Mr. Flight: Thank you, Sir Michael. I endeavoured to make it clear at the beginning of my speech that the clause and the schedule are interrelated. I want to make sense of the two together by pointing to issues that could do with a little clarification. I confirm that I shall not want to speak when we focus separately on the schedule.

New section 169 refers to a former spouse being requested to supply information.

Dawn Primarolo: I am sorry to interrupt the hon. Gentleman, but I want to be absolutely sure what I shall be replying to. I understand, Sir Michael, that we are discussing only clause 111, and that we shall then move on to the amendments to the schedule. I therefore intended to respond only to the points on the clause. It will be a bit difficult for me to do so if the hon. Gentleman puts all the subjects together.

The Second Deputy Chairman: I think that it would be sensible if we confine our remarks to clause 111 stand part. The hon. Gentleman asked permission to stray gently into amendment No. 8, which I did not stop him doing, but I think that he has probably strayed far enough now. Unless we keep these subjects in reasonable compartments, things can get quite confusing. Perhaps he will now come back to clause 111 stand part.

Mr. Flight: I have very nearly finished. I have two issues relating to the schedule, and I shall raise them when we discuss the schedule.

Will the Minister confirm that the provisions of clause 111 cannot result in a discretionary trust having a double tax liability to both inheritance tax and capital gains tax? If we cannot be persuaded by her answer, we might wish to vote against the clause. However, if our concerns can be addressed, we will accept it.

Mr. Burnett: I am happy to address the clause and not the schedule, although we have tabled amendment No. 42, which applies to schedule 21.

I should like to confine my points to the importance of holdover relief, especially for smaller businesses, and for sole traders and partnerships in particular. In Committee Upstairs, we shall no doubt discuss the inheritance tax changes proposed by the Government, especially on pre-owned assets, and how difficult it will be for taxpayers to alter capital accounts and partnerships if pre-owned asset provisions are introduced. It is important for the flexibility of business and of the economy—particularly in terms of helping smaller businesses—that we do not use a sledgehammer to crack a nut when we make tax changes.

Of course we will support genuine anti-avoidance provisions, but under the clause and schedule settlement legislation could apply a transfer to a settler-interested trust, thereby taxing the income of a trust as the income of a settlor. As has been said, the transfer could well be subject to inheritance tax if the assets were over the nil rate band or if they were not exempt. It is unfair to tax gifts as capital gains tax, because there is no cash arising from the gift with which to pay the tax. In due course, we shall discuss our amendment No. 42. Meanwhile, I look forward to hearing the Paymaster General's response to the matters that I have raised.

Dawn Primarolo: I should like to respond briefly to the points made in the debate on clause 111 stand part. When we get to the amendments to the schedule, especially those relating to the taper relief, I shall have an opportunity to answer in greater detail the questions that have been asked.

Clause 111 will put an end to certain schemes designed to enable people to avoid capital gains tax by gifting assets into trusts before selling them—washing through gains. What people have been doing, as a first step, is transferring an asset into a trust in which they have an interest. They then claim gifts relief on the transfer so that the gain is held over and there is no tax to pay. The trustees can then use various techniques to ensure that when the asset is eventually sold, no capital gains tax liability arises, even in respect of the earlier held-over gain.

Among other things, the schemes have been used to avoid paying capital gains tax on the sale of second residential properties and on the sale of valuable shares in privately owned companies. The common feature of the schemes, and what I hope the House will agree is objectionable about them, is that without the interposition of the trust, the sale of the asset would attract capital gains tax. Trusts in which the transferor has an interest—known as settlor-interested trusts—are used in these avoidance schemes because they allow the person who is seeking to dispose of an asset without paying capital gains tax to retain an interest in the asset at all times and to benefit from the proceeds of the asset's sale.

This measure counters the avoidance by attacking the schemes at source. It will no longer be possible for people to defer a tax charge by claiming gifts relief when they transfer assets to a trust in which they have, or can obtain, an interest. The measure also restores related anti-avoidance legislation to stop abuse of the capital gains tax relief on gifts of shares to companies that was inadvertently repealed in 2003 by a prospective measure in an earlier Finance Bill. By stopping these avoidance schemes, clause 111 and schedule 21 will prevent people from exploiting the capital gains tax rules to gain an unfair tax advantage.

Mr. Burnett: I am very grateful to the Paymaster General for giving way; she is always very courteous in these debates. Will she elaborate a little on the steps taken to wash out gains when assets are in a trust? I am sorry about the length of this intervention, Sir Michael, but the right hon. Lady and I debated at length Upstairs the other day the new UK-New Zealand double tax treaty, and we referred to capital gains tax avoidance at some length during that debate. Is that part and parcel of what the Government have in mind with the anti-avoidance provisions, or is it something else? What mischief is she is trying to overcome?

Dawn Primarolo: I have explained how the mischief operates in terms of capital gains tax. Perhaps it will satisfy the hon. Gentleman if I elaborate on what the measure does not apply to. One of the interesting challenges for a tax Minister is whether we have to descend to being tax planners as well, to challenge our own tax system, but I shall not be tempted down that route. In order properly to represent the Government and the best interests of the taxpayer, I confine my work as a Treasury Minister to ensuring that mischief does not happen; I do not advise on any mischief that might happen in future.

The hon. Gentleman said that we were using a sledgehammer to crack a nut, and asked whether the measure would unfairly hurt honest taxpayers. That is a perfectly reasonable question. Government policy is to stop people reducing their tax bills by using a settlor-interested trust. The fact that tax advisers have found such schemes a useful way of increasing business asset taper relief is no reason to leave it undisturbed. We should have that discussion when we consider the hon. Gentleman's amendment.

2 pm

The Government's position on the taper relief and the reforms from the 2002 Finance Bill represent a point that I have addressed several times in Committee over the years. I am happy to explain again why the Government have not backdated taper relief rules, and I am sure that we will explore that when we come to the amendment. That is a better point at which to do so in terms of what is and is not allowed.

Mr. Flight: I thank the Minister for kindly giving way. For the sake of clarification, will she confirm that, however we define it, the mischief is essentially that which I set out, which is the use of settlor trusts to change the acquisition date for the purpose of taper relief, or are there other mischiefs of which I am not aware?

Dawn Primarolo: There are other mischiefs. I am trying, Sir Michael, not to drift into the debate that we should rightly have on amendment No. 42, but that is what has happened. Shares in UK companies are gifted to a trust in which the donor is a beneficiary and tax is deferred, as I explained in my opening remarks. The trust sells the shares to another company, but, at the same time, the donor's beneficiary interest in the trust is sold tax free to a non-resident company and the trustee creates a loss to match the gains. It is claimed that the rules interact so that the original donor does not pay any tax on the gains and the trustees do not pay any of the deferred tax. The availability of the gift relief on the initial gift to the trust is the foundation on which the whole scheme is built.

There has been no change in Government policy on business taper relief reform. Business asset taper relief supports enterprise. We have had this discussion at length many times in the House and the matter has been discussed during consideration of two Finance Bills. Government policy is that taper relief changes should not be backdated because that would reward past decisions rather than incentivise future behaviour. That is one of the issues that relates to the clause and the subject of the amendment tabled by the hon. Member for Torridge and West Devon (Mr. Burnett). Perhaps we should come to that, but it is not the only issue.

People are disposing of assets to others. It is right that that disposal is a chargeable event. By deferring tax, the gifts relief rules recognise the fact that some people may

not receive any money on giving the asset away. The hon. Gentleman is more familiar with that provision than I am, because he has operated it. The deferral is the cancellation of the liability, which is not acceptable.

Mr. Burnett: On a point of curiosity, I wonder whether the Inland Revenue challenges such avoidance.

Dawn Primarolo: Sir Michael, may I ask the hon. Gentleman which one of the avoidances covered by the clause he is referring to? I beg your pardon, Mr. McWilliam, I have promoted you. I hope it will come soon.

The Temporary Chairman (Mr. John McWilliam): It is about time.

Dawn Primarolo: I could not have put it better myself.

In terms of the role of the Inland Revenue, and as a Minister who is enthusiastic in defending its work in ensuring that the tax system operates properly, I should say to the hon. Gentleman that when mischief is seen, the Revenue will challenge it. We are drifting away from the debate on the clause, but, as the hon. Gentleman well knows, tax planning schemes can sometimes have already taken effect by the time they become visible. However, that is a debate for another day.

The hon. Member for Arundel and South Downs (Mr. Flight) asked about charities, and he is particularly worried about whether people will be discouraged from gifting assets to charities or museums. He should not be worried about that. There is no change to rules for gifts of assets to charities and other special bodies. We have also excluded gifts to trusts set up for the preservation of historic buildings, which may have been the issue that he wanted to touch on.

The hon. Gentleman—like, I think, the hon. Member for Torridge and West Devon—touched on the question of the interaction with inheritance tax, or IHT. The position in respect of inheritance tax is unchanged. People will still be entitled to inheritance tax relief for business property transfers into settlor-interested trusts and, where appropriate, to the inheritance tax nil rate band. None of those schemes in practice involves inheritance tax liability. That may well be because of the business property IHT relief, the IHT nil band rate or the fact that a transfer by an individual to a trust in respect of which he is the person entitled to the income is not a chargeable transfer. That is one reason why most cases will not be caught by the provision. May I leave the issue regarding the taper clock on shares until we consider the relevant amendment, because we need to explore it?

Finally, may I deal with the question asked by the hon. Member for Arundel and South Downs about revocation of claims? This is a claim, not an election, so I am advised that sections 165 and 260 are claims-based sections and the normal rules relating to the withdrawal of claims apply. Thus, a claim cannot be withdrawn or amended after it has become final.

Within the time limit for amending the claim, it may be withdrawn at any time. If a claim is made within a return and the window for amending that return is closed, the settlor cannot undo the position, so they are stuck with the consequences of the decisions they made when they made the claim. Likewise, if a claim is made outside a return and the window for amending the claim has passed—12 months from the date when the claim was made, for example—the settlor cannot undo the position. Again, he is stuck with the consequences of his decision to make the claim.

The hon. Gentleman made a point about both parties making a claim. Trustees of settlements make gift relief claims only where they are the party making the disposal. I hope that that clarifies the position with regard to revocations.

Mr. Flight: May I return to the previous point, on which the hon. Member for Torridge and West Devon and I expressed a concern that a discretionary trust could have both an inheritance tax and a capital gains tax liability when agriculture or business exemptions did not apply? Is that the Paymaster General's understanding? If so, will the Government propose a way to stop such double taxation arising?

Dawn Primarolo: I know that the Opposition often attack the Government for looking for revenue at every point, but I assure the hon. Gentleman that we are not venturing into double taxation. There would be a huge outcry were we to ask people to pay tax twice on the same income or the same assets. If he wants me to do so, I will get my officials to draft a detailed reply. As a matter of principle, he and I may disagree on many points in this Finance Bill, as in previous ones, but we will not disagree on the fact that double taxation is not acceptable. I therefore commend the clause to the House.

Question put and agreed to.

Clause 111 ordered to stand part of the Bill.

Schedule 21

CHARGEABLE GAINS: RESTRICTION OF GIFTS RELIEF ETC

Mr. Flight: I beg to move amendment No. 8, in schedule 21, page 382, line 10, at end insert

'; or

(c) a person who would qualify for one or more of such benefits mentioned in paragraph (b) above if the appropriate claim were made.'.

First, may I welcome your chairmanship of our deliberations this afternoon, Mr. McWilliam? In the course of the clause stand part debate, I referred to this amendment, the essence of which is to include people who would be entitled to disability allowance even though they may not have claimed it, as in many cases people who are entitled do not do so. There may be some practical problems in implementing that, but there seems to us to be an issue of basic fairness, whereby people should not be excluded merely because they have not put in the relevant claim.

Mr. Burnett: Is it in order for me to speak to my amendment No. 42, Mr. McWilliam?

The Temporary Chairman: No. It is a separate argument and in a separate group.

Dawn Primarolo: I hope that I will be able to persuade the hon. Member for Arundel and South Downs (Mr. Flight) to withdraw this amendment. First, I have no quarrel with the thought behind the amendment. The problem is how to deliver such a change through the Inland Revenue. The concerns that prompt the amendment are that, currently, the definition of a disabled person means that there may be trusts for people who are disabled, under which the settlor will not get the benefit of the exemption provided for in the measure. The hon. Gentleman asks that we modify the definition to include people who might be in receipt of attendance allowance or disability living allowance, if they had made an appropriate claim. We must therefore know that they might have made a claim, and that it might have been appropriate.

2.15 pm

In all honesty, for the life of me, I cannot see how the Inland Revenue, as the tax department, could possibly know who might have applied and whether they may have been successful under the rules. Obviously, there are huge practical difficulties in terms of how the Revenue, as the tax department, would be able to settle on these issues for the purposes of taxation. I hate to say this, but I do not even want to contemplate what the anti-avoidance measures would need to be in relation to decisions at each stage by the Revenue. Basically, the Revenue would have to adjudicate on what are deemed applications—as they may never have been made—when clearly it would be the role of another Department in relation to people who are entitled to such benefits.

The other point that struck me is that if a disabled person for some reason chose not to claim state benefits, in the knowledge that that would have an effect on the capital gains tax bill, that is their choice. Surely, if a huge amount of money was at stake, I cannot believe that the taxpayer would not be advised at least to apply for one of the benefits, to see whether they were entitled, although they may not wish formally to make the claim, which would be processed through the Revenue.

What lies behind the proposal is a laudable aim, in terms of ensuring that people receive everything to which they are entitled, and that wherever possible, rights are delivered to that person, regardless of whether an application through another route had been made. I discussed this matter with my officials, and I know that the hon. Gentleman is keen to reduce the costs of central Government in what we have affectionately called the Flight plan for £30 billion of public sector cuts. I hate to say this to him, but he would be spending a huge proportion of that revenue on the checks and balances in the process that his amendment proposes.

Although the principle would be generally accepted that, wherever possible, rights should be delivered, rather than requiring an application, at present, there is no way known to Ministers, officials or humankind to deliver his amendment. I therefore ask the hon. Gentleman to consider withdrawing it, having aired the important principle in the House.

Mr. Flight: First, I am delighted to hear that when the Gershon team has outlined planned savings of up to £30 billion, the Government will name them after me.

I accept the Paymaster General's argument that the proposal is probably impractical. There is a moral point, and I would just hope that in any circumstances in which someone had historically suffered as a result of not claiming a benefit, that might be put right and attention given to sorting out the tax affairs to date. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Burnett: I beg to move amendment No. 42, in schedule 21, page 386, line 15, leave out '10th December 2003' and insert '1st April 2005'.

May I also welcome you, Mr. McWilliam, as Chairman? I have had the privilege of sitting on several Committees that you have chaired, and I am pleased to move amendment No. 42, in my name and the names of my right hon. and hon. Friends.

The amendment is probing, and before I go into great detail, I want to refer to the fact that the Paymaster General, in the last but one debate, said that she was not here to give tax advice. That may or may not be the case, but I remember that in 1985, the Inland Revenue issued a consultation document called "The Preceding Year of Assessment and the Cash Basis of Assessment". It contained a textbook example of exactly how to lose one year's profits, which came to be quoted in many learned textbooks.

Basically, amendment No. 42 seeks to extend the time for the provisions of the schedule to apply. We are seeking to replace 10 December 2003 with 1 April 2005. Effectively, the amendment delays the implementation of the proposals to allow for further comment. I know that the Paymaster General is excitedly waiting for an opportunity to discuss what is behind the amendment, and to assure us that the proposal will not unfairly prejudice taxpayers and unfairly fetter businesses. There has been discussion about taper relief rules and their manipulation.

I look forward to hearing what the Paymaster General has to say. Having considered that, I shall make up my mind about whether we feel satisfied with the explanation.

The Temporary Chairman: I thank all Members for their kind words of welcome, and hope that they will not have cause to recant in the next couple of months, when they will be spending far too much time in my company.

Dawn Primarolo: I shall be asking the House to reject the amendment, for two reasons.

First, this is anti-avoidance legislation designed to stop people from obtaining gifts relief on transfers of assets to settlor-interested trusts in order to avoid capital gains tax. To delay the introduction of a measure designed to protect public revenues would simply increase the drain on the Exchequer from the avoidance that already exists, and would give a flag for it to be possible for at least another 12 months. The loss is almost impossible to calculate because we do not know what the behavioural changes might be; but according to current estimates, if we delayed the introduction of the provisions the Exchequer could lose some £50 million—a significant amount. In effect, people would be rewarded for trying to avoid tax for a further 12 months, and I cannot agree to that.

The second reason for rejecting the amendment is that in this case there is no need to provide a period of grace giving people an opportunity to unwind existing

arrangements that might have been caught by the start date of 10 December 2003, because the measure applies only to disposals to trusts on or after that date. Disposals made earlier are not affected.

The Inland Revenue published draft legislation and detailed explanatory notes on 10 December 2003 so that anyone contemplating a disposal to a settlor-interested trust on or after that date could be fully aware of the capital gains tax consequences of such a disposal. I think that that is entirely right.

The hon. Gentleman mentioned taper relief. I think he was referring to the so-called taper clock, to which the hon. Member for Arundel and South Downs (Mr. Flight) also referred. Some people have used settlor-interested trusts to gain full business asset taper relief on assets that they owned before April 2000 that did not become business assets until the definition was relaxed, gifting the assets into trusts after 5 April 2000 and thereby restarting the taper clock. It remains the Government's policy that changes to the taper relief rules were to be effective from 6 April 2000, and that they should not apply in relation to any part of the period of ownership falling before that date. This measure prevents people from using settlor-interested trusts—as they have been—to reduce their capital gains tax liability in a way that was never envisaged or condoned, as the policies of 2000 and 2003 made absolutely clear.

I hope that the hon. Gentleman will not press his amendment. No other measures relating to the taper relief rules have been changed. Anyone with a business asset who sells it will receive business asset taper relief. Assets that became business assets on 6 April 2000 will receive the relief in proportion to the time during which the assets were business assets before being sold. There is no question of any of the rule changes made in 2000 or 2002 being disturbed. All that is being prevented is the use of settlor-interested trusts to restart the clock.

Mr. Burnett: I think I made it clear at the outset that ours was a probing amendment. I was delighted, or at least pleased, to hear what the Paymaster General said.

The Paymaster General said earlier that we had debated the point about business asset relief many times in Committee. It is of course grossly unfair that those who have held assets before a certain date do not receive relief, while those who hold them after that date do. It is chronically unfair—but I will not start that debate again, because we have already discussed it at length on at least two occasions.

Mr. Flight: It is in circumstances like these, in which people feel that they have been treated unfairly, that they turn to avoidance techniques such as the one we are discussing. In a sense the problem is of the Government's own making.

Mr. Burnett: I have heard that view asserted frequently. I certainly asserted it myself before I became a Member of Parliament, to justify certain steps that I used to take on behalf of clients. I shall be rather more circumspect now, but the hon. Gentleman is right: people do feel very unfairly discriminated against because of the arbitrary nature of the relief.

Dawn Primarolo: I shall not ask the hon. Gentleman to share with us exactly what he got up to in tax planning, and we will not tell anyone else about it.

Surely the hon. Gentleman will acknowledge that when the Government introduced taper relief it was for future gains, and related to the development of businesses from that time forward. It is not acceptable to say that we should backdate it, at huge cost to the taxpayer, with no gain in the explicit policy. That is why the start date is where it is.

Mr. Burnett: I do not agree. People should be given incentives to stay in business and to grow their businesses. The fact that they fall short of the arbitrary date by a few days, or a year, is economic nonsense. People should be given incentives throughout their ownership of business assets. If relief is introduced, they should benefit. When business assets relief was introduced for inheritance tax, and other reliefs for capital gains tax, they did not arbitrarily discriminate against already-held assets. This is nonsense.

I think I have said enough. The Paymaster General has given me a reasonable explanation. We have trespassed slightly on old ground; so I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, That this schedule be the Twenty-first schedule to the Bill.

Mr. Flight: May I ask the Paymaster General to make it clear that the concept of derived property used in new section 169F refers to a property within the settlement under consideration, and not to property that might pass from one trust to another?

New section 169G refers to a former spouse being required to supply information to the Inland Revenue. We seek some assurance that such a request would be treated sensitively, recognising that a former spouse may not have information, or may not wish to be involved in their former spouse's affairs any longer.

2.30 pm

Dawn Primarolo: As the hon. Gentleman said, this is about sensitivity. It would be depend on the precise facts, which as he knows can cover a vast array of examples. If a person is able to enjoy benefit from the property, the question is: is it derived from that trust, or is it derived from another trust? It would depend on the precise facts of the transfer. It may be helpful if he wrote to me with some specific examples of the difficulties, so that I could respond to those particular points, rather than make general statements that will be wide of the mark. It is necessary to have sensitivity and these issues can be complex. Some will be acceptable and some will not be. We need to take it forward on that basis.

Question put and agreed to.

Schedule 21 agreed to.

Clause 282 ordered to stand part of the Bill.

Schedule 37

STAMP DUTY LAND TAX AND STAMP DUTY

Mr. Mark Prisk (Hertford and Stortford) (Con): I beg to move amendment No. 11, in schedule 37, page 506, line 30, leave out 'or request'.

[Mr. Mark Prisk]

As this is my first contribution today, may I also welcome you to the chair, Mr. McWilliam? You have chaired us during a number of our deliberations and I look forward to your guidance in the coming hours. I also welcome the Financial Secretary. She and I have discussed these issues on a number of occasions and I look forward to jousting with her later today, and indeed on this amendment.

Schedule 37 seeks, it is fair to say, to revise and to correct parts 4 and 5 of the Finance Act 2003. However, it also seeks to re-enact temporary regulations that were introduced under section 109 of the Act. Amendment No. 11 is a probing amendment. It concerns the different professional and legal roles of contractors and developer traders.

The background is that new section 44A is believed by some experts to have been devised to counter situations in which a developer acts merely as a building contractor to a landowner and is paid out of the proceeds of sale. Clearly, in many cases, a landowner will also want a developer's sales expertise to be made available. Such an arrangement could legitimately include a provision for the developer to act in that respect.

There must be certainty as to when a genuine contracting relationship coupled with sales advice is brought within the tax. A normal estate agent "introduces" a purchaser and "advises" whether the price offered should be accepted. While that does not immediately seem to encompass the concept of the word "request", a number of lawyers who are far more expert in these matters than I have suggested that the wording is not clear. The purpose of the amendment is to ask whether the Financial Secretary will be willing and able to help us to clarify the intention of the provision.

The Financial Secretary to the Treasury (Ruth Kelly): I also welcome you to the Chair, Mr. McWilliam, and look forward to you being with us over the next few weeks and months. I look forward to debating amendments and clauses with the hon. Member for Hertford and Stortford (Mr. Prisk), who takes a deep and personal interest in these matters.

This amendment affects new section 44A, which prescribes the stamp duty land tax treatment of contracts where one party can direct or request that a conveyance of land is made to a third party. He is correct that new section 44A is there to ensure that stamp duty land tax is not avoided, especially in commercial transactions, by disguising what is in substance the purchase of land for development as a non-land transaction, often described as a "building licence". The Government believe that the tax treatment should reflect the substance. That is our policy on a variety of issues that are to be debated today.

The effect of the amendment would be to tempt taxpayers and their advisers to draft building licences that are still in substance the purchase of land but which provide that the developer will "request" rather than "direct" the landowner to convey to a third party. That would no doubt be the sort of request that it is hard to say no to.

Concern has been expressed about the interaction between new section 44A and existing section 44, dealing with contracts to be completed by a conveyance. I reassure the hon. Gentleman that section 44 remains the primary charging section where contracts for land transactions are substantially performed. In particular, the fact that a normal contract for sale includes a provision permitting the contracting purchaser to nominate someone else to take the conveyance does not take the contract out of section 44 into section 44A.

The hon. Gentleman mentioned the fact that section 44A may catch a contractor. I believe that it will not. It should not catch a person who genuinely acts only as an agent. I hope that with that reassurance he will withdraw the amendment.

Mr. Prisk: I am grateful to the Financial Secretary for that clarification. It helps. I think that she understands, as I am sure the Committee does, that one of the important purposes of the amendment was to put that clarification on the record. Given that she has done that, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 12, in schedule 37, page 510, leave out lines 2 to 5.

This is also a probing amendment. It seeks to clarify the sale and leaseback tax relief arrangements. Again, a number of professionals in the sector who have many years' experience have identified a potential problem with the provision, and I use the word "potential" with due care.

For the benefit of the Committee, the background is that section 57A was inserted into last year's Finance Bill on 12 November. Under the revisions to its text, certain relaxations are to be incorporated. The text is to take effect between 17 March this year and Royal Assent in July.

I understand that a temporary transition such as that means that conveyancers and solicitors involved will have to be very careful in the advice that they provide in researching the situation backwards, before advising their clients. That is quite an awkward problem, which arises because of the transition. It creates significant uncertainty and the regulations seem to be at variance with the tax treatment of such sale and leasebacks when assessing capital gains tax liabilities.

In relation to CGT base value reductions, there is only a part disposal of the interest originally held, with the economic value retained being left out of account, yet stamp duty land tax has been constructed differently. The purpose of the amendment is to ask: why the difference?

Ruth Kelly: The amendment seeks to remove an anti-avoidance provision in the Bill. The provision is designed to ensure that a taxpayer cannot obtain two reliefs: sub-sale relief when he on-sells land without taking title to it; and sale and leaseback relief, if the land is leased back to him by the sub-purchaser. The Government believe that sale and leaseback relief should apply only to the leaseback leg of a transaction where the seller has previously taken title to the property and has paid stamp duty land tax, or old stamp duty, on that acquisition.

In principle, we believe that it would be wrong for a taxpayer to be allowed to sub-sell land and not have a stamp duty land tax charge because of sub-sale relief

and then also to take a leaseback of the land that he has sub-sold and claim leaseback relief. We believe that the taxpayer should choose either to sub-sell and pay stamp duty land tax on the leaseback to him, or to pay stamp duty land tax when he acquires the land and then enter into a sale and leaseback transaction and obtain relief on the leaseback. We do not think that he should be able to have it both ways.

Mr. Prisk: I understand what the Minister says about tax avoidance, but does she not also understand that the treatment of the same issue with two different taxes in two different ways is confusing for the taxpayer? What are the reasons behind it?

Ruth Kelly: The issue does not arise in the context of two taxes. The point is that it is possible to obtain two reliefs on the same transaction, which we want to avoid. We think that the tax treatment should follow the substance of the transaction, and that it is only right that only one relief should be allowable. I am sure that the hon. Gentleman would support us in that end.

Mr. Prisk: I suspect that we may differ on parts of the issue, but I accept that the Minister has clarified a couple of nuances in her second response that were not clear at the beginning. We could probably debate this all day, and while that might be tempting on occasions, in the present instance I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 14, in page 532, line 17, at end insert

'in the case of leases assigned within three years of grant'.

The Temporary Chairman: With this we may consider amendment No. 13, in page 534, line 29, leave out from beginning to end of line 7 on page 537.

Mr. Prisk: The amendment concerns cases in which there is an assignment of a lease treated as a grant of lease, as in paragraph 11. This part of the schedule is a reasonable measure, designed to prevent a landlord from getting a lease to an unconnected third-party tenant without the stamp duty land tax paid on the lease. Without the measure, somebody could grant a lease to a company within a group and obtain the benefit of intra-group relief from the tax. The lease could subsequently be assigned to a tenant without the tax being paid. The tax would not be payable on an assignment of lease unless there was another consideration given—I presume that we are talking about cash or something similar.

The amendment would restrict the application of the rules to assignments taking place within three years of the grant of the lease. Both landlords and tenants—both sides of the property equation—have told me that they accept that this should be sufficient to counter avoidance. Without the amendment, an unnecessary compliance and tax burden will be placed on taxpayers taking an assignment of a lease where there is no real evidence of a tax avoidance motive.

We chose three years as the time limit partly because it reflects similar clawback provisions for other group reliefs, but I am open to suggestions from the Minister for a different time frame, if she chooses to respond positively. I believe, as do many people outside, that the amendment would improve the schedule and I look forward to a positive response.

Amendment No. 13 is more substantial. It concerns abnormal rents and relates to paragraphs 14 and 15. It would remove all the provisions relating to such rents. When the Minister, who was then the Economic Secretary, proposed the reform of stamp duty land tax, she said that the Government's aims were to simplify the tax and to "reflect modern commercial practice". These provisions not only fail in those aims but in many senses directly contradict them.

The provisions say that, when there is an increase of rent after the fifth year, the tenant must assess whether that increase is abnormal. Members of the Committee may be asking themselves what constitutes abnormality. The answer is in paragraph 15, but it is a very long answer, covering two pages of law, with three formulae and a six-step definition.

2.45 pm

For those who are unfamiliar with what the Government expect them to do as tenants, let me take them briefly—I hope to be as concise as possible—through the process. Tenants will first have to define the start date, which is

"the beginning of the period by reference to which the rent assumed to be payable after the fifth year of the term of the lease is determined in accordance with paragraph 7 (3)".

Tenants then have to

"Divide the period between the start date and the date on which the new rent first becomes payable".

We are then helpfully given two ways of doing that.

Then, for those poor tenants still struggling to work this out, step three comes along and tells them that they must

"Find the factor by which the retail prices index has increased over each period identified in step two.

This is a figure expressed as a decimal and determined by the formula—

$$\frac{(RD-RI)}{RI}$$

where—

RD is the retail prices index for the month in which the last day of the period in question falls, and

RI is the retail prices index for the month in which the first day of the period in question falls."

At this point, it gets complicated. In step four, tenants are asked to

"Find the relevant factor for each period identified in step two."

Hon. Members will realise that a rather awkward formula is coming up. Step four continues:

"This is a figure expressed as a decimal and determined by the formula—

$$1 + \{0.05 \times \frac{m}{12}\} + r$$

where—

m is the number of months in the period in question (treating part of a month as a whole month), and

r is the factor by which the retail prices index has increased over the period in question, determined under step three."

[Mr. Prisk]

What could be simpler than that? However, we then find that the tenants have not completed what the Government require them to do to establish what an abnormal rent is. Indeed, no—there is far more to come, and those tenants who are still awake must proceed to step five, in which they are asked to

"Find the uplift factor for the reference period as follows."

What follows is a helpful seven-paragraph definition.

Finally, we come to step six—for those tenants who are still awake and have not lost the will to live. Step six says:

"The rent increase is regarded as abnormal if the new rent is greater than:

R x UF

where—

R is the rent previously taxed (see paragraph 14 (4)), and

UF is the uplift factor for the reference period."

There we have it. What, indeed, could be simpler?

When we debated this back in November, I said that Sir Humphrey would be proud, and I am sure he is. I recognise that some large organisations will probably be able to put in place systems that can handle the process, but everyone in the Committee will understand that the vast majority of tenants will find the provisions—the two pages, three formulae and six steps—unintelligible and unduly onerous.

Indeed, the Treasury itself could not get the formula right. When it was first printed, it was wrong, so it had to be pulped and reprinted, so how on earth is a humble taxpayer meant to cope?

Mr. John Redwood (Wokingham) (Con): My hon. Friend is taking justifiable delight in setting out the complexities. Can he fathom how the uplift factor is derived? How can we be sure that it is appropriate, given that rents rise at different rates in different circumstances throughout the country, depending on the supply and demand in the market?

Mr. Prisk: As usual, my right hon. Friend has identified the point. The problem is in having an academic, theoretical set of formulae that conflicts entirely with the way in which the market works. That is at the heart of the error of the thinking underlying this proposal. Will the Financial Secretary assure businesses that any reasonable errors in the six-step, three-formula calculation will not lead to punitive fines?

There is a wider point of principle involved. Is it not inherently unfair that a tenant who faces a large inflationary rent rise—"abnormal" in the Government's language—for reasons outside their control should at the same time incur a substantial tax liability? Can the Financial Secretary explain in what possible way that is fair?

I cannot help taking a little delight at the language, because it merely reinforces the view that "Yes, Minister" is a training film and not a comedy, but in truth, this is a serious issue. With my amendments, I am trying to ensure that we keep the compliance burden at the lowest possible level. That is what is at issue here and I hope that the Financial Secretary will be able to explain to us why she is pressing ahead with this measure, which is absurd in purpose and unacceptable in practice.

The Temporary Chairman: For the sake of clarity, when we get past amendment no. 14, I will invite the hon. Gentleman to put his second amendment formally if he wishes to press it to a Division.

Mr. Redwood: I have declared my interest in the register.

I am grateful to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) for drawing attention to the enormous complexity that overlies the injustice of the measures. My party has been very unhappy about the Government's decision to introduce a new tax, masquerading as an old one, called stamp duty land tax and stamp duty, and it is typical of the Government that, having bungled that in the first place in regulations, they are now inviting us to re-enact it, but with crucial amendments in the light of experience and reconsideration, in such a gargantuan format in this bumper Finance Bill, which we have been picking our way through selectively and with difficulty yesterday and today on the Floor of the House.

The charge against the measure is one of drafting and of principle. My hon. Friend made it clear that absurd complexity and difficulty are involved. He kindly said that he feared that tenants might fall asleep before they got to the fifth or sixth stage of the calculation, but I think that they will be awake on caffeine tablets, tearing their hair out with extreme worry that they might get something wrong. Believe it or not—I know that the Government often do not—most of us want to comply with the tax laws and pay our fair taxes. However, it is getting very difficult these days for many people to know how to calculate their tax and to ensure that they have got it exactly right. It will be very unfair if the Revenue mistakes understandable error because of complexity for unwillingness to pay on the part of the many law-abiding people who will be wrestling with the legislation if we pass it in this form or something like it.

As my hon. Friend pointed out, there are three formulae. Anyone with a reasonable qualification in algebra will be able to handle that, but the people whom we are discussing have businesses to run, livings to earn, families to look after and elderly relatives to care for. They do not really want all this visited on them at the same time in order to try to comply. The Financial Secretary might grandly say, "Let them employ an accountant." I am all in favour of the professional classes doing well, but if someone is running a small business there are limits to how much they can afford to pay in professional fees for handling 550 pages of this Finance Bill, on top of the thousands of pages of tax and company legislation that we already have and that directors and executives are expected to be cognisant of, and capable of handling.

My hon. Friend is right to say that, on grounds of complexity and opacity, it would be good to strike this measure out or to come back with a paragraph or two that provides a sensible and more moderate explanation. However, I also have a problem with the measure in principle. As I suggested to my hon. Friend in my intervention, the property market is complicated

and busy and there can be large changes in rentals after a five-year period for all sorts of reasons. The centres of towns change radically, and the centres of big cities can change even more. An area can plunge in estimation because uses and users change, or rise because of a major development, because of change in use or because a new group of rich or prosperous businesses or people comes into that district, which can justify higher rents. I hope that the formulae can fully reflect that sophistication and that people will not be penalised for extraneous forces that can move rents a lot for understandable and good reasons. The formulae and academic calculations can often be too abstract and unfair.

My final point is that I do not like the tax, which is yet another stealth tax, at all. The market economy worked perfectly well without it, but we all know why it is necessary: because the Government are wasting so much money. A much better answer would be to reduce Government waste rather than burdening all of us, and the many businesses out there struggling to earn a living in a globally competitive marketplace, with this high degree of complexity and, ultimately, cost. I welcome the bold attempt of my hon. Friend to simplify the measure and would heartily like to see the back of the tax altogether.

Ruth Kelly: I thank the hon. Member for Hertford and Stortford (Mr. Prisk) for the reasonable way in which he introduced amendment No. 14, although the same does not apply to amendment No. 13.

Amendment No. 14 affects paragraph 11 of new schedule 17A, which provides that, where the grant of a lease is exempt from the charge of stamp duty land tax by virtue of certain statutory provisions, the first non-exempt assignment of the lease is treated as the grant of a new lease. That ensures that stamp duty land tax is paid at some stage on the rental element. To his credit, the hon. Gentleman accepts the case for trying to prevent avoidance and ensuring that a bank of leases is not built up, then assigned later on down the road. Without that provision, any property-owning group could set up a bank of leases within the group in the knowledge that, sometime later, it could enter transactions with tenants that were in substance grants of leases, but in legal form assignments of existing leases, thus enabling the tenant to avoid stamp duty land tax on the rental element.

My problem with the amendment is that it merely postpones that practice for a three-year period and, after three years, enables the tax to be avoided. I could not condone that. There should not be a time limit after which tax avoidance is acceptable, so I ask the hon. Gentleman to reconsider setting in stone a three-year period after which such a practice would become acceptable. Perhaps I can reassure him that paragraph 11 applies only to leases granted on or after 1 December 2003, so there is no question of the assignment of a lease being treated as the grant of a new lease when the grant of the lease was within the old stamp duty regime.

The hon. Gentleman considers amendment No. 13 substantive. It would strike out, as he put it, provisions relating to abnormal rents. I should first emphasise that no tenant can possibly be affected by the provisions in paragraphs 14 and 15 of new schedule 17A until December 2008 at the earliest, because they apply only to leases that, when granted, are within the stamp duty land tax system. I also emphasise that the normal rule for stamp duty land tax purposes is that rent increases after the end of the fifth year are ignored completely. In particular, no one paying tax on the grant of a lease need take post-five-year rent increases into account, either in submitting an initial return or if the return needs to be revised when the rent for the first five years is ascertained.

Mr. Prisk: Given those points, just how many people will be directly affected by the measure? If only a very small number of people will be liable, the problem is that a very much larger number will be anxious that they might be and therefore have to deal with the compliance burden in terms of their time and money. Can the Financial Secretary tell us how many people—what proportion of tenants—will be affected? If it is a tiny number, surely that reinforces our argument to get rid of the measure altogether.

Ruth Kelly: I assure the hon. Gentleman that the vast majority of leases, such as those providing for retail prices index increases, will be completely unaffected by the provisions. We are talking about a small number. *[Interruption.]* He asks from a sedentary provision why, therefore, we do not strike out the provisions. The answer is that, if no provision were made for abnormal rent increases, it would be in the interest of parties to negotiate a nominal rent for the first five years and then a very high rent increase in year six and thereafter. I am sure that he would not want that to happen.

3 pm

Mr. Prisk: I do not understand the logic of the argument, which is that people are trying to organise their tenancy arrangements on that basis. Such an attitude involves an unnecessarily suspicious mindset. I am not naive enough to suggest that no one would try to do such things at the margins, but given that the Financial Secretary has already told the Committee that a tiny number of people are involved—presumably, a tiny sum would therefore be recouped in terms of tax avoidance—in the name of the apparent aim of this tax, which is modern commercial practice, we could surely get rid of two pages of gibberish.

Ruth Kelly: I beg to differ with the hon. Gentleman. First, the provision is not gibberish; secondly, it has a serious purpose, which is to put people on notice that they cannot reach an agreement that provides for a nominal rent during the first five years and a very sharp increase thereafter. We have to make it clear that we cannot tolerate such a situation. Only when the rent increases after the end of year five will tenants need to consider this situation at all. As the hon. Gentleman rightly points out, given that such people are on notice that tax cannot be avoided in this way, only very few will be affected by the provision. Of course, if it were not included in the Bill, a much greater number might be affected as the practice became more widespread. It is essential to include such a measure in the Bill to give people the required notice not to enter into such agreements.

The hon. Gentleman is trying to make a name for himself through his fondness for reading formulae from stamp duty provisions in regulations and Bills. He tries

[Ruth Kelly]

to make out that the formula is extremely complicated and that no reasonable tenant could possibly conclude whether their rent increase is normal. In fact, it is a fairly simple formula of—at the moment—RPI plus 5 per cent. The Inland Revenue intends to provide an online calculator for those who wish to calculate the figure in that way. Such a calculation is not a particularly onerous one for a tenant in that situation. We shall of course maintain an interest in stamp duty land tax issues between now and 2008, and we will always be ready and willing to introduce improvements to the legislation where they are justified. However, removing such provisions altogether and failing to replace them with anything that improves matters is unacceptable. I therefore ask the Committee to reject the amendment.

Mr. Prisk: I am grateful to the Financial Secretary for that explanation. May I clarify one point, Mr. McWilliam? Do you require me formally to move the amendment?

The Temporary Chairman: We have to dispose of amendment No. 14 before we get to amendment No. 13, which has not yet been put. Once we have disposed of amendment No. 14, I shall invite the hon. Gentleman to propose amendment No. 13 formally, if he wishes to press it to a vote.

Mr. Prisk: I have listened to the Financial Secretary's comments on amendment No. 14 and, although I am disappointed that she seems alone among professionals in the field in her interpretation of it, it would not be appropriate at this stage to press it to a vote. I hope that the Government have listened to the arguments and will improve the Bill in their future refining process. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 13, in page 534, line 29, leave out from beginning to end of line 7 on page 537.—*[Mr. Prisk.]*

Question put, That the amendment be made:—

The Committee divided: Ayes 127, Noes 336.

Division No. 152] **[3:04 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Campbell, Gregory *(E Lond'y)*
Chope, Christopher
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paisley, Rev. Ian
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. Peter Atkinson and Mr. Geoffrey Clifton-Brown

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baker, Norman
Barnes, Harry
Barrett, John
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Benton, Joe *(Bootle)*
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnett, John
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin

Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gidley, Sandra
Godsiff, Roger
Green, Matthew *(Ludlow)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Morgan, Julie
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
Olner, Bill
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Wright, David *(Telford)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Margaret Moran and
Paul Clark

Question accordingly negatived.

Question proposed, That this schedule be the Thirty-seventh schedule to the Bill.

Mr. Prisk: It is disappointing that the Division was unsuccessful from our point of view, but it is important that we made the point.

Schedule 37, together with clause 282, re-enacts temporary provisions concerning the detailed implementation of stamp duty land tax on leases. It also makes a series of changes, corrections and revisions to the legislation. Part 1 of the schedule makes changes to the Finance Act 2003. Indeed, it makes 35 pages of such changes—and only nine months after the Act came into force. In many ways, that shows how the original legislation was ill considered in its preparation and enacted in haste.

I am well aware that the Chief Secretary told us last year that the legislation would need "refining"—I think that that was his term—over the next couple of years, but I have to say that this scale of refining is ridiculous. Such a piecemeal approach to a tax creates bad tax law by increasing the complexity, which results in greater uncertainty not only for the taxpayer but for the tax collector. It also undermines the Government's own arguments on tax avoidance. After all, if tax law is constantly changing, it is far more likely to result in loopholes. Inevitably, the Government have to come back the next year to fill them—and on we go with the ridiculous and vicious cycle.

Given the 35 pages of changes, we could be forgiven for thinking that the Government had sorted everything out. I wish that that were true, but problems and unfulfilled commitments remain. I shall give an example, and I hope that the Financial Secretary will be able to respond, as it relates to what is at the heart of the schedule.

I have been approached by a number of expert solicitors in this field, including solicitors belonging to the firm Wards of Bristol. They have been concerned by the commitments made by the Chief Secretary to the Treasury about chain-breaking companies. The representations arrived only in the past couple of days, which means that I have not had time to table an appropriate amendment.

On 10 June 2003, the Chief Secretary to the Treasury told the Standing Committee considering last year's Finance Bill:

> "I can provide some comfort to the hon. Members who have raised the issue of chain-breaking companies. I can confirm that we will consult with bodies in the sector and will table appropriate amendments to clause 59 before the implementation of the modernised regime to ensure that chain-breaking companies can operate without a double charge to stamp duty land tax. A relief for this specific point would assist liquidity in the housing market, which we all agree is desirable. The Office of the Deputy Prime Minister has already issued a paper making the promotion of chain-breaking companies a Government policy."—[*Official Report, Standing Committee B,* 10 June 2003; c. 415.]

Amendments were duly tabled. Schedule 6A to the Finance Act 2003, when finalised, addressed many of the needs of chain-break schemes. However, a raft of different constraints remain, contrary to the Chief Secretary's commitment in Standing Committee. As a result, many transactions in this area operate with a double charge, as I shall show in three short examples.

First, the current requirement for a chain to have broken down prevents the creation of a completed chain by taking out a prospective buyer who has not yet put his property on the market. Secondly, the requirement in the legislation that the vendor, apparently simultaneously, should acquire another property as his main residence prevents chain-break companies from buying from people who need to go into nursing care; who may be undergoing divorce; or who are threatened with repossession. Finally, the restriction that the property must have been occupied as a main residence in the past two years prevents the purchase, for example, from someone who has been in a nursing home for an extended period; or from someone trying to get out of the buy-to-let market; or from someone who has been working abroad and who is looking to make the move permanent.

I hope that the Financial Secretary will consider these important matters. The proposals being considered today should have been contained in last year's Bill. What progress has been made in ensuring that the provisions introduced last year are corrected? The Chief Secretary made a clear commitment in relation to these matters, and I hope that it will now be fulfilled.

A raft of other problems have been caused by the Government's piecemeal approach. I gather that statutory instrument No. 1069 was introduced earlier this month, but that it has had to be corrected by a new provision. That highlights the Government's piecemeal and ad hoc approach to making tax law.

Finally, it is clear that this remarkably opaque tax has been very badly prepared. Today, we are considering 35 pages of changes that have been needed in less than a year, and that serves to prove my point. The various amendments to schedule 37 that the Committee considered today were tabled with the aim of improving the legislation. However, the Opposition want to put on record our concern about the impact of the tax, and our strong rejection of the Government's ad hoc and piecemeal approach to its enactment.

Mr. Redwood: My main concern about allowing schedule 37 to stand part of the Bill is that it contains 35 pages of extremely complicated provisions in respect of a new tax introduced by the Government very recently and in a rush. The schedule represents a series of wholesale amendments to the Finance Act 2003, of recent memory, and it also amends amending statutory instruments that had to be introduced in-year because of the mess that was made of the original legislation.

The 35 pages of schedule 37 are followed by the 15 pages taken up by schedules 38 and 39, which also deal with the same tax. That means that the House is being invited to agree some 50 pages of legislation in the space of perhaps an hour, in respect of a very new and badly designed tax whose introduction was bungled and badly explained a year ago. The tax warrants a Bill all to itself, with a proper Committee procedure. That might help the Government grope their way towards the proper introduction of an enormously complex tax. The

Government designed it badly, and they have to revise it every six months to respond to the complexity of a marketplace that surprises them with its constant rises.

Mr. John Bercow (Buckingham) (Con): I am very grateful to my right hon. Friend for giving way because he is a respected veteran of these debates in Committee. Can he tell me what compatibility exists, if any, between schedule 37 and the tax law rewrite project, conducted under the auspices of the tax simplification panel, which is regularly and enthusiastically championed by the Government?

Mr. Redwood: I believe there is little or no relationship or connection. As I understand the rewrite and simplification, its intention is not to change the incidence or the impact of the legislation in any way, whereas today the Government, by rushing through these schedules, are seeking to make quite substantial changes in something that they designed a little over a year ago, legislated for in haste, re-legislated for in statutory instrument form and are now seeking to legislate for again. It is a very different exercise. Simplification would be very welcome, but I think even the best brains in the country would be unable to boil these schedules down to many fewer pages than we currently have before us, because they are ill thought through and badly designed. Even the most brilliant prose stylist in the world would be unable to condense into a reasonable space something that is so ill thought through and badly designed, because the whole point of it is that it is ghastly and complex and prolix and tedious and contradictory and inaccurate, and doubtless will need amending in subsequent regulations and in subsequent Finance Bills.

I admire the wit and wisdom of the officials involved in all this because it is clearly a lifelong task to keep bringing things back to the House in the vain hope that one day they will hit on the right solution—that one day we may have a stamp duty land tax of which Ministers can be proud, that one day there may be a lucky Minister who is allowed to come to the House and say, "Good news: we do not have to legislate again on this. We have at last succeeded." But so far Ministers have had to come to the House and say, "I know I was here last year doing this, but it is not Groundhog day; we are not doing the same again, we are doing something very different. The intention is still the same but we have discovered that what we did last time was fundamentally wrong." I know that the Committee would not like me to go into all the detail in these 35 pages, but hon. Members should at least be aware how fundamental are many of the issues that have to be re-legislated for in this extraordinary way.

We have to look again at contracts providing for conveyances to a third party—an extremely wide category under this legislation. We have to consider the effect of transfer rights. We have to consider registration of land transactions. We have to redefine the effective date of the transaction—a pretty fundamental thing, which one would have thought the Government would have got right to start with. We have to look at chargeable consideration—in other words, how much these things cost in the first place. We have to look at general provisions relating to leases. We have to look at rent reviews. We have to look at the assignment of agreements for leases and we have to look at lease agreements. We have to look at commencement.

Then in part 2 we get to the really juicy bit where we are amending amendments—where we are amending regulations under section 109 of the Finance Act 2003, which were designed to deal with the problems in the first place. There we have to deal with introduction and revocation—if only we were revoking the whole thing, it would save us a lot of time. We have to look at the meaning of taking possession. We have to look at relief for sale and leaseback arrangements—a fundamental point. To stay in business in a competitive market, an awful lot of businesses finance themselves by sale and leaseback, and we now discover that the provisions were wrongly drafted and some people are being unreasonably penalised and the Treasury is not getting what it thinks it should get.

We have to look at relief for acquisitions of residential property that were never meant to be captured by this thing in the first place; there is a very complicated new piece on that. We have to look at acquisition by a property trader from personal representatives. We have to look at the chain of transactions point that my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) rightly highlighted. We have to look at relocation of employment cases. We have to redefine what a property trader is, which is pretty fundamental, as property traders are the people who are most likely to be tied up in these knots regularly.

We have to look at the meaning of "refurbishment" and "the permitted amount" because there are exemptions for that kind of practice under the legislation. We have to look at the particular position of unit trust schemes, which have been caught out in a way that the Government obviously did not intend. We have to look at linked transactions. We have to look at declarations by persons authorised to act on behalf of others. We even—and this is my favourite—have to change the meaning of "lease". One might have thought that when the Government set out to tax leases, they would start off with a definition, go out to consultation on it, agree it and stick with it. But no, apparently they even got that wrong, and we now need a new definition of a lease.

Mr. Prisk *rose—*

Mr. Redwood: I see my hon. Friend has a thirst for knowledge.

Mr. Prisk: My thirst for knowledge is unquenchable, so I have been interested to hear the range and scope that my right hon. Friend is highlighting and which I have had to deal with directly. Is he aware that the most sinister aspect of all this, which is in another large tome, the Red Book, may be that the Government expect a 25 per cent. increase in the yield of the tax—£1.9 billion in one year? Does he share my concern that tucked away behind this panoply of nonsense is a much more worrying issue?

Mr. Redwood: My hon. Friend is ahead of me in my argument. I had done the Minister the justice, or the injustice, of assuming that most of the schedule dealt

[Mr. Redwood]

with bungles, but my hon. Friend is right—some of it is an intentional tightening up, almost tantamount to a new tax in some cases, which the Minister should highlight if she wishes to intervene in this important debate.

We are invited to legislate anew on "Treatment of leases for indefinite term", on "First rent review in final quarters of fifth year", on "Adjustment where rent ceases to be uncertain", on "Rent for overlap period in case of grant of further lease", and on "Cases where assignment of lease treated as grant of lease". Then there is more on agreement of leases under the amending amendments; more on assignment of agreement of leases; and more on increases in rentals and the abnormal rent business that we were discussing just before the stand part debate. That, as we saw in that moderate debate of some one hour's duration, posed a great many problems in its own right, most of which the Minister did not care to answer when she replied to the points that my hon. Friend and I had made.

The schedule needs rather more time and attention. It would be a courtesy to the Committee if the Minister, when replying to the debate, could make an honest declaration of which paragraphs of the schedule are being amended because there were errors, problems and drafting difficulties, and which are being amended because those who have to pay the tax have succeeded in making representations to the effect that it is was unworkable or unfair and one or two aspects are moving in the direction of the users, as with unit trusts in some cases. Most important, I hope the Minister will highlight to the Committee where the definitions and the text are being deliberately strengthened in order to increase the amount of revenue that the Government are raising, in the light of experience in the first year of the introduction of the tax.

That is what most matters to the Committee and the House. It is wrong that all these changes are being slipped through in the schedule in the hope that there will not be much debate. It amounts to revisiting a new tax in a pretty fundamental way, and I hope the Minister will illuminate our debate by confessing to the errors, highlighting any good news that may be hidden in the schedule for people who currently have to pay the tax, and above all highlighting in an open way to the Committee where the burden will increase. It is not clear to the lay reader where that £1.5 billion or more will come from. Some of it will clearly come from changes to drafting, rather than from the expansion of the economy.

3.30 pm

Mr. John Gummer (Suffolk, Coastal) (Con): The complexity of the changes, and the extensive nature of the amendments and the amendments to amendments may be construed as a fundamental criticism of a taxation system that is supposed to be understood by pretty ordinary people. We are discussing leases, which are often an important subject for businesses that are not huge and do not have vast arrays of advisers, helpers and people with detailed knowledge.

I much honour the Minister who is to reply. I sit on a committee with her and I hear her express ideas simply, coherently and cogently. Indeed, I often agree with her, and I do not think I have ever disagreed with her, on that committee. *[Interruption.]* This may be very dangerous for her career, but I have certainly understood what she has had to say. It must be extremely embarrassing for her to appear before this Committee faced with a series of amendments on which she must have spent a great deal of time with her civil servants, going through each of the details to ensure that she could explain not only to our satisfaction but to her own what they really meant.

That is an unacceptable position. Of course, there are complicated matters that need complex legislation, but such legislation itself demands that one gets things right in the first place. I think that the tax that we are considering is unacceptable. I suppose that I have a sort of interest in addition to what I have set out in my declaration of interests, to which I refer the Committee, in that I write on matters of property. I find it difficult to see that this is a very helpful tax. It affects me directly, but I do not see that it is helpful as far as the economic future of the country is concerned. Even if it were helpful in that context, the fact that it is incomprehensible to the ordinary person brings into considerable doubt the taxation system as a whole.

I plead with the Financial Secretary to recognise the seriousness of what we are discussing. Yesterday, I made a short intervention about a proposal aimed at very small companies that had only recently been incorporated. Anyone who listened to that debate would have recognised that what was happening was totally incomprehensible to anyone who was likely to be running a small company. We are now seeing a series of amendments to the system that must be utterly incapable of being understood by the very people whom we are supposed to be encouraging. It is not fair that the most difficult thing in running a business is dealing with the Government. That should not be the situation. The most difficult thing in running a business should be making a profit; that is what people should be concentrating on and concerned with. This Government are making it more difficult to run a business by insisting on a taxation system that is as opaque as they can make it.

There are three points with which I would like the Financial Secretary to deal. First, is it not true that the tax is being introduced because the Chancellor did not dare introduce a sensible, direct tax that everybody knew about? Is this not one of those examples of the Chancellor trying to invent a tax that is so complex and so particular in its incidence that people will not notice it enough to say, "There you go again; taxes are going up"? We know who will pay the price; it is not the businesses who pay the tax in the first instance, but the customers of those businesses. The Financial Secretary is shaking her head, but it is true. She is paying for it, as am I. Indeed, we are all paying for it in the goods and services provided by the businesses that are now taxed by what I understand to be an additional £1.7 billion, or an amount of about that size.

Mr. Prisk: It is £1.9 billion.

Mr. Gummer: It is £1.9 billion that the Chancellor is taking out of the pockets of the people of this country. That is what this is about. It is all right for the Financial Secretary to shake her head so elegantly, but the truth is that she knows very well that there is no one else to pay

the money. In the end, all taxes are paid by the consumer and the customer. If £1.9 billion is taken out of the system it is taken not from a mythical collection of rich people or a series of property speculators who can be cut off from the rest of the community, but from the pockets of the purchasers of goods and services. This tax is complicated in order to uphold the fiction, which the public increasingly recognise as a fiction, that the Government are not a tax-and-spend Government. Of course they are a tax-and-spend Government, however polite and charming their front may be. The Financial Secretary must defend this tax in terms of its being a straightforward imposition that we can all understand.

My second question, which my right hon. Friend the Member for Wokingham (Mr. Redwood) raised earlier, arises in the stand part debate because this is the moment at which we give credence to the amendments. Will the Financial Secretary distinguish between the amendments to obtain more money and the amendments that were made because she got the provision wrong in the first place? I do not blame her for getting the provision wrong, and, unlike certain Ministers of the Crown, I am not prepared to blame civil servants. I was brought up in an old-fashioned way, so I blame Ministers—I expected to take the blame when I was a Minister.

I shall blame the person who is really responsible, the Chancellor of the Exchequer. He must explain, through his voice, the Financial Secretary, which is the mea culpa bit and which the "mea grab-a bit." Which bits is he apologising for, and which bits is he preceding with the word "sorry" before taking some more? That distinction is not included in any of the explanatory memorandums, and I am sorry that that should be so. I have read the explanatory memorandums carefully, because it is difficult to read the Bill, and one needs the explanations. None of the explanatory memorandums states, "We got these things wrong, and we are now going to get them right. We are also introducing this provision, which means that we will raise a great deal of money. We want to explain the Red Book properly."

Thirdly, will the Financial Secretary explain to whom my constituents affected by this gobbledegook should apply—at no cost, because it is not their fault—for specific advice on how the changes will affect them and their businesses? If she does not introduce free help, she will act as a recruiting sergeant for those overpaid people—I nearly called them a profession—chartered accountants. The Government have given more money to chartered accountants than any Government in the history of mankind. Ministers do not need to include that point in their declaration of interests, but they ought to—members of the chartered accountancy profession have more treasure than is imaginable, because they have earned so much, and, given recent events and examples, I doubt whether one can trust them.

The Financial Secretary must explain who will advise those who do not want to spend money, in addition to the tax that is being extorted, to make sure that they do not break the law. The problem is that one seeks professional advice not only to minimise the tax that one legally ought to pay, but to ensure that one does not get caught in a taxation system that is so complex and irrational that one would not imagine that one was doing wrong, and that proposition is central to our argument.

It is wrong to put people in the wrong by introducing legislation that is so irrational and unconnected with anybody's natural assertions and thoughts that people would not imagine that they are doing something incorrect. It is wrong to set out to have a taxation system that is designed to hide the fact that anybody is being taxed, to design the mechanism to be as complex as possible so as not to have to admit to raising taxes, and to promise the nation that taxes will not go up, then get into a mess and have to do it anyway.

3.45 pm

That has an immoral effect on the public. It puts people in the position of being lawbreakers by accident because the complications and hoops are such that no sane person can possibly imagine what questions they should ask and what issues they should consider when they enter into the perfectly reasonable activity that is the purchase, passing on or sale of a lease—a simple matter that, since before mediaeval times, people have done in a simple way. It took this Government to make it an act worthy of a senior wrangler from the University of Cambridge: only someone of that quality could read and understand the changes in the Bill and still carry on a business.

One of the sad aspects of this Government is that very few of its members, including the Treasury team, have ever run a business. Nowadays, it is increasingly difficult for those of us who run businesses to be able to say so with pride, but I do. I run a business, and I know how difficult it is to get these things right. The Government are introducing into our business life complications that make people spend more time trying to handle the problems placed upon them by the Chancellor of the Exchequer than trying to win a profit out of a marketplace on which he depends.

We should vote against the schedule and say to the Government: "For goodness' sake get real. Get yourself into the marketplace, understand what you're doing, and don't clog this House up with the unmentionable, the inconceivable, the incomprehensible and the absolutely unnecessary. If you want to tax us, do it publicly, clearly and simply; and admit that your big fault was to promise that you wouldn't increase taxation, then find that you've got to hide the taxes because you dare not face the electorate."

Ruth Kelly: I welcome you to the Chair, Sir Nicholas.

I very much enjoyed the contributions made by right hon. and hon. Members on the Conservative Benches. Let me reassure them that the schedule is framed in the language of the tax law rewrite. That fundamental point has been much examined by Conservative Members, who will be reassured by that comment.

The right hon. Member for Suffolk, Coastal (Mr. Gummer) told me to get real. I would argue that if most people looked at the old stamp duty regime, under which all residential transactions bar hardly any paid full stamp duty, and half of all large commercial transactions paid full stamp duty while half paid none at all, they would realise that that was completely unacceptable. When they realised that the old regime

[Ruth Kelly]

was not compatible with e-conveyancing, they would find that unacceptable, too. When they considered the fact that the old regime had no proper enforcement and penalty powers, they would not think that in line with the principles of modern taxation.

Mr. Prisk: The Financial Secretary talks about the need to modernise and the importance of electronic conveyancing. Can she explain how electronic conveyancing is helped by the requirement to complete tax return forms by hand in black ink?

Ruth Kelly: The hon. Gentleman will know that those forms are available on people's computer screens. Every effort has been made to ensure that they are as user-friendly as possible, but of course the Inland Revenue is continuing to work on making the system as compatible with e-conveyancing as possible.

Mr. Gummer *rose*

Ruth Kelly: The right hon. Gentleman has made so many contributions to this debate already. Perhaps he will let me answer a few more of his questions before he rises again.

The provisions will have absolutely no effect on the vast majority of transactions. In particular, residential purchasers and their advisers will notice virtually no change. Indeed, despite the dire prophecies of Conservative Members, stamp duty land tax was successfully implemented on 1 December 2003. Since then, nearly 500,000 certificates have been issued. Most residential purchasers have seen little difference. By contrast, references to stamp duty land tax in the professional press suggest that the regime has been successful in significantly reducing the avoidance opportunities that were available under stamp duty for commercial transactions. Indeed, in the first quarter of 2004, yield from land transactions was up nearly 20 per cent. on the corresponding period last year, almost certainly because of the reduced scope for avoidance.

Mr. Prisk: I am fascinated by the Minister's statement that residential buyers are not seeing any difference. All the solicitors I have spoken to have talked about the change from a one-page tax form to a 12-page document plus 37 pages of explanatory notes—there are always a lot of explanatory notes with this tax. In what way does that change make no difference to residential buyers? Most of the solicitors told me that they expect to have to charge about another £50 for their time in order to deal with this new tax arrangement.

Ruth Kelly: I am arguing that the purchaser of a property undertaking a residential transaction will probably see no difference whatever. I understand and respect the fact that the hon. Gentleman has many friends in the community of solicitors, who are arguing at every opportunity that completing a form that they are not used to completing is a huge additional burden. I hope that the majority of solicitors will get used to completing it. They do not have to fill in every page, and it should not take them very long. The provisions are not onerous; I have seen them myself and they are entirely reasonable. I am sure that solicitors will adjust to the new form in due course.

The avoidance industry has not been idle, however, and that is partly the reason the provisions in this year's Bill are needed. Clause 282, which introduces the schedule, makes a number of amendments to stamp duty land tax legislation. Although the schedule might appear daunting, I can reassure hon. Members in two respects. First, most of the length of the schedule arises from the fact that it re-enacts in primary legislation regulations that were made last November. We have already debated those regulations at length, and many of the comments made today reflect subjects that have already been debated in the House.

Mr. Gummer: I agree with the Minister about stopping avoidance, but, given that that will mean a great deal more money coming into the Treasury, will she tell me what tax cuts are being made in order for this not to be a tax-increasing measure? That is the issue. The provision will increase the amount of money coming into the Treasury. Where will cuts be made to ensure that this does not represent an increase in taxation?

Ruth Kelly: I can correct the right hon. Gentleman by saying that many of the measures before us today have been suggested to us by practitioners, and they will close tax avoidance routes that were leading to a loss of revenue on which we had already counted, and which we would not have been able to secure if these measures had not been introduced.

Many of the provisions in the schedule are technical, and we have already debated several of them today. I do not intend to run through them all, but I shall deal with the specific point about chain-breaking raised by the hon. Member for Hertford and Stortford (Mr. Prisk). I understand that he has not had the opportunity to table an amendment on the subject. He argues that the conditions on chain-breaking are over-restrictive, but that is certainly not the case. I should perhaps remind hon. Members that we have already extended the relevant period from one year, as set out in the Finance Act 2003, to two years. I certainly think it reasonable that relief should be available only where there is evidence that the property is genuinely the individual's residence, not where, for example, the main use of the property has been to generate income.

Clearly, it is important in that situation to have, for example, restrictions on the time that an individual would need to have occupied the property. If there were no limits, any property dealer could say it was a chain-breaker. We believe that we have completely fulfilled the Chief Secretary's commitment in that regard. For all those reasons, I urge all members of the Committee to support the schedule.

Question put and agreed to.

Schedule 37 agreed to.

Clause 283

NOTIFICATION, REGISTRATION AND PENALTIES

Mr. Prisk: I beg to move amendment No. 16, in clause 283, page 237, line 16, leave out

'the land consists entirely of residential property and'.

The Temporary Chairman (Sir Nicholas Winterton): With this it will be convenient to discuss amendment No. 15, in clause 283, page 237, line 18, leave out '£1,000' and insert '£5,000'.

Mr. Prisk: Amendment No. 16 would remove the restriction in clause 283(2)(b)(b) and narrow the application of the new notification procedures to residential property. On the whole, and despite our previous discussions, the clause is welcome in that it seeks to reduce compliance costs and the burden by relaxing the notification procedures for the taxpayer. Despite our reservations about previous elements of the legislation, in this instance the clause will probably help the taxpayer and, indeed, the tax collector. Under current drafting, however, the land must consist "entirely of residential property". That seems somewhat illogical, I suspect that it may prove self-defeating and there is a danger that it could prove impractical. Let me run through those points briefly.

I believe that the measure could be illogical because, if the purpose is to cut the compliance burden, why apply the matter of the kind of use—the type of property use—in this instance? I believe that it could be self-defeating, because if the Revenue hopes to reduce its administrative costs, would it not be wiser to include all kinds of property? What is the relevance of the type of property? Doing so could be impractical because the clause relies in part on a definition under section 116 of residential property. I have to say that that is not one of the clearest elements. Let me cite one example that relates to that.

Under current drafting, it is necessary to distinguish between two transactions under which a householder's garden was expanded—on the one hand, where the land forms part of a neighbour's garden, when the provision will apply, and, on the other, where the land is part of a field in an adjoining farm, when it will not. I am grateful to Mr. Jeremy de Souza of White and Bowker for highlighting that instance. He is one of several people to have done so. Does the Minister recognise that that is a potentially needless restraint on the clause? In the interests of compliance, will she accept our amendment?

May I now move amendment No. 15?

The Temporary Chairman: Order. The hon. Gentleman may speak to that amendment. He does not need to move it, as amendment No. 16 has been moved and we are considering amendment No. 15 with it.

Mr. Prisk: I am extremely grateful to you for that clarification and assistance, Sir Nicholas. I must confess that after four joyous hours of strip stamp debates in Committee yesterday and about three hours spent on related subjects, my recollection of the details is beginning to diminish.

4 pm

Amendment No. 15 refers to another restriction of £1,000 for those transactions that do not require the stamp duty land tax land transaction return No. 1. That is the rather infamous 12-page special that miraculously seems to be meant to simplify matters.

As I said, the purpose of clause 283 is welcome—it seeks to provide more relaxed notification procedures—but the maximum value of £1,000 seems to negate the purpose. Our amendment adjusts that to a more realistic figure: £5,000. At £1,000, few if any transactions will be helped. At £5,000, we suspect that both taxpayers and tax authorities would, if nothing else, benefit administratively. At £1,000, it is unclear whom the Financial Secretary is trying to help. Perhaps she will tell us how many transactions would be exempted at £1,000, and for that matter, how many might be helped at £5,000. When linked to the residential condition, the clause is further weakened, so the relationship between the two is important.

Amendment No. 15 is a probing amendment, and I hope that the Financial Secretary will respond accordingly. If she cannot agree to the proposed figure—£5,000 may be inappropriate, and £3,000 may be more appropriate—I am open to positive suggestions from her, and I hope that she can propose a figure that will better reflect the realities of the property market.

Mr. Redwood: I support these two excellent, modest amendments, which would represent a small win for those of us who would like to simplify the situation for some people and reduce the burdensome compliance costs of this legislation.

My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) is right—I doubt whether there will be many transactions of less than £1,000 in this inflationary property environment that the Government have created and are creating. There will be more transactions at under £5,000, and for that reason I welcome amendment No 16. I also welcome the idea in amendment No. 15 that the provision should be widened from applying just to residential property.

In the previous truncated debate, the Financial Secretary answered few of the points—obviously, she truncated it because she had no answers. The one answer that she did attempt, however, was on the issue of the compliance burden, which we are now debating. She confirmed what my hon. Friend well knows—that a 12-page form must be filled in to comply with the tax. Her defence was extraordinary. She said that most people who have leases need not worry, because they will not have to fill in the form themselves, as it will of course be filled in by their lawyer.

The Financial Secretary went on to say, knowing rightly that many lawyers are talented, hard-working, fast-moving, alert people, that they would soon get into the swing of things and realise that having to deal with another 12-page form was not too difficult, and that they might even be able to skip the odd page if they were lucky—or unlucky, depending on their point of view—with their transaction. What she should also know about lawyers is that, in my experience, they charge for such things. Most lawyers would see the provision as another good little bit of business. As my hon. Friend said, I am sure that a reputable provincial firm of

[Mr. Redwood]

solicitors might put another £50 on the bill for filling in a 12-page form, whereas top London lawyers, being so much more talented and even more imaginative with their bills, might come up with an even higher figure. Therefore, of course there is a compliance burden on the person trying to take on a trading property, or whatever, because they would have to employ a lawyer, whose bill they would have to pay.

I hope that the Financial Secretary will apologise to the Committee for her odd view that because one can employ an agent to do something, that is not a burden, someone's time is not involved, and that time will not be billed for. Anything that she can do at this 11th hour, on this sorry piece of legislation, to make it a little cheaper and easier for people trying to go about their small business duties, and needing property to do so, would be welcome.

My hon. Friend has been remarkably modest in his demands. If I had been drafting the amendment, I would have put on a bigger figure than he proposes, but it gives me great pleasure to support his modest request. If the Minister is so heartless that she even turns that down, we shall have further confirmation that this Government do not give a toss about small business, and do not understand how damaging these interventions and costly devices in the property marketplace will prove to be. It will demonstrate that the Government's only interest is in grabbing as much money as possible from the business community and from people as they go about their normal business.

I have declared my interests in the register, but today I speak on behalf of all small business people and all those embarking on property transactions. I say, "Enough is enough. This is rip-off government. The money is being wasted. Give us a break."

Mr. David Laws (Yeovil) (LD): We on the Liberal Democrat Benches also understand what the Government are trying to achieve in clause 283. A reduction in the compliance burden would obviously be welcome, but we support the amendments because we feel that the reduction is pretty modest. I agree with the right hon. Member for Wokingham (Mr. Redwood) that the hon. Member for Hertford and Stortford (Mr. Prisk) has been quite modest and moderate, particularly in amendment No. 15, in proposing an alternative threshold within which there will be no requirement for an SDLT return.

Many would consider that even the Government concession is modest. Some would call it pitiful, and indeed some have done so. Transactions of less than £60,000 on a residential basis and of less than £150,000 on a commercial basis will still need to be reported, although there will be a zero tax return. The information required in the self-assessment return places a considerable burden of compliance on taxpayers and their advisers, and the tax itself represents a significant shift in the costs of compliance from the Revenue to the advisers. That needs to be rectified.

I hope that this proves to be one of the occasions that the Minister can make us consider worth while, by taking account of the concerns that have been expressed. If she does not accept the amendments, I hope that she will think about returning at some stage with a slightly more generous provision of her own, so that she can declare that the Government planned it all along and are not making a concession to the Opposition. We ourselves would be generous and welcome that.

Ruth Kelly: I am always heartened when I hear the right hon. Member for Wokingham (Mr. Redwood) say that he has a small win on his hands.

I believe that this is a deregulatory measure. I urge Members to cast their minds back to the days when every transaction had to be notified. We are now proposing that some need not go through the process, in response to a specific representation about people who are generally unrepresented.

Mr. Laws: How many entities does the Minister believe will be exempt as a consequence of the Government's concession?

Ruth Kelly: I am not sure that it is possible to put a figure on it, but I do not think there will be many. I will outline the sorts of people who will fall into the category.

The relaxation of the notification requirements is intended to help purchasers in the case of small residential transactions. The example given to us is that of the purchase by a tenant with a long leasehold of his or her own freehold. It will allow registration of the transaction at land registries by completion of a simple self-certification form rather than the submission of a stamp duty land tax form. Purchasers who are likely to benefit from the provision are often unrepresented, and representations are being made on their behalf. In cases seen by the Inland Revenue, £1,000 is sufficient to exempt them. Land registries have agreed to the concession because it does not impose an unnecessary burden on them.

In certain circumstances, a large company will buy a leasehold and sell it back to individual tenants for a few hundred pounds. They are unrepresented: they do not employ a solicitor to conduct the transaction. It is in the light of that that we have made the concession.

Amendment No. 15 would raise the limit to £5,000. That is unnecessary to deal with the specific situation that I have outlined. I think that we have different policy intentions. The Government's policy intention is to relieve that category of people—

Mr. Laws: I can understand the specific concern that has caused the Financial Secretary to introduce clause 283, but what is her argument against amendment No. 15? Is it a cost argument, or does she believe that it will complicate the administrative job of the Government? What is the argument against that modest amendment?

Ruth Kelly: The argument against an increase in the limit is basically the difficulty that it would cause for land registries, which would have to decide whether a self-certificate is appropriate, or whether a full Inland Revenue certificate should be issued on each occasion. They have suggested to us that a £1,000 limit would be acceptable to them, but that the risk is that the burden would increase were that limit to increase.

Mr. Prisk: I may have missed a point but I am unclear as to why, in issuing a certificate, there is a difficulty in distinguishing between £1,000 and £5,000. I am not quite clear. Can the Financial Secretary expand on that? It seems hazy.

Ruth Kelly: The fact is that a lot fewer transactions will be covered with a £1,000 limit, which is appropriate to exempt the transactions that we are concerned with in this case. Clearly, we will keep that limit under review. If representations are made in due course, we may consider whether it is still appropriate, but I am convinced that it is.

Mr. Prisk: I think that the Financial Secretary is saying not that it is difficult to distinguish between the two categories, but that a much greater number of cases will be applicable under the £5,000 limit, and that it is the administrative burden for the Land Registry that we are talking about. Will she confirm that?

Ruth Kelly: As far as I understand it, the land registries are telling us that it would put a much greater burden on them if the limit were increased, because the scope of the exemption would greatly increase. We think that a £1,000 limit is appropriate for the policy aim of excluding that particular category of unrepresented person, although, as I say, if different situations are put to us, we will consider them in due course, always with the aim of improving the Bill as and when we can. However, there is a case that that group of people, who are unrepresented, should not have to fill in the full stamp duty land tax form, of which I know the hon. Gentleman is a great fan. For that reason, I ask the Committee to reject both amendments.

Mr. Prisk: I am unconvinced on the question of the number. It seems entirely acceptable to apply the ridiculous compliance burdens under schedule 37 of a six-step, three-formula, two-page application in respect of abnormal rents, but when the Land Registry is asked to distinguish between a £1,000 set of certificates and an owner who will perhaps try £5,000, it is insurmountable. It is a peculiar argument.

It is a disappointment that the Government's arguments are remarkably weak. That is unusual. Usually, the Financial Secretary is far more robust and persuasive. On these two amendments, she has not been.

My purpose in tabling the amendments was to put on record the genuine worry of those in the real world whom we are here to represent. I have done that. It is important that we continue to do that. However, on balance, I shall withdraw amendment No. 16. I believe that you will wish me, Sir Nicholas, formally to present amendment No. 15 in due course.

The Temporary Chairman: The hon. Gentleman is seeking leave to withdraw amendment No. 16.

Mr. Prisk: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

The Temporary Chairman: Does the hon. Gentleman wish to press amendment No. 15?

Mr. Prisk: I think that this is an example of that awkward situation where I need formally to present an amendment, only in due course to have to withdraw it. We have debated the whole issue. The amendments are interrelated; therefore, I would wish, having formally presented the amendment, formally to withdraw it.

The Temporary Chairman: I am extremely grateful to the hon. Gentleman, who has saved me the trouble of explaining that to the Committee.

Clause 283 ordered to stand part of the Bill.

Clause 284

CLAIMS NOT INCLUDED IN RETURNS

4.15 pm

Mr. Prisk: I beg to move amendment No. 17, in clause 284, page 238, line 26, after 'for "', insert 'for'.

The Temporary Chairman: With this it will be convenient to discuss amendment No. 18, in clause 284, page 238, line 30, after 'for "', insert 'for'.

Mr. Prisk: The amendments are small but not unimportant. They are designed to correct the meaning of the clause. I am grateful to the Law Society for highlighting the errors. My only anxiety about the amendments is that I suspect they will reinforce to friends and colleagues alike my reputation as a parliamentary pedant when it comes to stamp duty land tax. These are none the less matters of substance, so I hope that the Minister will accept the amendments.

Ruth Kelly: To be brief, I urge the Committee to accept the amendments.

Amendment agreed to.

Amendment made: No. 18, in page 238, line 30, after 'for "', insert 'for'.—*[Mr. Prisk.]*

Clause 284, as amended, ordered to stand part of the Bill.

Schedule 38 agreed to.

Clause 285 ordered to stand part of the Bill.

Clause 286

CHARITABLE TRUSTS

Question proposed, That the clause stand part of the Bill.

Mr. Laws: Hard on the heels of the great triumph of the hon. Member for Hertford and Stortford (Mr. Prisk), I hope to induce the Financial Secretary to make further changes in this important area, but on this occasion I invite her to come up with her own proposals.

The clause extends charities relief to charitable trusts, and relief is available when the charity intends to hold the property acquired either for use in furtherance of its charitable purposes or as an investment. I understand that the Inland Revenue interprets that as denying relief when a property or part of the property acquired is to be sold off by the charity, on the basis that the purchase for resale is not an investment.

[Mr. Laws]

Furthermore, we understand that when a property is acquired partly for use by the charity for its own purposes and partly to be sold off, the latter part causes relief to be denied on the whole acquisition, on the basis that an acquisition is either entirely chargeable or exempt. Clearly, there are circumstances in which a charity has to acquire a particular site or building in its entirety, but then has to sell on the part that is surplus to requirements. In those circumstances, the apparent current interpretation could produce a capricious result. If there is a delay before resale, that might indicate an investment activity, but it would not be possible to foresee that at the time of the acquisition by the charity. It would seem particularly unfair for the charity to bear the whole 4 per cent. stamp duty land tax on the entire acquisition where only a small part had to be resold.

We understand that the principle underlying the Revenue's interpretation is to deny relief for trading transactions by charities that would enjoy an unfair advantage in competing with commercial organisations. However, I suggest that the condition on which the Government are basing clause 286 should be reversed so that relief would be denied where the main purpose of the acquisition was dealing in property, but it would still be possible to have the relief where the main purpose was investment and a portion of the property was being sold on.

I do not know whether the Financial Secretary can offer us any reassurances on that point now, but at the very least I hope that she might consider it during the course of the Bill, and consider coming back with clarifications or Government amendments.

Ruth Kelly: I am grateful to the hon. Gentleman for the way in which he has raised this issue today and for giving me some notice of his point. I hope that I can give him some reassurance, if not the full reassurance that he seeks.

Charities certainly will not lose relief if they dispose of properties. Provided that they have used a property for charitable purposes, its disposal should not cause any clawback of relief. However, the hon. Gentleman is right to point to the fact that relief is not available if a charity acquires property intending to dispose of it—in other words, when it is in effect speculating on the property. I think that he will agree that it would not be right for a charity to be exempt from the tax if it were to engage in pure speculation.

The hon. Gentleman raised the case of a property that is bought and part sold on. That could cause a degree of difficulty, but I should like to think that in practice it is possible to distinguish between the two parts of the transaction, so that one part of it, which is concerned with the charity, benefits from the relief, and the other part is charged to stamp duty. I would be willing to discuss that with him further during the later stages of the Committee, or to discuss it with charitable bodies if they feel that that is not a reasonable solution. However, it strikes me that what I have suggested is probably a fair compromise.

Mr. Laws: I understand the Financial Secretary's intention to consider the point. Will she clarify whether amendments to existing legislation are required to achieve the desired effect that duty will be payable only on the part of the property that is sold on? Is that currently her interpretation of the law as it would be if the Bill was passed unamended, or does she believe that it is necessary for us to discuss the matter further and to table amendments to achieve that effect?

Ruth Kelly: I understand that that is the current intent of the legislation, but I shall write to the hon. Gentleman to make that point clear. If further amendments are needed, he will of course have an opportunity to put those to the Committee. In the light of that clarification, I hope that he will support the clause.

Question put and agreed to.

Clause 286 ordered to stand part of the Bill.

Clauses 287 and 288 ordered to stand part of the Bill.

Schedule 39

STAMP DUTY LAND TAX: APPLICATION TO CERTAIN PARTNERSHIP TRANSACTIONS

Mr. Prisk: I beg to move amendment No. 19, in schedule 39, page 548, line 36, at end add

'which constitutes a chargeable interest'.

Amendment No. 19 applies to new paragraph 12 in schedule 39. Under the provision as drafted, stamp duty land tax will be applied to the transfer of a partnership interest that holds land; however, it should be limited to partnerships holding United Kingdom land. The amendment would restrict the charge to UK property held by partnerships, and it assumes that UK land interests held by a partnership that are not subject to stamp duty land tax—I am thinking probably of licences or mortgages—are not caught.

Paragraph 12 could affect "every interest in land", presumably anywhere in the world. I suspect that that cannot be the intention, and the amendment seeks to correct what is probably an oversight. If it is not, will the Financial Secretary explain the reasoning and how the law could be enforced?

Ruth Kelly: I understand the reasoning behind the amendment—that the charge should apply only to UK land—and I emphasise that at no point has anyone sought to claim that stamp duty land tax will apply to land other than that in the UK. However, parliamentary counsel are aware of this issue and we are currently debating whether the definition is sufficient. We will fully consider it while the Bill is in Committee, and if an amendment is needed I shall certainly table one. On that basis, I hope that the hon. Gentleman will withdraw his amendment.

Mr. Prisk: I am grateful to the Financial Secretary for her very positive response. This is an important issue and although a degree of pedantry can be involved in these matters, it is important to ensure that the primary legislation is crystal clear. We are dealing with a very complex area, and the danger of—dare I say it?—avoidance, loopholes and so on exists, particularly where international partnerships are concerned. In the

light of what the Financial Secretary has said, I hope that she will ensure that such an amendment is tabled. On the basis of that assertion, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 20, in page 549, line 7, at end insert—

'(c) any interest in land wholly or partly situated in disadvantaged areas which would be exempt from charge if disposed of at market value'.

Amendment No. 20 again refers to paragraph 12 of schedule 39, into which it seeks to insert a sub-paragraph (c). I understand from a wide range of professionals—including organisations such as the British Property Federation—that the Inland Revenue said during the consultation process that where land held by a partnership is situated in a disadvantaged area, disadvantaged area relief will apply to the transfer of an interest in a partnership, to the same extent that the underlying land would attract DAR if the land itself were transferred.

I suspect that the tax authorities feel that paragraph 22 achieves that purpose, but I and many professionals in the marketplace are concerned that the argument is not clearly accepted by legal opinion in the United Kingdom and, therefore, by those who advise our enterprises.

Mr. Eric Forth (Bromley and Chislehurst) (Con): I admire greatly my hon. Friend's desire, as shown in the previous amendment, to establish these matters beyond doubt; that is very important in a Bill such as this. In that spirit, is he satisfied that the term "disadvantaged", as used in his amendment, is a sufficient term of art to be accurate? Does it not require a capital D? As it stands, could it not be more widely interpreted than my hon. Friend intends? I should be grateful if he enlightened me on that point, and I shall keep my other question in reserve for just a moment.

Mr. Prisk: I am very grateful to my right hon. Friend for making that intervention, because in doing so he highlights a particular problem. We have to use the language of the legislation, and, of course, the term "disadvantaged" is embedded in it and does not necessarily have the wider meaning about which my right hon. Friend is perhaps concerned. It is specific to the Bill, and my right hon. Friend may decide whether that is a good or a bad thing.

Mr. Forth: I shall ponder my hon. Friend's reply. Will he help me further, because I am even more concerned about the "wholly or partly situated" provision in his amendment? That strikes me, if I may say so, as strikingly and alarmingly vague. Let us suppose for the sake of argument that the land in question was 1 per cent. situated in the so-called "disadvantaged" area and 99 per cent. outside it. In those circumstances, would my hon. Friend be satisfied that it should still be covered by the terms of his amendment?

4.30 pm

Mr. Prisk: I am grateful to my right hon. Friend for helping me and, indeed, the Committee to identify weaknesses not only in the Bill but in the amendments tabled to it. It is always important that more recent arrivals in the House should listen with due care to their elders and betters. I am certainly happy to do so on this occasion.

There is a danger that a corner of an office block, for example, could be caught within the Government's definition of a disadvantaged area and be appropriate for relief. However, I understand that it is the whole address rather than any part of the hereditament that counts. I am therefore reasonably convinced that the concerns expressed by my right hon. Friend are needless. I am, of course, grateful to him for his contribution.

Will the Financial Secretary confirm that disadvantaged relief would be available in respect of a transfer of a partnership interest to the same extent as it would be if there were a transfer of the underlying property by the partnership? This is a probing amendment, with all the strengths and weaknesses rightly identified by the Committee, and I hope that the Financial Secretary will be able to provide sufficient clarification.

Mr. Forth: I accept the spirit of the amendment tabled by my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) and which stands in the name of many other eminent colleagues; I hope that they all read it before they signed it. Probing amendments are an honourable part of our proceedings—long may that remain so—but I hope that, as well as probing, they help to tease out the original intention of the provisions.

I must admit that I always worry when I see the word "disadvantaged". It may now be well established for all I know, but I worry that we should be giving such apparently wholehearted support to that concept in a Bill as important as this one. I am very much an even playing field sort of man and I have always had the gravest doubts about the philosophy that lies behind discrimination of almost any kind—whether it be in regional policy, local policy or whatever.

It is my hope that this great Conservative party, believing in—as I hope, in the 21st century, it still does—the virtues of capitalism, the ebb and flow of capital and other economic factors, would have at least some doubts about concepts such as "disadvantaged". Instead of accepting and embracing such a concept and building it into a probing amendment, I would hope that, even at this stage, we would be in the business of challenging it from time to time. For every plus to that sort of policy, there may be even more minuses or negatives. Has my hon. Friend given any thought to that? My first worry about the amendment is that we seem all too readily to be accepting the philosophy behind the term "disadvantaged", and then going even further by building it into our own amendments.

My second worry, as I implied in my earlier intervention, which my hon. Friend graciously accepted, is the rather loose terminology of "wholly or partly situated". I know that, in an attempt to satisfy me, my hon. Friend made a brave attempt at explaining it. However, you, Sir Nicholas, and I both know—and my hon. Friend also knows it—that, when we are dealing with amendments to something as important as the Finance Bill, words matter. Were this amendment to be accepted—the flaws that have already been identified

[Mr. Forth]

leave me unconvinced that it should be—I should be worried about the interpretation of the phrase "wholly or partly", which seems to me to be loose in the extreme.

There is a risk, to put it no more strongly, that accepting the amendment into statute would lead to a beanfeast for the tax lawyers. The members of that group in society need little help from the House, as they get enough help as it is. I need to be convinced that the use of the phrase "wholly or partly" would do more than provide ample scope for endless arguments and disputes that would require expensive legal opinion and might even end up in our courts.

I came here full of good will for my hon. Friend, but it has ebbed away rather more quickly than either of us would have wished. Whether or not the amendment is a probing one, if there were the slightest risk that it might be accepted we could find ourselves in very dangerous territory. I look to the Financial Secretary to help the House and say whether the amendment holds water. If she persuades me that it does not, I hope that my hon. Friend will have a stiff word with those other Conservative Members who put their names to the amendment, and ask them to do better next time.

Ruth Kelly: I shall endeavour to help the House at the end of what has been a surprisingly entertaining debate on disadvantaged area relief.

The amendment would mean that interests in land that is wholly or partly in a disadvantaged area would not form part of the partnership property for the purpose of the charge on a transfer of interest within a partnership. The effect would be that a transaction undertaken by an individual to obtain a part-interest in several land interests, and a similar transaction undertaken through the vehicle of a partnership, would be treated differently for stamp duty land tax purposes. That could arise because the amendment takes land in a disadvantaged area fully out of consideration for a partnership, even though it is not taken out of consideration for an individual. That could mean that land that is partly in a disadvantaged area could be chargeable on an individual, or that it could change the rate of tax applicable to a composite transaction, but that there would be no effect in a partnership.

As the hon. Member for Hertford and Stortford (Mr. Prisk) will understand, our proposals on partnerships are an attempt to increase transparency: we want to bring the treatment of tax for partnerships more into line with that for individuals. I am sure that the hon. Gentleman has also taken note of the comments from the right hon. Member for Bromley and Chislehurst (Mr. Forth), who pointed out the extraordinary possibility that the amendment could mean that an entire property might be exempt from tax even if only 1 per cent. of it was situated in a disadvantaged area. However, the hon. Gentleman asked a specific question about transfers of an interest within a partnership. I can assure him, and the Committee, that disadvantaged area relief will apply to such transfers.

I hope that that assurance, and the wise words of the right hon. Gentleman, will cause the hon. Gentleman to see fit to withdraw the amendment.

Mr. Prisk: As the Financial Secretary pointed out, this has been an extended debate—

Mr. Forth: Extended? We have hardly started.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Do not provoke him.

Mr. Prisk: I will not provoke my right hon. Friend, as there have been refreshingly open and supportive comments from both sides of the House to ensure that we get the right legislation. However, I must say that, in terms of Back-Bench support, I feel wholly disadvantaged.

I listened to what the Financial Secretary said about partnerships and property. She made a fair point, but I hope that she will bear in mind the underlying thesis of the amendment—which will certainly be emblazoned on my memory, as the comments of my right hon. Friend are still ringing in my ears.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 21, in schedule 39, page 549, leave out lines 8 to 16.

The Temporary Chairman: With this it will be convenient to discuss amendment No. 23, page 549, line 23, after 'no', insert 'chargeable'.

Mr. Prisk: These amendments affect paragraph 12 of schedule 39 and they have the aim of making the chargeable consideration equal to the actual consideration. Paragraph 12 makes the transfer of an interest in a partnership a chargeable transaction for stamp duty land tax purposes if the partnership property includes an interest in land. Without the specific provision, the acquisition of an interest in a partnership would not constitute a land transaction and so would not be within the scope of the tax.

Paragraph 12(4) and (5) would fix the amount of the chargeable consideration for the transfer of an interest in a partnership by reference to a proportion of the market value of the underlying land held by the partnership. During the consultation that has underscored the Bill and other elements related to it, a wide range of property experts have referred a specific problem to me. They have argued that an interest in a limited partnership should be equated to shares in a company or to shares in other collective investment vehicles. The purchaser or investor would be acquiring an interest in an investment vehicle rather than a direct interest in the underlying assets of the partnership. That would mean that tax should be levied on the consideration given for the partnership share and not a deemed consideration fixed by reference to the market value of the gross assets of the partnership. That of course ignores any loans taken out by the partnership for acquiring property. The official Opposition believe

that amendment No. 21 would probably make the Bill not only clearer but fairer, and suspect that it better reflects real commercial practice.

In our view, amendment No. 23, which would amend paragraph 13(2) of the schedule, is required because otherwise it might be argued that, to take the best example, ordinary tenants' covenants contained in a lease could be deemed consideration and therefore could be deemed to be liable to tax.

Ruth Kelly: During the debate on amendment No. 20 there was some discussion of the principle of transparency, which I believe applies equally to this amendment. Amendment No. 21 would apply stamp duty land tax to the consideration paid for the transfer of an interest in a partnership rather than the market value of the underlying land forming that interest. To return to the principle of transparency for a moment, that, I would argue, dictates that the market value is the correct measure to use because that looks through to the underlying substance of the transaction. The price paid by a partner for a share or an increased share also takes account of any loans or other assets in a partnership and cannot be taken to be a suitable measure of any transaction involving land. Were we to move from a definition based on the substance of the transaction to one based on the price paid, we would, I believe, be issuing an invitation to people to structure quite ordinary transactions through a partnership vehicle and thus pay stamp duty land tax on a lower consideration than would have been used.

Mr. Prisk: The Financial Secretary referred to market value. Would she clarify that for the Committee's benefit? Does she mean open market value and if so, what is the basis of that valuation?

Ruth Kelly: I can indeed clarify that I do mean open market value and, as the hon. Gentleman knows, that will be valued in the same way as any other market value.

Amendment No. 23 alters the first condition for a lease to be excluded from the definition of partnership property as a market rent lease. It achieves this by amending the definition of consideration paid for a lease to make it only chargeable consideration that would exclude the lease from the definition of market rent lease. It is again easy to conceive of circumstances where consideration had been given for the grant of a lease that was not chargeable consideration. The market rent of such a lease may well then be below that which would be payable, had the other consideration not been given. For these reasons, I request that the hon. Gentleman withdraws his amendments.

Mr. Prisk: I am glad we have clarified the meaning of market value. The Financial Secretary seemed to assume that open market value was taken to be the same as market value, but hon. Members who have been engaged in the market will understand that a market value with a number of covenants on it that may restrict the value is not the same as open market value. I am grateful that the Minister has put the matter clearly on the record. It is a small but important point. I am therefore willing to beg to ask leave to withdraw the amendment, which was, after all, a probing amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 22, in schedule 39, page 549, line 20, leave out 'three' and insert 'two'.

4.45 pm

The Temporary Chairman: With this it will be convenient to discuss the following amendments: No. 24, page 549, leave out lines 30 to 40.

No. 25, page 549, leave out lines 44 and 45.

Mr. Prisk: The three amendments are closely related. Their aim is to reduce the compliance burden by amending paragraph 13, which is designed to ensure that leases that were granted to a partnership and which had no capital value at the time of the grant are excluded from being partnership property. That would typically include premises in which a partnership carried on a business. The purpose of the Government's provision is to reduce the compliance burden for trading and professional partnerships that may otherwise have to carry out lease valuations whenever a partner retires or a new partner is admitted.

The concept is welcome, but one of the concerns is that the detail is unduly restrictive. Amendment No. 22 would amend the language of the paragraph in order to allow amendments Nos. 24 and 25 to take effect. Paragraph 13(4) would mean that only leases that have a rent review mechanism could be excluded from partnership property. Therefore fixed price leases, leases of less than five years and leases where the rent is increased in line with the retail prices index would not be excluded. It is unclear that there is a good policy reason for this. The purpose of amendment No. 24 is to delete that sub-paragraph.

Paragraph 13(3) requires the rent payable under the lease to be a market rent—meaning an open market rent—at the time of grant, which ought to be the only concern of the Revenue. A lease with no provision for the rent to be reviewed would tend to carry a higher initial rent. Amendment No. 25 would delete sub-paragraph (6). I am grateful to a number of experts in the field, which I confess was not one with which I was professionally familiar beforehand. These are important matters, and I hope the Minister will clarify the Government's purpose and intent.

Ruth Kelly: Market rent leases are excluded from the definition of what is partnership property for the purposes of determining the land interests that are chargeable to stamp duty land tax on transfers of partnership interest. Amendments Nos. 22, 24 and 25 seek to remove one of the conditions for a lease to be identified as a market rent lease. Taken together, they would substantially change the definition of market rent lease, and could be used to take out of account leases that were not at market rent. I am sure the hon. Gentleman did not have that intention.

The exclusion of market rent leases in paragraph 13 is, as he recognises, a deregulatory measure, ensuring that such leases do not have to be valued when there is a transfer of partnership interest. The amendments remove the condition that such leases should have a rent review to market rent within five years of the start of the

[Ruth Kelly]

term of the lease. From the consultation on taxation of leases, it became apparent that most commercial market rent leases have rent reviews every five years, and a relaxation was requested by industry representatives. Removing the condition would allow leases that were initially granted at market rent, but on which rent was subsequently reduced, to be excluded from land interests included in the partnership property for stamp duty land tax charge purposes. Such leases could have a very substantial market value, and I think that the hon. Gentleman would agree that it would be anomalous to exclude from consideration any leases that genuinely have a market value. He raised the particular case of fixed-rent leases. A fixed-rent lease would acquire a market value over time, so it should not be ignored.

I believe that this is a deregulatory measure. It is intended only to reduce the compliance burden for genuine market rent leases, so I recommend to the hon. Gentleman that he seek to withdraw his amendment.

Mr. Prisk: I am intrigued by the Financial Secretary's response on fixed rents. I am not entirely sure whether it concurs with what I admit is a somewhat hazy recollection of my land management course at Reading university some 20-odd years ago, but I understand the underlying point that she makes, although I think that there is a genuine worry that the way in which the legislation is affecting the market is not entirely as the Government and the industry anticipated. I hope that the Government will closely monitor the situation. In those circumstances, I would consider seeking to withdraw the amendment, but perhaps she could confirm on record that they will do so.

Ruth Kelly: I can of course confirm to the hon. Gentleman and to the Committee that we will continue to monitor the stamp duty land tax measures very closely over coming months and years.

Mr. Prisk: Having received that gracious response, it is only right and proper that I should not press the amendment. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 31, in schedule 39, page 550, line 12, at end add—

'(4) The provisions of sub-paragraph (1) do not apply where the provisions of paragraph 10 apply'.

The amendment relates directly to the question of provisions about exchanges. Paragraph 14(1) of the schedule has been designed to apply where A—this is the usual terminology in such cases—transfers an interest in the partnership to C, who is not a partner, in return for their having transferred land to A. Paragraph 5 of schedule 4 of the Finance Act 2003 would ensure that A and C each paid stamp duty land tax at 4 per cent. on the open market value of the interest received. However, as currently drafted, paragraph 14 of schedule 39 would also apply where A contributes the property to the partnership. Paragraph 10 sets out special rules that apply in those circumstances. Stamp duty land tax is charged on the acquisition of the land transferred to the partnership by reference to the open market value of the proportion of the interest transferred to the other partners. The incoming partner does not pay stamp duty land tax on the proportion of the market value of the underlying land represented by an interest in the partnership that is acquired.

It therefore appears that paragraph 14 does not fulfil what I understand to be the Government's stated aim. The purpose of the amendment is to correct that error. I am aware that the matter is open for discussion, so my principal purpose is to tease out the detail from the Financial Secretary so that those seeking to implement the legislation can do so properly.

Ruth Kelly: I understand that the amendment is inquisitorial and has been tabled to probe the Government's intention.

The amendment would disapply the exchange provisions where land was transferred into a partnership in exchange for the acquisition of an interest in a partnership from an existing partner. If a partnership interest so acquired included an interest in land, the acquisition of the interest in the partnership would not be treated as the acquisition of a major interest in land, so the market value rules for such acquisitions would not apply.

We recently debated the principle of transparency, which also applies in this situation. It dictates that, for transactions in partnerships, stamp duty land tax is paid on the land interest acquired. As partners are connected to each other, market value must be imposed to ensure that the transaction undertaken is subject to similar duty as a transaction undertaken by an individual, otherwise partnerships would be an attractive vehicle to reduce stamp duty land tax on transactions.

Mr. Prisk: Does the Financial Secretary not see the peculiarity that individuals who engage in that activity are treated one way by the tax system, while those in partnerships are treated entirely differently?

Ruth Kelly: Let me put a different anomaly to the hon. Gentleman: it would be particularly invidious to penalise a person who enters into a transaction whereby they obtain a partnership share for cash and pay stamp duty land tax on the market value of the underlying land in the partnership, but to exempt a person who enters into the same transaction but who, instead of paying cash, transfers land to the partner from whom they receive the partnership interest. It is more sensible to treat each transaction similarly. We are, after all, trying to identify the substance of the transaction, and to treat partnerships in essentially the same way as we treat individuals who are not in partnerships.

The amendment also allows for the possibility of avoidance when the interest in the partnership does not itself constitute a major interest in land. That would disapply the market value rule for transfer of partnership interest where the land under consideration is given for that interest. I therefore ask the hon. Gentleman to withdraw the amendment.

Mr. Prisk: We are beginning to get to the heart of the problem, which is that the tax system treats individuals in one way and partnerships in another, and I am sure

that we will re-examine the issues on both sides of that argument very shortly. I am particularly grateful for the Financial Secretary's comments on the application of market value, because some professionals are unclear about the true applicability of market value. In the light of those comments, and given that the amendment is, indeed, inquisitorial and probing, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 26, in page 552, line 19, leave out "20th October 2003" and insert "8th April 2004".

The Temporary Chairman: With this it will be convenient to discuss the following amendments: No. 27, in page 552, line 28, leave out "20th October 2003" and insert "8th April 2004".

No. 28, in page 553, line 2, leave out "19th October 2003" and insert "7th April 2004".

No. 29, in page 553, line 3, leave out "19th October 2003" and insert "7th April 2004".

No. 30, in page 553, line 39, leave out "19th October 2003" and insert "7th April 2004".

Mr. Prisk: The five amendments concern paragraph 18 of schedule 39 and the potentially retrospective character of the legislation. Paragraph 16 deals with a transfer of land from a partnership to a partner, an outgoing partner or, for that matter, a person who is connected with either such person. Paragraph 16(3) states:

"The chargeable consideration ... shall ... be equal to the chargeable proportion of the market value of the interest transferred."

Paragraph 18, with which we are principally concerned, provides for how the chargeable proportion is then calculated.

Broadly speaking, paragraph 18 operates to fix the chargeable proportion as 100 minus the purchaser's partnership share. For example, if A, B and C are equal partners, and a property with a market value of 100 is transferred to C, C would pay stamp duty land tax on 67—in other words, 100 minus 33. However, the benefit of those provisions is obtained only where the transfer of land into the partnership occurred before 20 October 2003.

If the land was transferred after 20 October 2003, the instrument of transfer would have been stamped with an ad valorem stamp duty or stamp duty land tax would have been paid on the transaction.

5 pm

Most people accept that the concept of excluding from tax the proportion of the market value of the underlying land represented by the purchaser's interest in the partnership is fair. However, excluding from the benefit of those rules land that was transferred into the partnership on or before 20 October 2003 unless stamp duty is paid is objectionable, because it introduces an element of retrospectivity.

Mr. Forth: I am sure that we will want to explore retrospectivity in some detail and at some length. It always merits that treatment.

I am grateful to my hon. Friend for citing a simple example, because I was just about able to follow it, but has he considered what would happen in a complicated case involving the transfer of land with considerable variations in value among a large number of partners?

Mr. Prisk: I am grateful to my right hon. Friend. I tried to interest the Committee in a simple example, but he is right that matters may be more complex. Particularly in larger partnerships of 500 or 600 members, there is a danger that a very complicated series of transactions might be taking place before 20 October, on 20 October, in the period after 20 October or after Royal Assent. As it is necessary to deal with a series of periods, retrospectivity is the crucial issue. Some people suspect that the date was selected because it is the publication date of the original draft legislation. However, these provisions did not form part of that original draft, certainly not during the consultation process. Many experts in the field believe that a better reference date would have been the publication date of the Finance Bill.

The amendment would remove the element of retrospectivity. I do not claim that the date that it specifies is ideal—it is primarily a probing amendment—but it would be useful for us to hear the Financial Secretary's views on the matter.

Mr. Forth: I am left wondering whether my hon. Friend has gone remotely far enough. If I followed his argument, as I hope that I did, his amendment leaves an element of retrospectivity that I would have hoped to challenge. As it stands, the Bill is clearly retrospective in that the relevant date is 20 October 2003, but am I not right in supposing that if my hon. Friend's amendment were accepted and we ended up with the date of 8 April 2004, that would still be retrospective by the time the Bill received Royal Assent? We must always strike a balance between preventing individuals from being tempted to pre-empt the provisions of such a Bill by conducting certain transactions as it goes through Parliament and introducing an element of retrospection.

In the 21 years since I came to this place, Sir Alan—of course, I am a mere newcomer compared with yourself—I have always been led to believe that retrospection in legislation is to be avoided. That is the political milk of my elders and betters on which I was raised. Here we have a double example of that, because not only is there retrospection in the original draft of the Bill, but blow me down if there is not retrospection in my hon. Friend's amendment. I am therefore trying to probe my hon. Friend—and, by implication, the Minister—in trying to establish whether, by seeking to introduce this element into the Bill or to reinforce it or alter it, we would be materially better off using my hon. Friend's date of 8 April 2004 than we would be if we used 20 October 2003.

I am grateful to my hon. Friend for pointing out that he speculates that the original date was in the provisions because that was when the Bill first saw the light of day. I hope that that is a reasonable interpretation of what he said. He went on to suggest that a better reference point would be the publication date of the Bill. That leaves me mystified, because I am not sure that I can see a material or helpful distinction between what he described as the date of the "original draft legislation"—I altered that

[Mr. Forth]

slightly when I described it as the Bill's first seeing the light of day, because that is a more comfortable phrase for me—and the date in his amendment.

The reason that I make this distinction is that, if we are concerning ourselves with people who might wish to pre-empt the legislation, either of those dates is invalid. If I became aware of the Bill on the date of the original draft's publication, that would be one thing, but I would also become aware of it on its publication date. In either case, by the time that we reached Royal Assent, I would have been able to avoid its provisions. I do not see how the amendment materially alters the retrospective element in the Bill, with which I thought we were taking issue. All that I am saying is that I need my hon. Friend to help me by explaining why the amendment makes a material difference.

In case the Minister thinks that my hon. Friend is bearing the brunt of my critical remarks, I am not leaving her out of this. I hope that she, too, will seek to justify to the Committee why the date on the Bill was chosen. What was the justification for that date among all other dates? Is it tied to anything in particular? Has it been conjured out of thin air with no apparent rationale, as are so many dates that appear before us? I would have thought that most unlikely, but it is incumbent on the Minister to share with the Committee the provenance of her preferred date of 20 October 2003. Similarly, I remain unconvinced of the validity of the date suggested in my hon. Friend's amendment.

I am left in a cloud of uncertainty and I am sure that the massed ranks of the Committee will want to be reassured that the rationale behind the dates before us is beyond doubt, so that those who are to suffer the penalties or advantages of the provision will be able to do so with certainty and confidence. That is all I ask and it is not an unreasonable request. I hope that the Minister, and perhaps my hon. Friend, will be able to set my mind at rest.

Ruth Kelly: The amendments change the dates in paragraphs 18 and 19 of schedule 39. Those dates determine when ad valorem stamp duty or stamp duty land tax, rather than just the £5 fixed stamp duty, has to have been paid to benefit from a reduced charge on a transfer of land from a partnership to a partner or former partner. The amendments seek to move the date from 20 October 2003 to 8 April 2004. I do not accept that the use of 20 October 2003 introduces an element of retrospectivity, as the right hon. Member for Bromley and Chislehurst (Mr. Forth) suggested. It will not affect any partnership transactions undertaken before the Bill receives Royal Assent. What it may affect is the stamp duty land tax paid when land is transferred from a partnership to a partner after Royal Assent. The date of 20 October 2003 is well chosen as the date when the public consultation on application of stamp duty land tax to partnerships was announced.

At that time, the Inland Revenue published draft legislation for consultation, and clauses similar in nature to clauses 18 and 19 were included in that draft legislation. That was considered expedient to forestall the £5 fixed stamp duty being used to frank land transactions in partnerships after the draft legislation was announced, thereby reducing any stamp duty land tax on an eventual transfer of that land out of the partnership to a partner.

I would consider changing the date now to 8 April 2004, or indeed any other date, a retrograde step. It would be seen as penalising those taxpayers who, having a choice as to how to structure a transaction, chose to structure it in such a way that they paid ad valorem stamp duty in the expectation that they would then benefit from the reduced charge when that land was transferred out of the partnership. Retrospectively to give the same benefit to those partners who chose to pay £5 fixed duty on or after 20 October 2003 would be seen as grossly unfair.

As this date has been in the public domain since 20 October, I see no valid reason for changing it and therefore recommend that the hon. Member for Hertford and Stortford (Mr. Prisk) withdraw his amendment.

Mr. Prisk: We have had another surprisingly eventful and positive debate. One of our concerns in tabling probing amendments of this character is teasing out the answer to questions such as why the Government chose a particular date. Fortunately, we have had that answer in the debate, yet it was not clarified before.

I am extremely grateful to my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), who has added to the debate in many respects. Although I appreciate that his mind was not at rest at the beginning of these deliberations, the cloud may have lifted an inch or two, but no more—I am but a modest man, so I would not hope to achieve more than that—in clarifying the Government's thinking in terms of the date chosen.

Our amendments are by no means perfect; I wish that they were, Sir Alan, as how easy things would be then. I hope that we have been able to establish exactly the thinking behind the Government's principles. Our purpose in choosing the date that we did relates to the final publication of the Bill, the essence of which is before us. We felt, rightly I think, that the draft Bill was indeed merely a draft. However, I am encouraged in many ways by what the Minister has said. On that modest basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 32, in page 554, leave out from beginning of line 31 to end of line 44.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss amendment No. 33, in page 555, leave out from beginning of line 1 to end of line 38.

Mr. Prisk: These amendments would delete paragraphs 23 and 24 of the schedule, which retain the stamp duty charge on instruments transferring interests in partnerships. That is in addition to the imposition of stamp duty land tax in relation to landowning partnerships. Further to that, paragraph 24 modifies the calculation of any stamp duty charge to remove from charge any land value also taken into account in arriving at the stamp duty land tax liability.

All the professional bodies involved in the consultations with the Revenue and the Treasury have reported to me considerable concern about those two paragraphs, especially paragraph 23. Following the introduction of stamp duty land tax, stamp duty was retained as a temporary measure in relation to partnership transactions. It was understood by all those concerned that once the partnership provisions were implemented, stamp duty would apply only to transactions of stock or, for that matter, marketable securities.

All the professional bodies involved have therefore expressed surprise to me that the old rules are being retained with no warning or signal from the Revenue that that would be the case. I have done my best to ensure that this is indeed the view of the whole profession. I have to say to the Minister that it is and that there is a genuine feeling that the proposal has come forward without warning. I am sure that Ministers appreciate that that can be damaging to the process involved in the relationship between the Government and business.

5.15 pm

Retaining the stamp duty charge in this way has been described adversely by many professionals, but I shall quote just one, Kevin Griffin of Ernst and Young, who uses the phrase

"unheralded, unreasonable and ultimately unproductive".

There is much merit in that point. I shall briefly explain why.

Retention is unheralded because the businesses involved were given no warning, and no indication during the consultation process that it would happen. Paragraph 2.6 of the Government's consultation document stated:

"The Government's intention is to apply stamp duty only to transactions related to UK land, and to transfers of shares and securities".

Nothing has been said since that document was issued to suggest any change of heart. No warning was given, and no information provided. By acting in this way, the Government are undermining what remaining confidence business has in engaging in a dialogue with the Treasury.

Last year, we had the fiasco of the business lease consultation. Now we have this about-face. I appreciate that it is U-turn season for the Government, but surely the Financial Secretary will recognise how this kind of approach undermines people's confidence in any consultation in the future.

The policy is unreasonable because it is difficult to see a real policy reason for charging duty on transfer of non-landowning partnerships. The main assets of such partnerships are likely to consist, for example, of good will, stock in trade or receivables. Such assets are inherently outside the charge to stamp duty on transfer. An interest in a business comprising such assets could therefore be purchased from an individual free of stamp duty. If it was transferred in the form of a partnership interest, however, a charge could arise. The charge to stamp duty land tax on underlying assets, on the transfer of an interest in a partnership, effectively treats the partnership as transparent. Charging stamp duty on the transfer of an interest in a partnership effectively treats it as opaque—we return to the issue of transparency on which we touched in earlier debates. Surely it is unreasonable to tax the same entity twice by treating it in two contradictory manners.

In practical terms, there are some potentially serious impacts for family partnerships. The Law Society has highlighted one example whereby a father might enter into a partnership with his son on a 50:50 basis. If it were a farming family, he might contribute, say, farmland worth £500,000 to that partnership, so a charge to stamp duty land tax would arise on his half, £250,000. If the partnership is subsequently dissolved, and the land is distributed in equal shares to father and son, it appears that a further charge will arise on £500,000 after the paragraphs in the schedule are applied. The aggregate amount charged to would therefore be £750,000. As I said, that is not simply my view or the view of my party, but the view of the Law Society experts in the field. If, however, the father had merely gifted half interest in the land to his son, outside of a partnership, there would be no stamp duty land tax to be paid. The Committee, and all Members of the House, will realise that that gives an absurd result, and it will be a severe disincentive to farming businesses and any other business with a significant land asset to engage in or carry on within a partnership.

Thirdly, and perhaps most importantly, the result could well prove unproductive because the amount of stamp duty land tax currently collected on transfers of partnership interests is, by all professional accounts, tiny. That is because it is often possible to avoid the need to pay significant stamp duty, perhaps by transferring interests without the need for a stampable document, or by minimising the value of partnership interests through debt finance.

We fully understand, from all the information that has come through, that this has been retained at the last minute to clamp down on avoidance. Tackling avoidance is the watchword of this Bill. But the original purpose of the tax—as the then Economic Secretary, now the Financial Secretary, told us—was to reflect modern commercial practice. This arrangement does nothing of the sort. Retaining what is basically a fruitless stamp duty charge makes it necessary to retain a whole raft of pages of legislation that would otherwise come close to being redundant. The decision to retain the charge has dismayed a large number of professionals. It undermines confidence both in future consultations and in the commitment of the Government to modernising the duty.

We believe that neither paragraph should be included, particularly paragraph 23. That is the view of the outside experts, of the thousands of professionals in partnerships affected by it, and of Conservative Members. It would be wrong to proceed with the paragraphs as they stand, and I hope the Minister will accept that we should vote against including them.

Mr. Laws: We support the amendments. The hon. Member for Hertford and Stortford (Mr. Prisk) explained very clearly why the two paragraphs had caused so much concern to all the professional bodies, and I shall not repeat all that he said. However, I should like to quote from the Law Society's representations to the Treasury. Like many other professional bodies, it

[Mr. Laws]

pointed out that the Government seemed to be treating certain assets inequitably, depending on whether they were in or outside partnerships. It said of paragraph 23

"This could have the absurd result that in the case of a partnership holding assets the transfer of none of which would be subject to stamp duty, SDLT or stamp duty reserve tax, the transfer of a share in that partnership would be subject to stamp duty at rates of up to 4 per cent. whereas the transfer of the underlying assets of the partnership would have given rise to no charge to stamp duty whatsoever."

PricewaterhouseCoopers has raised a point made by the hon. Member for Hertford and Stortford—that whereas business goodwill, for example, would normally be exempted from stamp duty altogether, it would appear to be charged stamp duty if it is in a partnership. The Financial Secretary smiles warmly: perhaps she is going to reassure us that we have misunderstood, and that the Government do not intend that the same assets should be treated differently depending on whether they are in or outside a partnership. That, however, seems to be the effect of the legislation as it stands, not just in our view but in that of the professional bodies. We believe that stamp duty on the transfer of partnership interests should be abolished with effect from the operative date of the SDLT partnership provisions.

I hope that the Financial Secretary will either accept the amendments or tell us that she intends to table amendments of her own.

Ruth Kelly: The amendments would remove clauses 23 and 24—

Mr. Laws: Paragraphs 23 and 24.

Ruth Kelly: Clauses 23 and 24, I believe, although the hon. Gentleman may be right. They retain stamp duty on partnership transactions and modify the consideration where that partnership has land assets. The amendments would effectively abolish stamp duty on partnership transactions.

It has been pointed out that the original draft legislation had that effect, and that that would create opportunities to structure transactions so that, through use of a partnership vehicle, stamp duty on stock and multiple securities, and stamp duty reserve tax on chargeable securities, would not be due. It became apparent that partnerships would be used to avoid stamp duty and stamp duty reserve tax on shares and securities. In view of the late stage at which we became aware of this avoidance scheme, we decided to retain stamp duty; however, we also reduced the charge to stamp duty for the SDLT charge by taking out of account land that has been taxed to SDLT.

Mr. Prisk: I think I heard the Financial Secretary say that the provision was reintroduced because of the Government's late awareness of the avoidance. That is a most peculiar statement. Could she explain it?

Ruth Kelly: The hon. Gentleman is no doubt aware that avoidance schemes in a variety of sectors come to our attention all the time. When they do so, we tend to take action in respect of that avoidance.

Mr. Prisk: I understand all that but why was there no discussion with the professions? All of them reported to me that they went through the whole process of consultation, yet suddenly the provision was reintroduced, with no word, no signal, no e-mail—and, heaven knows, e-mails formed a part of consultations on the legislation, unfortunately, as the Financial Secretary knows. It seems peculiar that suddenly we were told, "We have had to put this in because there was a last-minute tax avoidance scheme. We did not manage to mention it to the profession." Surely that undermines any hope that there can be meaningful dialogue between the profession and the Government.

Ruth Kelly: The hon. Gentleman well knows that, not these particular measures, but stamp duty land tax reform has been under discussion with the industry for many years. It is complex legislation. It completely overhauls the previous stamp duty regime to bring it up to date, and to ensure that it is compatible with e-conveyancing and that a fair share of revenue is paid by the industry. Clearly, there are always going to be teething problems with the introduction of such a major change. I should perhaps—or perhaps I should not—point out the many examples of late changes to complex tax legislation under the previous Government. He will no doubt appreciate the complexities of these issues. Of course, it would be preferable to give the industry plenty of time to examine particular issues. It has made its representations to him and he is putting those before the Committee. I argue that this is a tax-avoidance scheme and that we should ensure that that tax-avoidance opportunity is not available. We should take action.

Mr. Prisk: I have no doubt that Governments of all hues have made mistakes, or discovered information that led them to amend legislation, but we had the Budget in March. The Bill was published on Maundy Thursday. Surely the Financial Secretary, who is normally very reasonable, will recognise that it was not a good idea not to send information to those consultees, who have been playing a part in the development of the legislation, perhaps on the day or the day before the Bill was published. Does she not accept that that was a bit of a mistake and that it would have been more helpful to give them that information?

Ruth Kelly: I do not accept the hon. Gentleman's view that this is a significant change. It replicates the system under the old regime. It is regrettable if people did not interpret our intention and made such representations to him. However, because of tax-avoidance opportunities that have become apparent to us, it is necessary to retain elements of the old regime. For that reason, I recommend that the Committee resist the amendments.

Mr. Prisk: That was a disappointing response. The Financial Secretary is normally better able to provide a persuasive argument. The purpose of amendment No. 33 is primarily to probe, but amendment No. 32 is important. I have listened carefully to what the hon. Lady said. I regret, and I suspect that the industry will regret, that she was not able at least to admit that it would have been wiser for the Government to involve its consultee partners. Therefore, we wish to press amendment No. 32 to a vote.

Question put, That the amendment be made:—

The Committee divided: Ayes 182, Noes 295.

Division No. 153] **[5:28 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paisley, Rev. Ian
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Ruffley and Gregory Barker

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Bailey, Adrian
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Benton, Joe *(Bootle)*
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*

Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prosser, Gwyn
Purchase, Ken
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(CMwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Wills, Michael
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Ms Bridget Prentice and Paul Clark

Question accordingly negatived.

Mr. Prisk: I beg to move amendment No. 34, in page 555, line 46, after the first 'the', insert

'capital profits or (if no separate allocation is made of capital profits) the residuary allocation (after prior charges and allocations)'.

Amendment No. 34, which is concerned with the treatment of income and capital in partnerships, would change paragraph 25(2) of schedule 39. It is a probing and somewhat technical amendment, but I shall endeavour to explain it to the Committee; I am sure that I shall receive its rapt attention.

The issues underlying the amendment have been brought to my attention by a number of expert solicitors and by the Country Land and Business Association. Stamp duty land tax is to be paid on the land value of transfers into or out of partnership, and in respect of changes in partnership share. The problem is that the legislation provides that in ascertaining that share, regard should be had only to the income-sharing proportions. That ignores two problems, as Members are doubtless particularly interested to learn.

First, the division of income between partners is rarely done by reference to a predetermining percentage, as Members will appreciate, let alone by reference to one that is then linked to capital subscription. Furthermore, a prior charge on trading profits frequently arises in the case of most family businesses. That is especially so when one partner devotes his full time to the business while the others do not, or when one partner has an expertise or qualification that the others do not. In both circumstances, which are certainly very common in family firms, it would not be appropriate for other than super-profit-sharing ratios to be taken into account.

The second problem occurs when certain partners have contributed most of the assets, which then have to be segregated on an event such as death. In that case, the appropriate measure of the partnership share would be the capital-profit-sharing ratios. It is thought by many legal experts, who are far more knowledgeable about these matters than me, that as drafted the Bill will produce a stamp duty land tax charge on 90 per cent. of the land value. That applies where a farmer has put in 90 per cent. of the assets and is entitled to only 10 per cent. of the income. He may then decide to withdraw from the partnership. The question to which the Financial Secretary should respond is whether, in those circumstances, he should pay on the 10 per cent. rather than the 90 per cent.

5.45 pm

The problem seems to be compounded where the land is either put into partnership after Royal Assent or injected into the partnership between 20 October and Royal Assent, where paragraph 18(2)(b)(i) asserts that the injecting partner has not thereby increased his share "in" the partnership, whatever the income entitlement.

To conclude this technical but important point, the danger is that parallel partnerships might then have to be formed in order to own the land. That is not simply my view, but that of many of the leading professionals in the field, and of the Country Land and Business Association, which advises many people on such matters. It is an important issue, if somewhat technical and remote to the uninitiated. I do not profess to be an expert on the specific matters, but the concerns seem legitimate. This is a probing amendment and I hope that the Financial Secretary will provide some assurance that the issue either has been or will be dealt with either during the passage of the Bill or immediately thereafter.

Mr. Forth: I am most grateful to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) for giving the Committee time to dwell on this matter, which has the potential to create some problems. We are always reluctant in this place to embark on even a brief analysis of matters as complex as those he has brought to our attention, particularly when the provenance is outside expertise. Having said that, it must be beyond dispute that it is our duty to do so. After all, that is why we are here—the experts on these matters do not have the same privileges as we have. It must be our duty to seek to draw out and elucidate any problems.

As I followed my hon. Friend's argument, I saw that it stemmed from the fact that the basis on which the benefits within partnership arrangements are distributed is not always as clear as it should or could be. I deliberately use the word "benefits" in a generic and rather general sense. It is those benefits of the partnership that may be shared from time to time. That is where my hon. Friend started his argument.

One has only to glance at the original words in the Bill and then the wording of my hon. Friend's amendment to see immediately that the Bill refers to the "income profits" of the partnership, whereas the amendment refers not only to the "capital profits", but to

"the residuary allocation (after prior charges and allocations)".

Even I as a layman can see immediately the difficulties that might arise from that.

One has to distinguish within a partnership between the concept of income profits as opposed to capital profits—and there is the added complication of residuary allocations. That is further complicated when the timing of the different elements in schedule 39 is introduced. We see the potential for considerable complexity. I am not sure from the wording of paragraph 25(2) on page 555—and nor is my hon. Friend—whether a rather simple reference to share in the "income profits" could be adequate to cover all the different possibilities that might arise from the complexity of partnerships.

My hon. Friend mentioned another element that needs to be taken into account. We are not talking only about large, professional partnerships, but about family partnerships. They can sometimes be relatively simple, but the ramifications of any given family can also make them more complicated, as the relationships inside a family can be laid on top of the partnership relationship. That is not true of more conventional professional partnerships.

The amendment could improve the Bill, and it would certainly make clear the different possibilities that could arise. The Financial Secretary faces a problem if the Government's case rests on the very simple concept of a partnership's income profits, as that appears to be inadequate for the purpose of the schedule. The amendment could therefore be of considerable help, as the aim is to clarify the Government's intention. It will also ascertain whether the words used in the Bill fulfil that intention, and whether the schedule can be implemented properly.

I hope that the Financial Secretary will say whether she thinks the distinction between income profits and capital profits is relevant. The same applies to the allocation—explicit or not—of those profits. Moreover, does she agree that the time factor must be relevant as well? I confess that I am not totally familiar with the concept of residuary allocation, but I can see that it could become crucial in some circumstances.

This apparently straightforward and innocent provision could contain a large number of traps and complications. We would not want to leave them unchallenged, and I hope that the Committee will be grateful to my hon. Friend for tabling the amendment, which seeks to clarify matters. I shall be interested to see whether the Minister can give us that clarification, or whether the matter will remain an unsatisfactory element in the Bill that requires much more examination at a later stage.

Ruth Kelly: This probing amendment is interesting. It attempts to clarify the economics of a transaction, and I emphasise that the Bill's underlying principle is that the treatment of a transaction should be as transparent as possible. Moreover, our aim is to ensure that the treatment of taxation and stamp duty land tax follows as closely as possible the substance of the underlying transaction, and that it reflects the transaction's economic or commercial reality.

The correct taxable measure reflects the economics of the underlying transaction—in this case, the right to receive income from the land. When the land, and the right to receive income from it, is transferred, the tax follows that transfer of right. That is an example of the

[Ruth Kelly]

transparency principle at work. When the right, as shown by income, has been sold to the partnership, buying it back is another taxable transaction.

Therefore, I believe that the correct principle is enshrined in the schedule. An entitlement to capital profits does not reflect participation in the use of those land assets in the business of a partnership. In any event, arrangements could be entered into that meant that the capital profits of a partnership might never be realised. Although I understand that representations have been made on these issues, I would recommend to the hon. Gentleman that he withdraws his amendment.

Mr. Prisk: Unfortunately, the Minister might have inadvertently forgotten a couple of elements. I mentioned the transitional aspect—the question whether the land was put into partnership after Royal Assent, or was injected into the partnership between 20 October and Royal Assent—in the distinction between income and capital profits, which my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) accurately highlighted. It is a crucial part of the issue, and I hope that the Minister will feel able to clarify that, either by intervening or by making a speech. I hope that she can enlighten us, if not today then shortly.

I take it from the Minister's reply that the Government have no plans to make adjustments or reflect the concerns expressed. Is that the case? She remains in her seat, so we take it that the Government have no plans to adjust the paragraph. The representations of the Country Land and Business Association and many others have much sense, so I am disappointed that she has not chosen to respond more positively. I hear from my right hon. Friend and a number of others a concern that not only have we ignored the question of income and capital, but the mix of the two is awkward. Surely the Minister will understand that in a family business—the obvious example is farming—the interplay between the capital assets and the profits from income must be recognised more clearly. At the moment, paragraph 25(2) does not achieve that.

I am fully aware that my amendment is by no means perfect. It has many elements that might create confusion if they appeared in the Bill. The purpose of this probing amendment was to draw from the Minister a clearer answer, but so far, unless she wishes to respond further, I have been very disappointed by her response. That is a great shame and unfortunately it suggests that the Government are deaf to reason. Given that there are, as I am well aware, a number of legal problems with my amendment, I shall withdraw it, by leave of the Committee, but I do so with the deepest disappointment that the Minister has not chosen to be more positive and more helpful in dealing with the issue. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, that the schedule be the Thirty-ninth schedule to the Bill.

Mr. Prisk: We have had some very strong and useful interventions and discussions on the schedule as a whole—it is a very significant schedule—and I wish to consider the broader implications of the Government's tax policies on partnerships. The schedule covers transfers of land to partnerships, transfers of partnership interests and transfers of land out of partnerships, all of which are to be charged with stamp duty land tax.

First, we accept that stamp duty land tax should be charged where the relevant partnership is a property investment partnership, but trading partnerships should not be treated as though they were the same. The compliance burden on trading partnerships—particularly professional partnerships, which regularly change partners on introduction and on retirement—would be disproportionate to the tax collected.

Secondly, many professionals are concerned that consultations on partnerships have not accurately reflected the concerns of business. I have received many representations from professional bodies, and from professional practices and partnerships. Let me briefly quote but one from the practice, Grant Thornton, which says:

"We are particularly disappointed that the measures to introduce stamp duty land tax on partnership transactions have not been substantially revised. We understand that there is an anti-avoidance motive behind these measures, but a commerciality test could have dealt with this issue."

It concludes:

"Our view is that it is unacceptable for 'grapeshot' legislation to be introduced which penalises innocent gifts and commercially driven transactions, under the guise of preventing tax avoidance."

6 pm

Our third concern is that the stamp duty land tax provisions have been introduced since last year's Finance Bill, and in a way that confirms the need for a single piece of legislation for stamp duty. Instead, the Government have adopted a piecemeal, ad hoc approach to their legislative programme. I shall quote but one organisation, of which I am a professional member—the Royal Institution of Chartered Surveyors. Its comments provide for me and for many organisations the best summary of the way in which the tax has been implemented. It states:

"If the Government had not hurried the implementation of stamp duty land tax, then the need for extensive, further SDLT legislation in three concurrent Finance Bills would have been mitigated and the tax law would have been better shaped, more transparent and less burdensome to the taxpayer."

That is the view of the professionals affected by the provisions, and it is shared by the Opposition and the country at large.

Mr. Forth: I recognise that, where a measure brought before the House is aimed at tax avoidance or evasion, a difficult balance must be struck between consultation and a pre-emptive strike. Listening to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk), and hearing what so many respectable and legitimate bodies and organisations have said, it strikes me that the Government have probably got the balance completely wrong; today's debates have reflected that.

Of course the Government must take a view. As the primary collector and dispenser of taxpayers' funds, they bear the main responsibility, but we in the House share that responsibility—a responsibility that I hope

we have been discharging today and will continue to discharge by examining whether the Government are acting properly. When the Government have such a large majority, and in a unicameral environment—which is what we are in matters of tax and finance, because we do not have the safety net of the other place—we are responsible for ensuring that taxes are properly and fairly levied, and properly and fairly collected, and that evasion does not occur. I hope that that would be unarguable.

It is equally incumbent on the Government, especially one with such a large majority in this place, to make sure that what they do is reasonable and based on a knowledge and understanding of the circumstances. In today's debate—my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) should take the credit for this—we have tried to identify whether that process has properly been observed. From my brief and superficial participation in events today, I remain to be convinced of that. Indeed, I would go further and say that it does not appear to me that the Government have properly discharged their responsibilities. Surely they would want to make sure that their tax policies are seen to be fair and viable.

Mr. Prisk: As usual, my right hon. Friend is giving a powerful exposition of the Government's weaknesses. Does he share my bemusement at the fact that the Government fill a 574-page Finance Bill with the aim of trying to close down tax avoidance, yet they make it so complex that it must encourage further such activity?

Mr. Forth: That is always a difficult judgment for the Government of the day to make, and it was an argument about tax rates—if he can, my hon. Friend will have to cast his mind back to when we had penal rates of taxation—that encouraged the tax avoidance industry and caused many upper income people to flee the country or to employ expensive experts to avoid tax. We brilliantly found the answer by cutting tax to what was regarded as a fair and reasonable level, and, lo and behold, tax revenues went up. Of course, that argument is an eternal verity, and it still applies now.

Mr. Prisk: We are getting to the heart of the point. The problem is a pincer movement. The Government are not only stealthily increasing the tax burden, but adding complexity. I think that it was Monsieur Colbert—I would be grateful if my right hon. Friend confirmed this—who decided that the best way of taxing a goose was to pluck the maximum number of feathers without it hissing. Am I right in saying that the current Chancellor is indeed trying to pluck the goose while generating the least possible amount of hissing?

Mr. Forth: I do not often do this, but I am prepared to pay a reluctant tribute to the current Chancellor, in this case for his skill in implementing stealth taxes. After all, that is the modern expression for the phenomenon that my hon. Friend has just described. However, we will not go into that issue in detail because, as ever, Sir Alan, your extremely expressive face and eloquent body language warn me that, if I were to attempt to say much more about it, I would get into some trouble, and you know that I will go to any lengths to avoid that.

Mr. Gummer: Will my right hon. Friend return to his point about fairness? Fairness is possible only if the tax system is clear enough for people to see why it applies to them. Is that not the fundamental explanation of why much of what is before us is so unfair?

Mr. Forth: I am grateful to my right hon. Friend. Like me, he will have studied the schedule, and he will know that it is lengthy and complex, and that it is, sadly, occasionally opaque, as has been identified in the debate.

The schedule deals with the very difficult issue of partnerships, and we have considered the different sorts of partnerships that may exist, examined the complex relationship between income and capital, taken a sideways glance at implementation dates and dwelt very briefly on the rationale behind the dates set out in the Bill. My conclusion is that the Minister has been unable to satisfy us, try though she has, on many of those points.

I return to the point about fairness made by my right hon. Friend. Not only are legitimate outside interests unhappy about the direction in which we are being taken and about the fact that they feel that they have been inadequately consulted in many cases, but we are getting the sense that this very important measure is being introduced on the hoof. We get a sense of constant adjustment to the principles that are being applied in the details, and the impression that that will lead to the phenomenon on which he touched: a sense of injustice and unfairness.

Nothing could be worse in the world of taxation than that very feeling among those who are being taxed. We heard earlier from my right hon. Friend the Member for Wokingham (Mr. Redwood) that it is anticipated that the measure will yield an additional amount approaching £2 billion. That is a lot of taxpayers' money. When such moneys are involved, I do not think that we can allow the Chancellor to repeat the exercise that he carried out in 1997, when he skilfully removed £5 billion from the pensioners of this country, as he has done in every subsequent year. We do not want to see that repeated under the guise of schedule 39. We want a measure of fairness, transparency and, it is to be hoped, comprehensibility.

The other worry that has haunted this debate and that lurks behind the schedule is our old friends the tax lawyers. I use the word "friends" in the loosest possible sense. To the extent to which the Financial Secretary is unable to convince us, legitimate outside interests and the individuals from whom £1.9 billion more is apparently going to be extracted, and to the extent to which none of the arrangements is as clear as it should be or can be easily implemented, all we are doing is creating yet another opportunity for tax lawyers, whom I concede are a necessary part of our society, to grow rich on the back of schedule 39 and the £1.9 billion.

All in all, a number of points—sadly, few of them are positive, and too many of them are negative—have been raised in the debate, and we are left in an unhappy state. We are reaching the end of today's proceedings, which point the way ahead and should encourage outside interests to look even more closely at the provisions. Perhaps hon. Members on both sides of the House will take an even closer interest than they have hitherto in improving the Bill. Even if we cannot reduce the £1.9 billion extra tax burden that will be thrust on taxpayers, at least we can make the process more transparent and, if possible, fairer. That must be our objective.

[Mr. Forth]

My closing thought is that when the Conservative party is in government, we seek ways to reduce tax. I favour reducing tax evasion—avoidance is a different matter—but I hope that our aim is to reduce tax, not to increase it. I leave that thought with my hon. Friend the Member for Hertford and Stortford.

Ruth Kelly: Stamp duty land tax was successfully implemented on 1 December 2003, replacing stamp duty on land transactions within the United Kingdom. One commentator has been quoted as saying that that increased the percentage of property deals on which tax is paid at the full rate from 40 to 80 per cent.

We have had a full consultation on the clauses and schedules before the House. Indeed, to provide suitable time for consultation on how stamp duty land tax should apply to certain transactions undertaken by partnerships where interests in land form part of the partnership's assets, such transactions were specifically excluded from stamp duty land tax by part 3 of schedule 15 to the Finance Act 2003.

Mr. Prisk: On that specific point, if the consultations were so successful, why have most of the representations made to me by those self-same consultees been negative about the outcomes?

Ruth Kelly: I shall go on to discuss the principles that inform schedule 39. People do not always like paying tax, and often argue that it should be levied in a different way from that considered appropriate by the Government and Parliament.

Following the consultation announced on 20 October 2003, the transactions will be brought within stamp duty land tax by the schedule. I have heard much talk today about fairness and transparency, which is exactly what the schedule is about. The schedule ensures that the stamp duty land tax treatment of partnerships mirrors the treatment for other taxpayers, and most people would consider that fair.

The schedule will apply the principle of transparency to transactions undertaken by and within partnerships, and will therefore equalise the tax treatment of land transactions undertaken by an individual and by a partner in a partnership so that neither one enjoys a different stamp duty land tax treatment compared with the other.

The charge will be on the proportional market value of any land forming or underlying these partnership transactions, and we have listened to consultees on that point. Market value is used for partnership transactions to replicate the bargain struck by an individual with an arm's length seller. The proportion is equal to the underlying change in ownership as represented by a partner's share in partnership income for transactions moving land into or out of a partnership or on the increase in share of partnership income for those transactions involving changes in partnership share. As that reflects the underlying proportional change in ownership, it is consistent with the transparency principle.

As a result of those measures, the commentator whom I referred to earlier has been quoted as saying that the number of transactions on which full duty is paid will rise from 80 to 90 per cent.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On the principle of transparency, paragraph 24(6) defines net market value as market value less the loan outstanding. Does, or can, the loan outstanding include accrued interest on the loan?

Ruth Kelly: I believe that the loan outstanding is treated as it generally is in tax legislation. If the hon. Gentleman wants an exact definition, I shall of course write to him with it.

For the reasons of fairness and transparency that I set out, I urge hon. Members to support the schedule.

Question put and agreed to.

Schedule 39 agreed to.

Clause 289 ordered to stand part of the Bill.

Bill (Clauses 4, 5, 20, 28, 57 to 77, 86, 111 and 282 to 289 and Schedules 1, 3, 11, 12, 21 and 37 to 39) reported, with amendments; to lie upon the Table.

SCOTTISH PARLIAMENT (CONSTITUENCIES) BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003],

That the Order of 9th February 2004 (Scottish Parliament (Constituencies) Bill (Programme)) be varied by substituting for paragraph 5 the following:

"Programming Committee

5. Sessional Order B (programming committees) made on 28th June 2001 shall not apply to proceedings on the Bill."—*[Joan Ryan.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

RATING AND VALUATION, ENGLAND

That the draft Non-Domestic Rating (Chargeable Amounts) (Amendment) (England) Regulations 2004, which were laid before this House on 22nd March, be approved.—*[Joan Ryan.]*

Question agreed to.

Manor House (Torquay)

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

6.17 pm

Mr. Adrian Sanders (Torbay) (LD): I rise for this Adjournment debate in the knowledge that a lot of extra time is available to me, but I will not tax the patience of the House by utilising it all.

I am not here to whinge about the Government, who have a good record on improving provision for people who are visually impaired because they are blind or partially sighted. No doubt the Minister will want to mention some of the policies that they have introduced, especially on vocational training and welfare to work.

I want to talk about a particular group of people who are receiving support that is partly, but not wholly, funded through the Minister's Department. I also want to talk about Manor House, a facility in my constituency.

I begin by quoting the 2001–02 annual review published by the Royal National Institute of the Blind. It says:

"Every day over 100 more people . . . will start to lose their sight. Imagine if it was you. How would you read books or see the latest blockbuster film? How would you get around, or go on holiday? How would you do your job? Would someone be there for you to talk to? Imagine then if you did not receive the services needed to continue with everyday life.

For around 2 million people with sight problems in the UK, living with sight loss is a daily reality. In many cases, people are not getting the support and services they need. There is no immediate, comprehensive help and support should you lose your sight."

Those were the words of the RNIB's chairman, Mr. Colin Low. I should like to follow them up with a further quote from the report, because it is pertinent. It tells of the experience of a Mr. David Brown, who says:

"I'm not going to give up something I love doing just because I can't see any longer. With the help of Manor House, I mastered cooking my favourite meal, Thai curry."

Manor House is an RNIB facility that has offered services such as rehabilitation and mobility training for 60 years. The RNIB's 2001–02 report states that, in 2002,

"we opened a new accommodation block, so more people can attend the centre."

So this is a well established centre that, even in 2002, was having money invested in it by the RNIB for a good residential block to meet the needs of its client group. It is therefore very odd to hear that this centre of excellence is under threat. Finding out precisely what the RNIB's proposals are has proved extremely difficult. Throughout this period of uncertainty, staff at the centre have effectively been told not to speak out or to seek support, and have been reassured all along that they would be fully consulted and involved in any changes to the situation.

Manor House is a specialist employment and social rehabilitation centre for adults who have lost their sight or whose sight has deteriorated. The aim of the centre is to give people the skills and confidence that they need to cope independently at home, at work and outdoors. Courses are tailored to individual needs and can include assessment, work preparation, independent living skills, vocational training, job-seeking skills, low-vision training, and so on. Accommodation is available on site with 24-hour staffing.

In response to the rumours of closure and of the transfer of clients into mainstream provision, the staff at Manor House have pointed out:

"Residential provision is unique in the opportunities it provides to make positive changes to disrupted lives, in a short period of time. Here there is time and space to think about oneself and one's future without distractions, with important peer support, 24-hour ongoing assessment, support and opportunity to develop greater independence and skills from the outset. The building and grounds themselves ideally provide the initial stages of mobility and independence training in a quiet setting."

That is vital for people to help them to get to a position from which they can go into the mainstream vocational training regime. They go on to say:

"The provision includes input which is always available from a range of experienced staff—the immediate and personal as opposed to the more often than not inaccessible, slow or even no solutions available in the community. For most of the clients with whom we work, be they high-achieving visually impaired adults who require a short specialist course to update their computer skills, or the person with more complex needs working through the initial rehabilitative stage, the proposed mainstream provision that is being discussed at present is not appropriate."

So, early on, the staff—who work not only with the client group in which I am most interested but with other people with some degree of sight deficiency—have expressed their concern about moving some of the provision into the mainstream.

Why is specialist provision so important? Let us consider what would happen to someone who woke up tomorrow morning and found that they could not see. Their employer might sack them because they could no longer do their job. Their family might not be able to cope, and their life could begin to fall apart. The local social services might tell them that there was a 12-month waiting list for mobility training, and that it would be for only one hour a week. They would be referred to their disability employment adviser, who would suggest that they needed to learn to use the assisted technology that would enable them to continue to work, and who would also review their employment options.

Would that person feel more comfortable making those first steps in a further education college where people—often young people—move fast and thoughtlessly and the residential accommodation is far away, or would they prefer to be in a small, safe environment where they were treated as individuals with individual needs and where their skills could be monitored and nurtured so that they could enter the mainstream with confidence in their ability to survive?

Why is such a valued, and valuable, unique service closing? First, we must consider the context in which many charities and voluntary organisations operate today. There has been a shift since 1997, as many charities and voluntary organisations have been attracted by the opportunities that the Government have rightly made available through grant funding and contracts either to carry out duties that have replaced functions that the state used to provide or, more likely, to add value to that which the state is able to provide.

[Mr. Adrian Sanders]

There is nothing wrong with that—it was a long-standing criticism of Governments that they did not use the voluntary and charitable sector enough—but, as a side effect, some charities and some voluntary organisations start to alter their original ethos, and even to shift away from their original client group, in order to access income. That is part of the context in which the problem has arisen.

Secondly, and specific to Manor House, we must consider the RNIB's financial difficulties. The RNIB has moved recently to a super-duper new headquarters in Judd street, London, and it is running a significant deficit. The view is that there is a need to consider the asset base, realise some assets and bring down that deficit.

I want to consider the matter from the taxpayers' perspective, just for a moment. Manor House is linked to a further education establishment, South Devon college, which sits on a site just out of the centre of Torquay in an area known as Torre. It has been there since the 1930s. A great deal of taxpayers' money has gone into that college and new buildings have sprung up year after year—there is always building work going on there.

In fact, millions of pounds of taxpayers' money have been invested in the site, but this is a higgledy-piggledy, ramshackle college in the sense that it is not a uniform unit and that access for people with disabilities is extremely poor. Indeed, the people with disabilities are stuck up on the fifth floor of a building. In the event of a fire, they would have to go to a metal fire escape to wait to be rescued by the fire and emergency services. We hope that such a fire never occurs.

Practical problems exist, but because of how the Government operate their internal financing regimes the Learning and Skills Council is prepared to put money in for the college to move to a new greenfield site, rather than give it the money to bring things up to scratch. The college could bring itself up to scratch, but that would probably take 10 years of constant disruption. Quite rightly, the principal says that that would not make for a good learning environment. So, to access the money on offer, the college is going to move.

Manor House provides the link to vocational training. The RNIB realises that there is an issue: if it were to dispose of Manor House, what would it do about that link? It has found another college that is able to get another new stream of taxpayer's money to update its premises to deal with this client group. Money is therefore being spent on a brand new college in my constituency, and money is being spent to upgrade a college in Taunton to which some of the vocational training will be moved, while the RNIB realise an asset sale in Torquay. That does not make financial sense to the general taxpayer, because there is no joined-up or linked thinking as to how that impacts on the purse, partly because different bits of money are coming from different parts of government. That is not good value for money if considered in the round.

Mr. Paul Tyler (North Cornwall) (LD): I have some knowledge of the circumstances that my hon. Friend describes, because I was once a student at South Devon college. I am particularly interested to know whether the catchment area for a potential facility at Taunton would be anything like as useful to the area that he and I know so well, Devon. Incidentally, I very much appreciate the strong case that he is making for this group. I have glaucoma and I know how important it is for people to know that these facilities can still be available at a reasonable distance from their locality.

Mr. Sanders: I am grateful to my hon. Friend. First, this is not a battle between two colleges—South Devon college and the Somerset college of arts and technology, which I believe is known as SCAT. The catchment area does not matter, and that is where we could go down the wrong road. The client group in which I am most interested today comes from all over the United Kingdom, and it makes no odds whether the facility is in Taunton, Torquay or the north of Scotland. I want to emphasise that the battle is to keep Manor House open and to look after the people lost to the system if it closes, rather than being about the merits or demerits of one college or another.

The announcement that everyone dreaded came last month. The BBC report said:

"A centre in Torquay which has helped thousands of blind and visually impaired people over several decades is to close. The Royal National Institute of the Blind's Manor House Rehabilitation Centre is being relocated to Taunton."

That is not actually true. It continued:

"The centre specialises in helping people who have either lost their sight, or whose sight is deteriorating. RNIB director Eamonn Fetton said the move would let them expand and improve what they could offer."

That is highly debateable. He said:

"'What we have had in the past is a limited number of services which were seen as national, and I include Manor House in that. We are now moving towards having services in every region—that is our vision for the future. In every region we want to work in partnership with a mainstream college to provide services nearer to where people are living.'"

Manor House already has a partnership with a mainstream college. The report continued:

"The RNIB announced about 12 months ago that the Manor House centre in Middle Lincombe Road could close They blamed a lack of funding, partly caused by a drop in the amount of money being left in wills, and a falling demand for places at the centre. The Manor House has provided expertise and care for thousands of people since it opened in 1941."

The financial benefits to the RNIB appear to be twofold. Manor House is in a glorious position. It overlooks the magnificent Tor bay, which, for those who do not know, is the bit of sea that is circled by Torquay, Paignton and Brixham, which are the three towns that make up the administrative area known as Torbay. It is a prime piece of real estate, and it could well reach a price in the region of between £3 million and £3.5 million were it to be sold, subject to planning permission for, I suspect, residential apartments for the very wealthy. The RNIB would also make a revenue saving on course subsidies, to which I shall come on to refer.

In a letter to staff at Manor House, the RNIB gave the game away. Its representative wrote:

"I am sure that the underlying reasons for the current financial challenges at Manor House have already been explained to you but in case it is not clear the position is that the bulk of Manor House's current funding comes from Government contracts awarded by Jobcentre Plus and the Residential Training Unit. I understand that in recent years the number of referrals to Manor House under these contracts has significantly reduced. One reason for this is that referral into more local, community-based provision is increasingly preferred by Jobcentre Plus staff as well as by many of the clients themselves."

That is partly true, but it is not the whole story.

The letter continues:

"Essentially the Government contracts, held by Manor House, are to deliver residential work preparation and residential vocational training. Both of these contracts are designed for clients who are close to applying for jobs in the open labour market. However, in recent years, we have reached a high proportion of referrals (mainly from Disability Employment Advisers) of clients who require significantly higher levels of support than the contract funding allows us to provide."

We now come to the heart of the matter.

"Up until now we have accepted these referrals because it appears that there is no alternative referral route for such clients. In doing so, we have effectively provided an enhanced service on a financially subsidised basis and this has contributed to the financial challenges that are currently faced by Manor House."

But is that not what the RNIB is for? It uses Manor House in its fundraising material. Hundreds of thousands of pounds are raised locally.

Let me say something about the local link with Manor House. There is a low vision centre there, which is open to the public. Hundreds of people from across Devon can go and try out adaptations and receive expert advice that is not available anywhere else. Indeed, people will travel from much further afield than Devon to visit the centre.

There is also a link with the local football club. Some might say that one would need to be blind to watch Torquay United play, but since the 1960s the club has set aside seats for people who are staying in the area for 12 or 13 weeks to be rehabilitated at Manor House. They can go to the ground and listen, experience the atmosphere of a football match and receive a commentary through headphones. I think that that is wonderful and that Torquay United should be applauded. I also think that it demonstrates the strong links between the community and Manor House, and the importance that is ascribed to it.

If the RNIB wants to concentrate on those who can join vocational and pre-vocational training, having moved to Taunton, it is obviously in order to have access to Government grant. Who will offer services to the pre-pre-vocational client group that Manor House currently serves? The manager of Manor House wrote to the chief executive of the RNIB to say:

"In the last ten years the team here have used their specialist knowledge and experience to develop a way of working that is about as up to date as you can get. Equipment is as close to current as possible. Suppliers come regularly to demonstrate the most up to date technology."

The suppliers could come from anywhere in the United Kingdom. They come to Manor House, so its geographical location is clearly not a problem. The letter continues:

"The new accommodation block was opened in 2002 by HRH Prince Andrew and offers single en-suite study bedrooms of a very high standard."

One effect of the new regulations and of what is expected is that the capacity has actually been reduced. Initially, people lived in dormitories. That is not appropriate today, so now people who are there as residents have single en suite facilities. That of course increases the costs and the subsidy that the RNIB has to put in. The letter adds:

"But perhaps the most important thing is the way each customer is treated. Our customers are individuals in control of their own programme and future. Staff have a genuine, professional relationship with each one and the skills to negotiate and assist in the development of truly individually tailored programmes. Both employment and rehabilitation are woven into everything we do, in many cases, without the customer really being aware of it. What they do notice is the progress they are making in a very short space of time because RNIB's subsidy has allowed us to deliver a very intensive programme."

Even the RNIB chairman, Colin Low, has acknowledged in an e-mail to a member of staff that some clients may be abandoned. He says:

"I do appreciate that the closure of Manor House may mean that there are some potential clients whose needs we cannot meet".

It is not just the RNIB's decision but the way in which it took it that has devastated staff at the centre, whose expertise and specialist rehabilitation are second to none. The vice-chairman of the Manor House governors set out that very point in a letter to the RNIB trustees. He said:

"No financial information has been presented to Governors . . . for the suggested co-location of rehabilitation training to Further Education Establishments or other shared facilities, or for the total closure of Manor House.

No comparative data are to hand to demonstrate that work done through Manor House is any less cost effective than other job preparation and training work done by other RNIB establishments or organisations.

No strategic analysis has been made of practical regionalisation within the RNIB's total portfolio of services that could properly test whether the Manor House site could have a sustainable future as a south-west region centre.

No policy/programme is in place to meet the needs of clients who are not approaching job readiness and who require wide-ranging rehabilitation, of which Manor House, owing to its 'centre of excellence' status now receives as a large proportion of its referrals.

Without these major issues being resolved, the Governors conclude that any short-term closure of Manor House would be premature and prejudicial to the welfare of a significant group of RNIB clients.

A major RNIB public statement in May 2003 about downsizing stated that direct services to the blind and partially sighted would not be affected. With the last two significant financial cuts affecting Manor House, this is hardly so."

I come back to the question of what the RNIB is for and why anyone should donate money to it if it can cover its costs through Government grants.

Last night, unbeknown to me—it was timely given the debate—Manor House was described by Peter White, presenter of Radio 4's "In Touch" programme, as a flagship provider for over 60 years. A campaign to save Manor House has begun. On 5 May, there will be a march from Euston station to the RNIB's lavish HQ in Judd street. An alternative business plan has been drawn

[Mr. Sanders]

up by staff at Manor House involving the sale of part of the site but retaining the recently built residential block, with clear links to the new South Devon college campus, which will, of course, comply with the Disability Discrimination Act 1995 as a new building and, it is hoped, will be open in 2005.

The RNIB estimates that Manor House generates £1 million a year in charitable donations. A third of that figure would keep the home open. The local community supports Manor House, which has strong links with the local NHS, social services, the council and local people. Those people respond to Manor House's many fund-raising campaigns and raise thousands each year to help it, including at the annual "It's a Knockout" event, which I have taken part in. I got very wet.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Did the hon. Gentleman win?

Mr. Sanders: No. I got soap in my eyes from the foam machine. Local firms and local societies put in teams and raised enormous sums of money for the centre.

There is a real connection, right down to the fact that people in town are used to seeing people learning to cope with the loss of sight – perhaps learning to use a stick – and can point them in the right direction when they have been allowed to wander into town from the residential centre. Geographically, the area offers every obstruction and barrier that anyone who has lost their sight could wish to learn to deal with: broken pavements, busy traffic, hillsides, complicated bus routes and all the rest of it. The centre is part of our community and we do not want it to go.

People do not give the RNIB donations to match fund Government projects. They do it to help programmes that the Government do not support and we have to ask who will support those now? If the RNIB is retreating, who will come to the rescue? I think that we know the answer, but the Government could put pressure on the RNIB to think again and delay a final decision until it has properly analysed the business plan. It is not the case that all the staff at the centre who have built up specialist expertise over many years will simply transfer to Taunton, or that Taunton will be able to deal with the client group from Torbay. It is that client group who will miss out.

I hope that this debate will help the RNIB to think again. People with impaired vision in my constituency and throughout south Devon will be the losers, and the biggest losers of all will be those who, tomorrow, next week, next month and thereafter will lose their sight without warning.

Mr. David Heath (Somerton and Frome) (LD): Is not the dearth of professionals working in rehabilitation in visual impairment a concern for the future? Does my hon. Friend share my view that the Government could also do more to provide low vision aids? He talked about the advancing technology earlier. The Government have revolutionised what is available for the deaf through digital hearing aids. Could not they do the same for this client group, taking advantage of new technology that is far superior to what was available previously?

Mr. Sanders: That is an important point. I referred to the low vision centre at Manor House, which has all the latest gadgets. Perhaps the Government could indeed do more. I know that my hon. Friend speaks as the chair of the all-party parliamentary group on eye health, for which he is famed and does good work.

My late mother lost her sight and was one of the people from Devon who was able to go to the visual aid unit. Tremendous things are available to help people maintain their quality of life despite deteriorating eyesight and I cannot praise the centre enough.

Mr. Heath: The problem is that the technology is available, but at a price. Unit costs are extremely high. I spoke to the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton) about this yesterday, and I hope that the Minister here can also talk to her colleague about how the Government can tackle the problem so that more people have access to the technology.

Mr. Sanders: I am sure that the Minister heard my hon. Friend and will respond. I am also keen that something should be done about VAT on audio books, which are also highly valued by people with poor or no sight.

Imagine the position of someone who wakes up tomorrow, next week, next month or thereafter having lost their sight, without warning. If the centre closes, there will be no comparable facility anywhere in the world to help them. I cannot stress enough the uniqueness and excellence of the centre. It helps people to come to terms with those changed circumstances. I spoke last week to a member of staff who is convinced that there are people who might have committed suicide had it not been for the support available at the centre. They were not ready to go into vocational or pre-vocational training, but needed support to pick their lives up off the floor and come to terms with the trauma. Without that facility, receiving a white stick in the post might be all the support and help that some people get.

I conclude with a comment from a member of staff at Manor House who said:

> "My broad view is that any future proposal that 'fixes on' Further Education as the future location for the work that has been undertaken at Manor House is flawed. I am clear that the majority of clients I see here—and the many who are not funded to come, or even know of our existence—would be negatively affected by the culture, geography and pace of FE. There is a need for a properly funded facility—along the lines of Stoke Mandeville—for clients who have been and are devastated by sight loss."

6.51 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): May I begin by congratulating the hon. Member for Torbay (Mr. Sanders) on securing this debate? Luckily for him, we have had a little more time than might have otherwise been the case, because the main business finished slightly early, which has enabled him to set out at length—

probably as fully as he would have wanted to had he had unlimited time—the points that he wanted to make on the valuable facility in his constituency.

I have also heard what the hon. Member for Somerton and Frome (Mr. Heath) had to say, and I recognise, too, the interest that the hon. Member for North Cornwall (Mr. Tyler) has in the matter. There is no doubt that those who have to deal with visual impairment are numerous and initially, particularly when sight deteriorates, have difficult problems to overcome in order to get on with their lives. Some 111,000 people of working age in Britain have difficulty in seeing as their main disability. "Difficulty in seeing", the definition used in the Disability Discrimination Act 1995, covers both people who are blind and those who are partially sighted.

In addition, more than 20 per cent. of the almost 10 million disabled people in Great Britain have a disability related in some way to seeing, so there is no doubt that the impairment is prominent and difficult to deal with for those who have to do so in their lives. It is an impairment that is of great concern to the Government, and to my Department in particular, which has some responsibility for trying to enable those with visual impairment to put their lives back together, get back to work and remain in work, and partake again of life following the trauma of losing their sight or of a sudden deterioration in their ability to see. I therefore congratulate the hon. Member for Torbay on raising the issue without in any way limiting what I have to say. We, too, are concerned about the matter.

I shall say something on the particular issue of Manor House, which the hon. Gentleman set out in great detail. We are, of course, aware of the impending closure of the Royal National Institute of the Blind's residential training centre in Torquay, which it announced in its press release of 29 March. My Department intends to take every step possible, in conjunction with the RNIB, to ensure that people currently at the centre who will need to be assisted in some other way get what they need for their particular requirements. My officials will meet the RNIB about that very matter on Friday. We very much believe that we will be able to replace the courses that those people are in the middle of, and that we will be able to deal with the needs of those currently at Manor House.

Of course, this is not a matter for the Government, and the hon. Gentleman was kind enough to make it clear at the beginning of his remarks that he was not criticising the Government. It is not for the Government to tell the RNIB how it should provide its services. It is an independent charity, and we have contracts with it to provide courses for our own visually impaired clients throughout the country. The RNIB is one of many providers, and it is not for us to tell it how and where to make such provision. Our job is to provide help and assistance to visually impaired people throughout the country.

I should make it clear, however, that in addition to not being responsible for whether Manor House stays open, we were not consulted by the RNIB on the closure. There is no particular reason why it should consult us—it has no obligation to do so, and the matter is one for itself—but I should make it clear that we had no more advance knowledge of the closure than the hon. Gentleman. In fact, he probably knew more about it than I did, given that local MPs usually hear things on the grapevine a bit sooner than Whitehall does.

The RNIB acts as a contractor for Jobcentre Plus. Of course, it is not for us to guarantee or comment on the viability of particular places or courses; our job is to ensure that the services provided by our contractors offer value for money, that they provide what we expect them to provide, and that they do the job that we expect of them.

As the hon. Gentleman mentioned, there has been some discussion about changes in the type of provision, such as mainstreaming into colleges. He expressed his own views about that so far as his local area is concerned, and it has been suggested that that was a factor in the closure. Our disability employment advisers always recommend to their clients the most suitable provider, in order to deliver the most cost-effective programme to meet the individual's employment needs. It is not true that our DEAs have gone off residential training or have suddenly become positive about a different way of providing such help. In fact, a recent survey of DEAs demonstrated that they are very positive about the quality of residential training for clients, including at Manor House.

I should also make it clear that we have other centres at which such training can continue to be provided, and that we have contracts that will enable us to continue to meet the needs of those who want residential training. There is no doubt that, these days, some of our clients prefer to stay at home and perhaps do not regard residential training as their first choice; instead, they would prefer a more local service. To the extent that our DEAs are there to meet the needs of individual clients, they will of course take that point into account when recommending the type of course that is suitable for a given individual. However, we have no preference one way or the other.

It has been said—although not by the hon. Gentleman—that falling volumes and a decline in Government money might in some way be responsible for the closure. In 1997–98, we bought spaces for six residential training places at Manor House at any given time. The total spend was £48,500, give or take a few pounds. In 2002–03 there were 10 such places, and the total spend was £148,353. So although it is true that the number of places we contract for is small—of course, that always presents a certain threat to the viability of any organisation—it is not true that the number has fallen significantly. Nor has the amount of money spent by my Department at Manor House declined.

The hon. Gentleman referred to the RNIB's suggestion that it provides far more than our Department pays for. In a way, he answered the point himself, by making it clear that the Royal National Institute of the Blind has wider charitable objectives. The money that we pay to the RNIB at Manor House is not for meeting its wider charitable objectives, but for holding the residential training courses that we contract with the organisation. It may well provide more than we pay for—

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

Maria Eagle: Is it that late already?

The funding that we provide meets the cost of residential training, but not any of the wider charitable intentions or activities. Sometimes the work might go beyond the specification in our contracts.

Mr. Sanders: The Minister is absolutely right, but it was put to me that the contract might buy nine weeks at the centre, when the person needs 12 or 13 weeks. The additional weeks are what the RNIB is subsidising. It is perfectly possible under the contracts in force to buy nine weeks in various establishments around the country, but what about the extra weeks and the additional expertise and work necessary during those extra weeks to produce a positive outcome from Government funding?

Maria Eagle: I hear the hon. Gentleman's point, but I cannot tell him precisely how many weeks are specified in each of our various contracts or in the particular case of the RNIB. I can tell him that our contracts are intended to meet the needs of a specific individual. I am receiving information that on average nine weeks are specified, but that provision is sometimes made for a longer period. I cannot comment on individual instances, but no doubt some value is always added from a little more. In respect of our contracts, we are happy both that Manor House has done a good job and that other providers are able to do the same.

The hon. Gentleman also said that cash payments had fallen; I dealt with that when I explained that the cash spent at Manor House had not fallen. It was the RNIB that suggested that the amount of money that it received had gone down. As I explained, the number of places that we buy there is quite small and fluctuates when people do not want to take them up. We cannot force people to go there. Our spend on residential training is certainly three times what it was in 1997.

Mr. Sanders: The record will show that I did not allege that the amount of funding was going down. That makes my point. The RNIB made that allegation—obviously wrongly—to justify closure of the centre.

Maria Eagle: Yes, the hon. Gentleman was reading out what some at Manor House had said about the reasons for the closure. I was not trying to suggest that he was making the allegation; I am only trying to set the record straight by explaining that our spend there has increased.

The hon. Gentleman discussed the way in which the decision was taken and said that he and his local community were not prepared to put up with it and were undertaking various activities in order to persuade the RNIB to change its mind. All I can say is that I have heard everything that he has had to say. It is not for me to tell the RNIB what to do. As I said, my officials are to meet the RNIB on Friday, and we also meet on an ongoing basis to deal with longer-term issues of funding provision. My officials will also have heard what the hon. Gentleman had to say. I hope that he will recognise that that is about as far as I can go in that respect.

I end by saying that I am sure that the Department will continue to be able to meet the needs of people who are visually impaired. The sort of treatment and training that can be obtained at Manor House will be available at other centres around the country. We will do our absolute utmost to ensure that the people currently at Manor House will not be disadvantaged. My officials will meet RNIB representatives on Friday to make sure that that is the case, and I assure the hon. Gentleman that I and the Department will continue to look closely at what the RNIB is doing. If the closure goes ahead, our aim is to make sure that the transition for constituents—of the hon. Gentleman and of other hon. Members—who are at Manor House will be as smooth as possible.

However, I have listened to what the hon. Gentleman had to say about his ongoing campaign. We will watch with interest how that develops, but I assure him that the training and help for visually impaired people that is currently offered at Manor House will still be available in other settings.

Question put and agreed to.

Adjourned accordingly at six minutes past Seven o'clock.

House of Commons

Thursday 29 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Construction Workers

1. **Ms Joan Walley** (Stoke-on-Trent, North) (Lab): What assessment he has made of the supply of skilled construction workers. [169204]

The Minister for School Standards (Mr. David Miliband): The statutory industrial training board for the construction industry currently forecasts an average annual requirement for 82,000 recruits into the industry in the period 2003 to 2007. The latest survey of new entrants shows around 50,000 individuals entering formal training in 2002–03. Other sources of recruitment are people re-entering the industry and foreign workers. A further group of around 28,000 people already employed in the industry is undertaking on-site assessment and training.

Ms Walley: It is important that we have a new construction college in Burslem in my constituency that will train workers from across the country. Will the Minister take a special interest in how the learning and skills council and Stoke-on-Trent college of further education take that forward, particularly on the need to retrain pottery workers who have been made redundant? Will he take a special interest, too, in how we need local employers to provide local employment if we are to deliver the Government's agenda on new investment in housing and hospitals?

Mr. Miliband: My hon. Friend spoke about the important work of the Burslem centre during the Housing Bill debate on 12 January. I shall certainly take an interest in it and ensure that the Under-Secretary of State for Education and Skills, my hon. Friend the Member for Bury, South (Mr. Lewis), looks into it. My hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) is right that the partnership between employers and the education system holds out real promise of progress.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Does the Minister agree that the roofing industry is crucial to the construction industry? Is he aware that, of the 57,000 employees working in that industry, only 8,000 have certification to construction skills certification scheme standards? Is he aware that, of the 352 people who joined modern apprenticeships for roofing last year, 40 per cent. dropped out during their first year? What is he doing to stop people dropping out of modern apprenticeships? What will he do to ensure that people who work in the roofing industry have CSCS certification? Will he hold discussions with the insurance industry to try to ensure that firms that have qualified people get discounts on their massive insurance premiums?

Mr. Miliband: I certainly agree that we cannot have a house building or construction industry without roofing specialists; I think that there will be cross-party agreement on that.

I am pleased that the hon. Gentleman mentioned modern apprenticeships and the 255,000 young people undertaking them. He rightly mentioned the importance of quality in those apprenticeships, which is being taken up through the Learning and Skills Council. It is significant that £325 million of LSC money is supporting construction industry training, in addition to £75 million from the industry itself. That is a good example of the sort of partnership the hon. Gentleman and I both want.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): What steps is the Minister taking to ensure that everyone in the construction industry receives appropriate safety training, particularly foreign workers, many of whom do not have an adequate grasp of English and for whom safety notices are therefore meaningless?

Mr. Miliband: It is obviously important that we collaborate with our colleagues in the Department of Trade and Industry on this matter, which crosses departmental boundaries. All training must include the health and safety aspects to which my hon. Friend referred and I shall take up his point about literacy and the issues related to it.

Overseas Students

2. **Huw Irranca-Davies** (Ogmore) (Lab): What measures he is taking to encourage higher education institutions to compete effectively for *(a)* the market for overseas students and *(b)* the market for students from the Gulf states. [169205]

The Secretary of State for Education and Skills (Mr. Charles Clarke): My Department has taken steps to encourage higher education institutions to compete effectively for the market for overseas students through the Prime Minister's initiative to attract more international students to the United Kingdom, including those from the Gulf states. A vigorous worldwide marketing campaign under the brand of Education UK supports that initiative. The number of non-European Union international students studying full-time in UK higher education institutions rose by 23 per cent. on that for the academic year 2001–02, to a total of 174,575 last year. The Prime Minister's initiative

recruitment target of an extra 50,000 international students in higher education by 2004–05 has been achieved well ahead of target.

Huw Irranca-Davies: Having just returned from a visit to the United Arab Emirates, I can assure my right hon. Friend of the high regard in which our higher education institutions are held. He will be aware, however, that there is an immensely competitive market that includes higher education institutions from South Africa, New Zealand and elsewhere that often undercut us on price but cannot maintain our excellent quality. Can he assure me that, in discussions with higher education institutions, he will continue to foster a proactive approach to penetrating the market in the Gulf region? We are doing excellently, but the end-of-term report might say, "Could do better."

Mr. Clarke: I am grateful for that question and I can assure my hon. Friend of our commitment to work in the area. He put his finger on the central point, which is that the quality of the higher education courses we offer gives us such a strong competitive position. He may be interested to know that only last week I had a dialogue with the Minister for the middle east about how we could better promote our universities and education more generally into the whole of the middle east region. We are completely seized of the points that my hon. Friend makes.

Mr. Andrew Turner (Isle of Wight) (Con): Non-EU students pay full fees, but every student admitted to higher education from an EU country receives a subsidy of between £6,000 and £16,000 from the British taxpayer. Today it is reported that applications are up 100 per cent. from Cyprus, 200 per cent. from Hungary, 300 per cent. from Slovenia and 365 per cent. from Poland. What will be the cost of that to the British taxpayer?

Mr. Clarke: The hon. Gentleman's attitude is truly extraordinary. The figures published by the Universities and Colleges Admissions Service today show that 406,000 applications have been received—that is a 3.1 per cent. increase in applications which, given all the controversy and discussion about our reforms, is a testament to the position—and that there have been increases from applicant countries. I shall set out the figures in the context of the 406,000: Slovakia increased from 23 to 95, the Czech Republic from 54 to 149, Estonia from 17 to 56, Hungary from 37 to 112, Latvia from 19 to 51, Slovenia from 12 to 49, Lithuania from 23 to 60, Cyprus from 712 to 1,458, Malta from 17 to 41 and Poland, the largest of the acceding states, from 95 to 442. Those are tiny figures. The hon. Gentleman's narrow nationalism is deeply appalling. We should be proud of the contribution that our higher education institutions are making to the whole of education throughout the European Union. The hon. Gentleman should be ashamed of himself.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that the British Council report shows the enormous potential for our country of earning enormous sums, with another 1 million students wanting to come here by 2020, most of them from outside the EU? Is he aware that most people in the higher education sector believe that we should make plans now to invest more heavily in infrastructure and well-paid academics to make sure that we make the best of it? Even students from within the EU make a profit for the UK, as well as those from outside. Should we not act now to invest in the future and perhaps do more about private-public partnerships?

Mr. Clarke: My hon. Friend is absolutely correct. As an illustration, just today the figures published show a 50 per cent. increase in applications from the United States. There is a massive interest in this country to have students coming and studying here and a massive opportunity for our students to go and study in other countries throughout the world. We should take pride in the fact that our higher education institutions and the English language give us a competitive advantage and we should seek to build on that for all the economic reasons that my hon. Friend described. The petty nationalism of the Tory party is utterly deplorable.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Of the 175,000 students to whom the Secretary of State referred, how many go to the Russell group?

Mr. Clarke: I do not have the figures to hand, but a lot do. Many universities right across the range are substantially developing their work internationally. The hon. Gentleman may have read recent reports about the university of Nottingham, which is part of the Russell group, establishing a campus in China precisely to support work of this kind. Throughout our university sector there is a strong commitment to achieve that. It is something to be applauded—as most rational Tory Members will do—not denigrated.

David Cairns (Greenock and Inverclyde) (Lab): May I tell my right hon. Friend about the success of James Watt college in my constituency in attracting large numbers of students from the middle east and the Gulf states, primarily by focusing on engineering-based courses which are in great demand there? Given that he has mentioned the British Council and the Foreign Office, can he ensure that his Department works closely with the relevant Scottish Education Ministers and the Scottish Executive so that every university and higher education college throughout the United Kingdom can benefit from the competitive advantages that he mentioned.

Mr. Clarke: I can absolutely give that assurance, and I can add that many Scottish universities are outstanding in that field. Their reputation is strong for reasons of history and academic quality. Some of the marketing that they have pursued in working with the Scottish Executive achieves that end, but I believe—and I have discussed the matter with colleagues on the Executive—that a joint effort can maximise our impact internationally. That is what we are very keen to do.

Further Education Funding

3. **Tony Baldry** (Banbury) (Con): If he will make a statement on funding for local colleges. [169206]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): In November 2002, we announced an extra £1.2 billion of investment in

further education colleges over the three years to 2005-06. That record investment means that total funding for further education is set to rise by 19 per cent. in real terms when compared with 2002-03. That is the largest ever investment in further education to support a radical and ambitious reform strategy that links funding to college performance.

Tony Baldry: People often think that Banbury is a very prosperous town, but in at least two wards, more than half the adults have no further or higher education qualifications. Given the Minister's answer, I do not understand why the Association of Colleges has expressed concern that colleges have had to dip into their reserves to the tune of £62 million for skills and vocational training this year, because they have received only some £20 million from the Department. How is it that every Member has heard concerns from local college principals and the Association of Colleges that they have been short-changed on money for skills and vocational training?

Alan Johnson: I am also puzzled by those remarks by the AOC. We meet that organisation regularly and it is appreciative of the additional investment, although—like any lobby group—it continues to seek more funding. Perhaps some of the problems have been with how the allocation of funding reaches the colleges through the learning and skills councils. The new chief executive, Mark Haysom, is aware of some of those problems, but I am willing to investigate specific problems in the hon. Gentleman's constituency to see whether I can do anything to help.

Linda Perham (Ilford, North) (Lab): My local college—Redbridge college, of which I am an external governor—is very pleased with the extra investment from the Government, but it is having problems obtaining the payment in full of £250,000 of funding from last year. It received 30 per cent. in April, having been promised 60 per cent. in March, and it has been promised the rest by the end of May. Will my right hon. Friend investigate the delay in that funding?

Alan Johnson: I certainly will investigate the point raised by my hon. Friend, which might relate to the point that I made to the hon. Member for Banbury (Tony Baldry). To put the issue in context again, we have increased funding for teaching and learning in FE colleges by 17 per cent. and funded a 60 per cent. real increase in capital spending in colleges. Almost anyone one speaks to in the FE sector will agree that, with 4 million students and a further 2 million reached in the workplace, it has been somewhat undervalued in the past. The sector would like the increased funding to continue, but it appreciates that funding for FE colleges has turned a significant corner.

Mr. Mark Simmonds (Boston and Skegness) (Con): One of the interesting things about the answers that the Minister gave to both the previous questions on this topic is the disparity between his view and what is actually happening. It is clear that one of the essential roles of—and an apparent Government priority for—the FE sector and local colleges is the provision of basic skills and level 2 courses. Why then are the Government enabling cuts to take place in the FE sector, just as adults needing help are being turned away from literacy and numeracy classes—*[Interruption.]*

Mr. Speaker: Order. The hon. Member for Bexhill and Battle (Gregory Barker) seems very annoyed that I have not called him. It is my right to decide whom to call, and he must not stare at me as if he has been deeply hurt by my decision. That is the last thing that he should do.

Mr. Simmonds: Basic skills provision is also being axed. As I am sure the Minister would agree, such courses are essential for people who are trying to escape socio-economic deprivation. Will he assure the House that the threatened cuts in places of more than 70,000 that the Association of Colleges predicts this year will not materialise? Will he assure us that he will endeavour to deliver basic skills to all who need them?

Alan Johnson: I was in the hon. Gentleman's constituency at a very exciting and well attended initiative. He received many plaudits, and I am pleased that he did. His local college was extremely appreciative of the extra funding provided.

I think that we are talking about two different things. The Association of Colleges is concerned that, in the next financial year when the level 2 entitlement kicks in, we will not be able to meet every claim for every piece of further education training in the country in the way that we did last year. Last year, every bid made to the Learning and Skills Council was accepted. The reason for the concern is that we have to have priorities and the 4 million adults who do not even have a basic level 2 qualification must be our priority. That is why we are going to give them financial help and an adult learning grant to meet that priority. If that we means that we cannot meet every single claim, we will have to accept that in the interests of meeting that priority. Nevertheless, literary and numeracy are what the issue is all about. We will strive, as always, to ensure that all the claims are met.

Mr. Dennis Skinner (Bolsover) (Lab): Socialism is the language of priorities.

Alan Johnson: As my hon. Friend the Member for Bolsover (Mr. Skinner) suggests, new Labour is the language of priorities.

Lawrie Quinn (Scarborough and Whitby) (Lab): I congratulate my right hon. Friend on his answer to the initial question. On Monday, I spent the morning at Scarborough sixth-form college and saw at first hand the excellent work that is being done. However, the college stands alone and it competes with many sixth forms in the surrounding local education authority area. Students and staff alike asserted to me that there was a gap in terms of the money that was being spent in the college. May I tempt my right hon. Friend to make the short trip from Hull to Scarborough to see the excellent work that the college is doing and perhaps persuade him that we need to give greater consideration to the inequalities between LEA sixth forms and stand-alone sixth forms such as at Scarborough sixth-form college?

Alan Johnson: I will gladly make the short trip to Scarborough to see my hon. Friend. We are aware of

those issues and, in this funding round, the funding gap between sixth forms and further education colleges has closed considerably. It is always a delight to see him, particularly in his delightful constituency.

Schools (Appropriate Relations Guidance)

4. **Miss Anne McIntosh** (Vale of York) (Con): What guidance he provides to schools on maintaining appropriate relations between pupils and staff. [169207]

The Minister for Children (Margaret Hodge): We have worked with the teachers unions and with the National Employers Organisation of School Teachers to produce a document entitled "Joint NEOST/Teacher Union Guidance on Preventing Abuse of Trust for Teachers, Education Staff and Volunteers". We have also funded further work to produce further advice entitled "Developing Safe Working Practices for the Protection of Children and Staff in Educational Settings".

Miss McIntosh: Is the right hon. Lady aware of the number of disturbing cases that I have raised with the Secretary of State about bullying between pupils and inappropriate relationships between staff and pupils in certain schools that are in or serve the Vale of York? Has the guidance to which she refers been published and, if schools have similar guidance, is it not appropriate for parents to have sight of it?

Margaret Hodge: It is certainly appropriate for parents to have sight of it. The hon. Lady raised the issue of bullying between pupils and I hope that she appreciates the concentrated work that we—in particular, the Under-Secretary of State for Education and Skills, my hon. Friend the Member for Bury, South (Mr. Lewis)—have been doing to try to tackle the problem and to create zero tolerance for bullying in our schools. If she wishes to raise further issues with us in relation to bullying between pupils and teachers, I would warmly welcome further consideration of those issues so that we can take any further action that she would deem appropriate.

Mr. Bob Blizzard (Waveney) (Lab): Is it not essential that the relationship between pupils and staff involves good order and discipline in the classroom? Because good discipline and learning can be disrupted by a small number of highly disruptive pupils, is it not essential that we have good provision of pupil referral units throughout the country for children of all ages? Will she undertake an audit of pupil referral unit provision and take action to fill the gaps? At the moment, there appears to be a bit of a postcode lottery and, surely, we do not want postcode disruption in our schools.

Margaret Hodge: I agree entirely with my hon. Friend's comments about the importance of good order in the classroom so that effective teaching and learning can take place. How that is developed is down to each local authority and the schools within it. The use made of pupil referral units must be decided locally. There are good pupil referral units around the country. I visited a project yesterday in Oxford that is run by a voluntary organisation called Parent-School Links, which takes sound action to improve the behaviour of children in schools and to tackle the behaviour between children and parents and between children and teachers. Such small initiatives, run by valuable voluntary organisations, should be spread across the country. That is the key to improving behaviour in the classroom.

Sir Patrick Cormack (South Staffordshire) (Con): Taking on the valid point made by the hon. Member for Waveney (Mr. Blizzard), is not the real problem the fact that there are no longer proper sanctions in schools and that, when teachers try to exercise reasonable discipline, they are frequently pursued by litigious parents who have a perverted idea of human rights?

Margaret Hodge: I do not agree. We have strengthened the power of head teachers to apply appropriate sanctions in schools. The hon. Gentleman would probably agree that we live in more litigious times and people exercise their rights, rightly or wrongly, in all sorts of situations. I do not agree with his premise that we have weakened the power of heads. We have gone in quite the opposite direction.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Does the Minister agree that, with reference to appropriate relations between pupils and staff, the overwhelming majority of teachers get it right 100 per cent. of the time, and they deserve both our thanks and a presumption of trust? Will she confirm that more than 80 per cent. of teachers who are accused of having behaved inappropriately are subsequently entirely cleared and vindicated? Will she therefore accept that now is the time to act on the NASUWT campaign for legislation to preserve teacher anonymity up until the point of a conviction? Will she undertake to accept the offer from the Opposition to speed the passage of such legislation through both Houses of Parliament, or will it take the election of a Conservative Government to give teachers that essential protection?

Margaret Hodge: I am not sure that there is a single child or parent with an interest in the education service who would welcome the transfer of power to the Tory party. Its record in government on education was abysmal and our record in government has been second to none, with increased investment, rising standards and a massive extension of opportunity. On the specific issues raised by the hon. Gentleman, we believe there must be a conversation with the NASUWT and my right hon. Friend the Secretary of State is engaged in those discussions. We will look further at the issues that the union has legitimately raised and take the action that we deem appropriate.

University Salaries

5. **Mr. Ben Chapman** (Wirral, South) (Lab): If he will make a statement on university staff salaries. [169208]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): Universities are autonomous, independent bodies and are responsible for determining their own affairs, including pay for their staff. The Government play no part in setting the levels of pay or conditions of service for higher education staff. However, we recognise that Government funding plays

a part in what institutions can pay their staff. The Higher Education Funding Council for England will allocate almost £6 billion of grants for 2004–05, a 9.3 per cent. increase on 2003–04. Within that, funding for teaching is increasing by 5.6 per cent.

Mr. Chapman: In recent times, I have had a great deal of correspondence from academics expressing their concern about the relative long-term decline in academic salaries. I share that concern. Does my right hon. Friend accept that, if we are to have world-class academic institutions, we need to attract and retain quality staff? Does he agree that as the Government have a role to play in the funding of higher education, they have an influence on salaries? Does he have a long-term plan to solve the problem?

Alan Johnson: I entirely accept the point that my hon. Friend makes. Indeed, the Prime Minister, in a speech late last year, said:

"The shortfall of teaching funding has badly hit the salaries of academic staff, which have shown practically no increase in real terms over two decades."

That is one of the reasons why we are pursuing the controversial measures in the Higher Education Bill. Not only are we putting in an extra £3 billion from the taxpayer, but an extra £2 billion will come through existing fees and through the increase. University vice-chancellors tell us that, in general, at least a third of that money will be put back into the salaries and conditions of their staff. That will make an enormous contribution in tackling a very serious and deep-seated problem.

Mr. Tim Yeo (South Suffolk) (Con): Has the Minister seen the survey by the Association of University Teachers that confirms that higher education was better off under the last Conservative Government than it is today under Labour? Will he confirm that Labour's only answer to the growing funding crisis in universities is to force students to run up bigger and bigger debts? While that will almost certainly deter many young people from poorer backgrounds from applying for university at all, it will do nothing to address the problem mentioned by the hon. Member for Wirral, South (Mr. Chapman) with regard to universities attracting and retaining top-calibre staff.

Alan Johnson: The hon. Gentleman always does a good turn at the Dispatch Box; it is always amusing.

The problem with the AUT study, which I have seen, is that it does not compare like with like. There was a change in the way in which student support funding is measured and reported, as we moved to economic cost rather than cash outlay, and that has distorted its figures. The independent statistical first release, which takes into account that change, shows a level of student support that was higher in 2002–03 than 10 years before. If one takes the AUT's own statistics and report and strips away student support, one sees that they show an increase in higher education funding of more than 25 per cent. above inflation between 1994 and 2003–04.

I find it incredible that, during the most important debate on higher education since the early 1960s and the publication of the Robbins report, the Opposition still do not tell us how they plan to tackle these difficult issues. While our proposals are controversial, they are the right thing to do, as many of the hon. Gentleman's own party members will be telling him from the other place as we take the Bill through the Lords.

Valerie Davey (Bristol, West) (Lab): While I obviously accept the Minister's initial response with regard to the independence of universities, given the Government's input into the funding, may I ask him to confirm that he continues to raise in dialogue with universities the fact that there remains among academic staff a differential between women and men?

Alan Johnson: Yes, I will raise that issue. Actually, it does not need to be raised, because vice-chancellors are very aware of it. Indeed, as my hon. Friend will know, the latest pay deal, which is a two-year deal, seeks to address some deep-seated issues, including inequality in pay and an 8.1 per cent. increase for the lowest pay grades in universities. She makes a very important point that I shall reiterate on every occasion I can.

Rev. Martin Smyth (Belfast, South) (UUP): May I share with the Minister my concern in support of the hon. Member for Wirral, South (Mr. Chapman)? As the representative of a university constituency, I know that there is great concern about a brain drain in which our academic staff go abroad because we cannot pay them proper salaries. Will the Minister therefore consult his colleagues in Northern Ireland to see whether what is happening in England can also happen in universities there?

Alan Johnson: I will certainly speak to my colleagues in Northern Ireland. As the Higher Education Bill progressed through the Commons, I spoke to many Northern Ireland Members and to the vice-chancellors of both universities in Northern Ireland, who are aware of the problems. I assure the hon. Gentleman that, although we think that the issue should be devolved — we are keen to see a devolved Administration pick it up again—universities in Northern Ireland must face up to the controversial issues surrounding higher education funding that we are trying to face up to in England.

School Transport Bill

6. **Mr. Roger Williams** (Brecon and Radnorshire) (LD): What assessment he has made of the impact of the draft School Transport Bill on traffic congestion.

[169210]

The Secretary of State for Education and Skills (Mr. Charles Clarke): The purpose of the draft School Transport Bill is to reduce congestion and to enable pilot authorities to provide improved home-to-school transport. We will expect all pilot authorities to have plans that will cut car use on the school run, which will reduce traffic and congestion.

Mr. Williams: Hon. Members who represent rural areas, as I do, view a number of the proposals with great concern. Does the Secretary of State agree that if the draft Bill were rolled out across the whole of Wales, 80,000 children would lose the right to free school transport, which must result in more private cars being used for the school run? Will he join me in urging the

Welsh Assembly not to adopt any proposals that would result in increased congestion and children from rural and remote areas losing the right to free school transport?

Mr. Clarke: I do not accept the hon. Gentleman's figures. The whole of local government, which includes all parties, the Churches and schools say that the current school transport arrangements are not sustainable. That is why, in consultation with those bodies, we laid the draft School Transport Bill, which is designed to free local authorities to make decisions—if they want to make them. I will not impose such decisions: local authorities must decide how best to address congestion in their localities, which is an intelligent way to proceed.

In considering a proposal from an authority, the criterion that I, as Secretary of State, would set—the National Assembly for Wales will apply the criterion in Wales—is that it must increase children's ability to travel to school and reduce congestion. I am well aware that it is possible to make a brouhaha about the matter, in which case I admit that the Bill will not be necessary, but it would be a mistake not to seize this opportunity to address a serious problem that concerns local government, Churches and everyone else, and to surrender to the bandying about of misleading and inaccurate figures.

Mr. David Chaytor (Bury, North) (Lab): In respect of school transport, does my right hon. Friend agree that the preferences of parents who believe passionately that their children should be educated in faith schools should be given equal priority to the preferences of parents who believe passionately that their children should be educated in secular schools?

Mr. Clarke: My hon. Friend, who is a member of the Select Committee, raises an important issue of principle, which lies at the heart of the proposals to permit local education authorities to take those considerations into account. School transport is controversial and involves many difficulties, which is why there has not been legislation on the matter for decades—since 1944. We should not allow the current system to decay, and we should introduce a system that allows local education authorities to address such issues on a regulated basis to try to take us forward.

Mr. Mark Hoban (Fareham) (Con): In an earlier answer, the Secretary of State gave the impression of urgency, when he said, "we should seize this opportunity." However, the Transport Committee report on school transport states:

"The Government's leisurely approach is an indulgence . . . An experiment which does not end until 2011 is not addressing this problem with the urgency it needs."

How does he square the Committee's criticism with his own comments about urgency and seizing the initiative?

Mr. Clarke: I gave evidence to the Transport Committee, and think that the report, in which the Committee rightly gives us credit for taking up the issue, is good. I urge the hon. Gentleman to talk to the hon. Member for South Suffolk (Mr. Yeo), who, on the day when the draft Bill was announced in the Queen's Speech, launched a vigorous attack in the media, saying that the draft Bill is wrong and that we should not take this course. As I said at the time, the hon. Member for South Suffolk can stop the argument. In line with the question from the hon. Member for Fareham, the hon. Member for South Suffolk should work with us on the legislation, which his Conservative friends in local government want, to take the matter forward properly.

Education Maintenance Allowance

7. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What assessment he has made of the effectiveness of the education maintenance allowance in raising levels of participation in post-16 education.

[169211]

The Minister for School Standards (Mr. David Miliband): In the pilots, education maintenance allowances increased participation by 16-year-olds in education by nearly six percentage points. Evaluation findings of the national scheme show that we are expected to ensure that, by 2006–07, 72,000 more young people will be participating in post-16 education thanks to education maintenance allowances.

Mr. Bailey: I thank the Minister for his reply. In my local authority, Sandwell, which is one of the more deprived boroughs in the country, experience of the pilot scheme reflects the figures that he gave. As the grants are linked not only to attendance but to performance, will he give an assessment of improvements in academic performance at this level and assurances on long-term funding to sustain them?

Mr. Miliband: My hon. Friend is absolutely right. The English problem, post-16, concerns not only participation but progression. The key aspect of education maintenance allowances is that they are tied to achievement, as well as attendance. I will write to my hon. Friend with the precise figures, but I can assure him that the programmes have had a significant and positive impact on achievement.

Mr. Andrew Robathan (Blaby) (Con): To use a phrase of the Home Secretary's, is it not bonkers that we should pay children who presumably do not see the value of education to go to school? Is it not equally perverse that this Government, who introduced fees, and are introducing top-up fees for universities, should say on the one hand, "We'll pay you to go to school", and on the other, "We'll saddle you with debt to go to university"?

Mr. Miliband: I will tell the hon. Gentleman what is bonkers. It is bonkers when young people who have the motivation and qualifications to stay on in the educational system have to leave it because they do not have the necessary financial support. We hope over time to teach Conservative Members that, as my hon. Friend the Member for Bolsover (Mr. Skinner) said, socialism is the language of priorities; and this is a priority.

Colin Burgon (Elmet) (Lab): May I bring back a brief report from the chalk face? Last week, I was lucky enough to speak to 16-year-olds at Brigshaw high school. I got a better reception as an MP than I used to

get as a school teacher, as those young people listened with rapt attention to the Government's proposals on the education maintenance allowance. This Labour Government have introduced these proposals precisely because young people from such former mining areas did not, for a number of social and cultural reasons, stay on to fulfil their true potential. May I tell my hon. Friend the Minister that when a Labour Government carry on like this, they are doing a brilliant job?

Mr. Miliband: These occasions are the time for asking Ministers searching questions to test Government policy. I am happy to reiterate that in mining areas such as mine and my hon. Friend's, education maintenance allowances can plug a significant gap in the system. We all know that the best investment that we can make is in education, and anything that helps young people to participate and progress in their studies must be good.

Science Education

8. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What resources are available to support innovative projects that bring nine to 19-year-olds closer to an understanding of science, engineering and technology in industry. [169212]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): The Department makes available £25 million a year through local learning and skills councils to promote closer links between schools and businesses. The new programme of study for key stage 4 and vocational GCSEs in applied science and engineering aims to give a broader understanding of science and engineering. Science learning centres and science and engineering specialist colleges encourage teachers to make links with local businesses and universities.

Dr. Iddon: The Northwest Development Agency has provided £2.3 million to build Bolton technical innovation centre, which is the first junior incubator in the United Kingdom. The local education authority will ensure that all nine to 19-year-olds have access to the building, which will be open in the evenings, at the weekends and throughout the school holidays. Industry also has access to the building and is providing state-of-the-art equipment and seconding staff to show pupils how to use it. Does my hon. Friend agree that, to ensure the success of innovative projects such as the Bolton TIC, we must ensure a steady stream of revenue funding instead of expecting them continually to rely on the bid culture?

Mr. Twigg: I am grateful to my hon. Friend for highlighting an excellent example of innovation. He was too modest to mention the fact that he chairs the board of Bolton TIC, but I pay tribute to his personal role in doing that. I know that he has written to the Secretary of State on this matter, and we shall consider his suggestions. He rightly highlights the great challenge that we face to encourage more young people to study science and engineering, and Bolton TIC plays a very important role in that regard.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister will know that the corporation of Macclesfield college was very disappointed that the Macclesfield learning zone was not successful in the first tranche of learning zone projects, bearing in mind the fact that a successful application would have resulted in a new college on the same site as a new secondary school, which would have enabled the college to provide the facilities and expertise for engineering, technology and science. If the college makes proposals for improvement, will the Department give them favourable and sympathetic consideration?

Mr. Twigg: Both my right hon. Friend the Secretary of State and the Minister for Lifelong Learning, Further and Higher Education are whispering in my ear that this is a very exciting and positive project, and I am delighted to take their word, and that of the hon. Gentleman, for that. Initially, this is a matter for the local education authority and the LSC, but when proposals are made we will give them sympathetic consideration.

Mrs. Anne Campbell (Cambridge) (Lab): Does my hon. Friend agree that one way of increasing the number of young people going into science, engineering and technology is to increase the number of girls and young women taking scientific subjects at school and going on to study them in further and higher education? What efforts is his Department making specifically to encourage young women to take up those subjects at school?

Mr. Twigg: I absolutely agree with my hon. Friend; there is a big challenge both to increase the number of girls studying those subjects and to stem the long-term fall in the number of students continuing to study science subjects after the age of 16. An important part of our strategy for dealing with that is via science and engineering specialist colleges, and I am delighted that there is a record, and growing, number of such colleges, the role of which is not only to enhance science learning and teaching in their own schools but to give support to primary and secondary schools. Part of that work involves ensuring that the options are available on an equal basis, and that there is a positive approach to encouraging more girls and women to study sciences up to the age of 16 and beyond.

Higher Education

9. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What progress has been made in reaching a 50 per cent. participation rate in higher education. [169213]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): The provisional higher education initial participation rate for 2002-03, released earlier this month, is 44 per cent. This represents a rise of one percentage point on the 2001-02 figure of 43 per cent.

Mr. Carmichael: I am grateful to the Minister for that answer. He will be aware that the 50 per cent. target has been met north of the border, where his Labour colleagues in the Scottish Executive, with a little help and encouragement from my colleagues, have already abolished tuition fees and reintroduced student grants. In fact, in the first year following the abolition and

reintroduction, the increase in applications to Scottish universities was some 10 per cent., compared with 1 per cent. in England and Wales. In the light of that evidence, does the Minister believe that trebling student tuition fees in England and Wales will help the Government to meet their 50 per cent. target?

Alan Johnson: There are many excellent things about Scottish higher education, one of which is that is has always had a higher participation rate. Another is that there has always been very good collaboration between higher and further education. There is a myth that, after the Cubie report, Scotland abolished up-front fees. Every student in Scotland—barring certain categories—will pay about £2,100 after they have graduated, on an income-contingent basis—

Mr. Carmichael: That is a contribution.

Alan Johnson: The contribution is apparently towards the grant. We provide the grant free; the contribution is towards the teaching, so I do not accept that argument.

My final point is that the Universities and Colleges Admissions Service figures released yesterday showed a 66 per cent. increase in the number of UK applications for foundation degrees. A large part of our expansion up to 50 per cent. participation will come from two-year vocational foundation degrees, and there has already been a very healthy increase in applications for such courses, so I do not believe that our proposals will affect our drive towards the 50 per cent. rate.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): My question is on the very point that we need to expand the base of foundation degrees to achieve that target of 50 per cent. Will the Minister say a little more about the response that he is getting from local universities and industry to achieve that massive expansion in foundation degrees?

Alan Johnson: I welcome my hon. Friend's long-standing interest in this issue. We are getting a good response from employers and from higher education institutions—I refer to higher education institutions rather than universities because it is FE colleges that in the main provide foundation degrees accredited by universities. The response is very good, and particularly good when one considers the fact that these degrees are very new—the first batch of graduates came through only last summer. The UCAS figures show that interest will expand, and our role is to make sure that people, particularly youngsters, are aware of this route into an accredited degree. We all have a role, however, to support one of the most exciting initiatives that we have seen in this country, and to end the strange prejudice that there has always been in favour of academic qualifications over vocational ones, which has dogged British academia for too long.

SOLICITOR-GENERAL

The Solicitor General was asked—

Domestic Violence

20. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to introduce statutory reviews of domestic violence murders. [169197]

The Solicitor-General (Ms Harriet Harman): The Domestic Violence, Crime and Victims Bill, which I hope will be introduced to the House in June, will contain a clause establishing reviews after domestic homicides. Most domestic homicides—one in three of all killings—are not single, isolated events but the culmination of mounting violence. We must learn lessons from these deaths so that we can intervene earlier. Subject to the approval of the House, that is what the multi-agency domestic homicide reviews will do.

Julie Morgan: I thank my right hon. and learned Friend for that reply. I know that she is aware of the domestic violence homicide review conducted in the south Wales area, which produced the tragic evidence that there had been approximately 40 referrals to the health service before a particular murder took place. Is she aware that the review was jointly led by the National Society for the Prevention of Cruelty to Children and South Wales police, and that this joint approach was very successful in drawing all the different agencies into the process? Can she think of any situation in which it would not be appropriate to carry out a review when a domestic violence homicide had taken place?

The Solicitor-General: I am aware of the case to which my hon. Friend refers. I am grateful to the people in Wales who allowed me to see a copy of the full case report. It shows that on probably 40 occasions the woman had told her GP, her friends and her employer and had been in A and E. The criminal justice system missed many opportunities to step in and stop the violent assaults, which, because they were not stopped, culminated in her being killed. It is important that all those who worked together on the review continue to work together to ensure that practice is such that such a case does not happen again.

My hon. Friend asked about cases in which it would not be appropriate to conduct a review. There are some exceptional cases in which a killing is a bolt out of the blue. In most cases, however, somebody—a child's teachers, a GP or the police—will have known about the violence. In cases where a death has resulted, local agencies will need to have a review, so that they can learn lessons and introduce better practice.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): May I urge my right hon. and learned Friend to ensure that included within the definition of domestic violence are people with learning disabilities who are living in a more domestic situation? She will be aware that great changes have been made whereby many people are now

supported within domestic situations, and as such they can be particularly vulnerable to abuse from either relatives or carers, including paid carers.

The Solicitor-General: The definition of domestic violence, in circumstances in which it will give rise to a review after a homicide, is in the Bill. We recognise that when violence takes place in a domestic setting, either between a husband and wife or a former husband and wife or boyfriend and girlfriend, or when it involves a young child, it is particularly difficult to make sure that there is early intervention. The cases that my hon. Friend mentioned will certainly fall within that review.

Witnesses (Trial Attendance)

21. **Mr. Ben Chapman** (Wirral, South) (Lab): If she will make a statement on measures taken by the Crown Prosecution Service to prevent non-attendance by witnesses at trials. [169198]

The Solicitor-General: The Crown Prosecution Service works closely with the police, courts and other agencies to do everything possible to ensure that witnesses attend court, so that when a crime has been committed justice can be done. That includes extra police protection for frightened witnesses, extra support for victims, telling witnesses what is going on in their cases and looking after them when they get to court and afterwards.

Mr. Chapman: Many witnesses, because of victimisation and the fact that they are very frightened, do not turn up and trials fail as a result. They will turn up, however, if they are supported and encouraged, and the system should allow for that. I welcomed yesterday's "big victim event", but things are still difficult on the ground. Merseyside in particular still has a high level of failed trials because of this problem. Will my right hon. and learned Friend assure me that in magistrates courts in Wirral and in Crown courts on Merseyside, appropriate support mechanisms are in place and will be developed?

The Solicitor-General: My hon. Friend makes an important point. It is bad enough to have been a victim of crime without feeling that one has become a victim of the criminal justice system. People are prepared to come forward, give evidence and ensure that offenders are brought to justice, but they need help and support in a system that is all too familiar to the professionals, but baffling and often frightening for lay people.

As my hon. Friend says, a big conference took place yesterday. All the criminal justice partners and members of the voluntary sector came together to talk about better support for victims and witnesses. That must be provided on the ground. I know that one in three cases in the magistrates court in my hon. Friend's area does not proceed. We must ensure that there are as few unnecessary hearings as possible, and that everyone works together to make things run smoothly.

Mr. Dominic Grieve (Beaconsfield) (Con): I am sure that the Solicitor-General agrees that another reason for the non-attendance of witnesses may well be a sense of dismay or dissatisfaction at the length of time they must wait before giving evidence. Will she reassure us about the role played by the Attorney-General in attempts to resolve the dispute, in high-cost criminal cases, between the Bar and the Legal Services Commission in relation to scrutiny that the commission wishes to apply to the individual reading of documents in court cases? I understand that it is threatening to disrupt criminal trials to a serious extent.

The Solicitor-General: The matters relating to barristers' fees are being actively discussed by the Lord Chancellor and his Ministers and the Bar Council. We have delivered our commitment to ensure that pay levels are the same for prosecution and defence counsel.

The Attorney-General is leading the "no witness, no justice" project, which is intended to ensure that all the support services needed by victims and witnesses are provided on the ground.

Vera Baird (Redcar) (Lab): I strongly agree that it is important to support frightened witnesses, but is it not equally important to look after willing ones? Will my right hon. and learned Friend consider the case of a nightclub doorman in my constituency—the kind of person who is likely to be a prosecution witness more than once—who was dismayed to find that the trial fell on the date of his holiday? He could not be compensated because he had lost no earnings, but he had lost a day with his children. Will my right hon. and learned Friend ensure that discretion is used to ensure that such events do not occur?

The Solicitor-General: I shall certainly look at that case, and examine the rules governing payment for witnesses. I shall try to establish whether more could have been done to ensure that the trial fell on a convenient date. We must all make an effort to work around those who help to bring offenders to justice, rather than allowing them to be inconvenienced or even out of pocket, or to lose time with their families.

Mr. John Burnett (Torridge and West Devon) (LD): Consultation on the Government paper "Securing the attendance of witnesses in court" closed on 2 January this year. What was the thrust of the consultees' views on the protection of witnesses in personal jeopardy, and what are the Government's proposals to secure their safety?

The Solicitor-General: There are two points that I would like to make, which arise from the concerns that have been brought fully to our attention for victims and witnesses who feel in personal jeopardy, the first of which is that that should be a consideration in every case. All the agencies should consider who the witnesses are and what support they might need. That should be a routine consideration.

Secondly, we are bringing in another power next month, which I think will help with the point that the hon. Gentleman makes. That will enable the court to order the name of the victim or witness to be withheld and not reported, so there will be anonymity. Some people fear that if they give evidence and their name is then in the local or even national newspapers, they will be subject to intimidation and pressure. We need to ensure that the court proceedings are as open as

possible, but on some limited occasions we will need to make sure that there is anonymity for those who are prepared to come forward, sometimes risking their personal circumstances.

Anti-Semitism

22. **Mr. Andrew Dismore** (Hendon) (Lab): If she will make a statement on her policy towards prosecution of anti-Semitic hate crimes. [169199]

The Solicitor-General: In July last year, the Crown Prosecution Service published its new policy and guidance for prosecutors on cases of racist and religious crime.

Mr. Dismore: First, I thank you, Mr. Speaker, for your good sense in lifting the sub judice rule to allow me to ask a question about Abu Hamza. For once, we have some good sense on that issue.

Why, when there is such overwhelming evidence of incitement to race hatred, violence and support for terrorism by such people as Abu Hamza and Omar Bakri Mohamed, has no prosecution taken place? If newspapers such as *The Sun* can mount highly effective investigations to produce the evidence that would justify prosecution—and, I believe, conviction—why cannot the police and the CPS do the same?

The Solicitor-General: A file from the police is with the Crown Prosecution Service at the moment. I cannot say more about that case at this stage, although I appreciate what my hon. Friend says about Mr. Speaker having lifted the sub judice rule. My hon. Friend will be aware that the CPS is independent, and when it is actively considering a case such as this, it would be wrong of me to pre-empt or prejudice any decision about to be made. I do not think that the House would thank me for that.

Business of the House

12.32 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 3 MAY—The House will not be sitting.

TUESDAY 4 MAY—Consideration in Committee and remaining stages of the Scottish Parliament (Constituencies) Bill.

WEDNESDAY 5 MAY—Opposition half-day [10th Allotted Day] (Part One). There will be a half-day debate entitled "The Government's Failure to Solve the UK Housing Crisis" on an Opposition motion, followed by a motion to approve a money resolution on the Christmas Day (Trading) Bill, followed by a debate on genetically modified crops on a motion for the Adjournment of the House.

THURSDAY 6 MAY—Remaining stages of the Armed Forces (Pensions and Compensation) Bill.

FRIDAY 7 MAY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 10 MAY—Second Reading of the Energy Bill [*Lords*].

TUESDAY 11 MAY—Remaining stages of the Housing Bill.

WEDNESDAY 12 MAY—Second Reading of the Age-Related Payments Bill, followed by a motion to approve the first report of the Procedure Committee on estimates and appropriation procedure.

THURSDAY 13 MAY—If necessary, consideration of Lords amendments, followed by a debate on armed forces personnel on a motion for the Adjournment of the House.

FRIDAY 14 MAY—Private Members' Bills.

The House may wish to be reminded that, subject to the progress of business, the House will rise for the Whitsun recess at the end of business on Thursday 27 May and return on Monday 7 June.

Mr. Heald: I thank the Leader of the House for the business. May we have two days on Report for the Pensions Bill, and will he ensure that that debate does not fall on 18 May, when the National Pensioners Convention has its parliament in Blackpool? The Leader of the House will understand how important it is for the Minister for Pensions to be present there to hear the robust views of the pensioners. My hon. Friend the Member for Eastbourne (Mr. Waterson) will also be there on that day.

When can we expect to receive the Home Secretary's Bill to prevent courts from releasing psychopathic terrorists who have been detained while sane?

What has happened to the statutory instrument denying welfare benefits to non-working east European migrants, which is due before 1 May? Can we expect it tomorrow?

The Leader of the House will be aware that on this morning's "Today" programme, Giscard d'Estaing, president of the Convention on the Future of Europe and architect of the EU constitution, confirmed that Britain could reject the constitution and still remain a full member of the European Union. Is there any reason why the Leader of the House should not now consult the Electoral Commission about the question to be asked in the referendum and swiftly introduce the necessary paving Bill, and will he tell us about the timetable today?

Finally, why is it that everything that the Government touch seems to go wrong? We are told this morning that Royal Mail is losing 1 million letters a year—particularly in London—through theft, incompetence, cannabis on the job and a chaotic culture. Does the Leader of the House understand the sheer bloomin' misery caused to pensioners when their money does not arrive, or to the person whose credit card is stolen? What is the response of Ministers? Apparently, they say, "Oh, we intend to watch tonight's television programme." Should they not have controls in place, and when will they explain to the House what they are doing about this scandal?

Mr. Hain: I was intrigued to discover which questions the shadow Leader of the House would ask. The polling organisation ICM has refused to work for the Tories on the ground that they are doctoring its questions. This is the first known case of a pollster sacking a client to protect its integrity. I am not sure whether the hon. Gentleman is in the same boat.

I shall certainly give very serious consideration to the hon. Gentleman's request for two days on Report for the Pensions Bill. He makes a fair point about the parliamentary time needed to debate it, particularly given the large number of Government amendments to it. He will appreciate that it is a very important Bill that protects workers from being robbed of their pensions. We have seen such tragic cases recently, but of course it was under the Tories that such circumstances were created and allowed to continue.

On the Home Secretary's preventing courts from releasing psychopathic terrorists, he of course keeps this issue under constant review. If extra powers are needed—*[Interruption.]* There are very tough powers in existence, for which we are constantly criticised, including by Conservative Members. The statutory instrument to which the hon. Gentleman refers will be laid tomorrow, so he can rest content on that point.

I have a transcript of Giscard d'Estaing's remarks on the "Today" programme about the European Union constitution. His point was that Britain would be pushed to "the edge" of the European Union if ours was the only country that did not sign up to the new constitutional treaty. If the other 24 countries agreed to it and Britain did not, we would be left behind and there would be consequences. One consequence of being on the edge would be precisely the kind of Tory incompetence that we saw during European negotiations on BSE. The Tories failed to create the circumstances in which we could work with our colleagues to solve the problem.

On the working time directive, the problems that we have sought to unravel in recent months are precisely those that the Conservatives foisted on us when in

[Mr. Hain]

government by not negotiating the directive properly to protect British interests. We do not want to be on the edge of Europe; we want to be in the middle of Europe, influencing its direction, and that is where this Government will place us.

In a quaint remark at the end of his questions, the hon. Gentleman asked why everything that this Government touch goes wrong. What about the record number of jobs in the economy, and the lowest inflation and mortgage rates for a generation? These are the things that people really care about, not the antics of Conservative Front Benchers at Prime Minister's questions and business questions.

On the substantive issue of the allegations made against Royal Mail staff, they are very serious and Royal Mail's investigations unit will look into them. That process will continue. The unit has a record of conducting investigations over a number of years. We as Members of Parliament depend on our local Royal Mail service—on our local postie—and have a good relationship with the staff, who are admired throughout the country for the fantastic job that they do. I do not think that we should attack them willy-nilly, in the disgraceful way that the hon. Gentleman did.

Jeremy Corbyn (Islington, North) (Lab): In view of the continuing fighting in Fallujah and Najaf and the death last night of American servicemen, as well as the death of a large number of Iraqi civilians over the past few days and weeks, and the very serious statement made by the Secretary-General of the United Nations, calling for a political rather than a military solution, will the Leader of the House ensure that we have a statement from either the Prime Minister or the Foreign Secretary at the earliest possible opportunity, and a full debate on the whole desperate situation in Iraq, where we are increasingly seeing the Vietnamisation of a war that the Americans simply cannot win? We need a political solution brought about by the international community, with the Iraqi people.

Mr. Hain: Like my hon. Friend, no doubt, I marched against the Vietnam war. I see absolutely no comparison with the situation in Iraq—on the contrary. It is a very difficult situation, with terrorist groups and others seeking to destabilise the operations of the coalition forces. I agree, however, that a political solution is needed, and that is precisely what the Government are backing, with power due to be handed over to the interim Iraqi governing council in June, as part of creating a free and democratic Iraq and solving the political problem that existed for a generation under Saddam Hussein's undemocratic dictatorship.

Mr. Andrew Stunell (Hazel Grove) (LD): I thank the Leader of the House for his hint that there will indeed be two days for the Pensions Bill. May I encourage him to change that hint to a firm promise? I draw his attention to the publication of two recent written statements by the Department for Environment, Food and Rural Affairs, one on sustainable development and the other on energy efficiency, with the latter running to 116 pages and incorporating a 16 per cent. reduction in the Government's CO_2 emissions policy targets. Does he agree that it is not really satisfactory for the Secretary of State to have made only one statement to the House on environmental matters since the general election, and will he ask her to put in a rather more diligent performance?

We welcome the statements that have been made, but is it not time for the House to have a proper debate on Iraq, where we appear to be in a descending spiral of more disorder, more troops, more casualties, and, according to senior diplomats, no plan B? Will the Leader of the House assure us that we will have an opportunity to debate the Government's strategy on Iraq thoroughly in the near future?

Mr. Hain: Iraq is debated at the highest level in the House almost daily, and certainly weekly. Only last week, the Prime Minister made a statement to the House on Iraq, and the hon. Gentleman and others were able to question him. Despite the difficulties and the attempts being made to destabilise Iraq and prevent it from going down the democratic path favoured by the Government, we will get through in the end.

The hon. Gentleman may be surprised at the amount of time given to debate the Pensions Bill on Report. His point has been well registered, as has that of the shadow Leader of the House.

The hon. Gentleman's point on energy efficiency is an important one, but I disagree fundamentally with his allegation about the Secretary of State, who is widely admired throughout the world for her leadership on environmental issues and on tackling climate change and rising CO_2 emissions. She has done more than any other Environment Minister in the world to drive forward that agenda, and she should be praised for that, not criticised.

David Taylor (North-West Leicestershire) (Lab/Co-op): Has the Leader of the House seen early-day motion 1059, tabled by the hon. Member for Colchester (Bob Russell) and signed by many other Members, on international noise awareness day?

[That this House places on record its appreciation to the UK Noise Association, a coalition of key organisations lobbying on different aspects of noise, for the work it undertakes in seeking to tackle the increasing nuisances and problems caused by unnecessary noise, particularly by anti-social neighbours; is alarmed that Britain's cities are up to 10 times noisier than a decade ago and that tranquil areas in the countryside are fast disappearing; is further alarmed that 32 million people in the UK are exposed to high levels of noise and that an estimated 2.5 million live in homes with bad sound insulation; notes that 28th April is the ninth international noise awareness day; congratulates the UK Noise Association for supporting the event and assisting honourable and Right honourable Members in the formation of the All Party Parliamentary Group for Noise Reduction in Society; and calls on the Government to introduce further measures to make the country a quieter place.]

International noise awareness day was yesterday. The early-day motion draws attention to the work of the UK Noise Association and the fact that 32 million people in this country are now subjected to excessive levels of

noise, with 2.5 million homes having either no or very little noise insulation. Tranquil areas of Britain have virtually disappeared. When my right hon. Friend is making bids for the Queen's Speech—fewer than six months away, and I believe that the process is under way now—will he ensure that appropriate legislation is entered in the pipeline? Our Government have been quiet about noise for far too long.

Mr. Hain: I am grateful to my hon. Friend for his noisy question. He raises an important issue for all Members of Parliament. We all know that our constituents are increasingly worried about the problem and I am sure that the Secretary of State will want carefully and closely to consider the points that my hon. Friend made. We are implementing an EU directive requiring compliance with noise maps and the production of action plans to manage noise from the transport industry in particular. We are also tackling night noise through antisocial behaviour legislation. We are on the case, but I am sure that my hon. Friend will make any additional points to the Secretary of State.

Sir George Young (North-West Hampshire) (Con): On the same issue of noise and antisocial behaviour, when can we have a debate on the report of the Procedure Committee on Sessional Orders, which would allow the House to deal with the unsightly cacophony on Parliament Square? Does the Leader of the House recall telling me last November that that problem would have to be dealt with sooner rather than later; and does he recall telling my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) a month ago that there would shortly be some good news on the matter? Does he also remember that, the last time I raised the matter with him, you, Mr. Speaker, also expressed interest in the debate?

Mr. Hain: I think that pretty well all the points that the right hon. Gentleman made in those questions are true. We are on the case, but I am sure that, with his long parliamentary and governmental experience, he will appreciate that it is not a straightforward matter. We are examining whether existing procedures and measures can be utilised more efficiently. That, rather than relying on potentially time-consuming legislation, is my preferred course. We will see how it goes and I hope to report back to the right hon. Gentleman when I can.

Keith Vaz (Leicester, East) (Lab): As my right hon. Friend will know, the enlargement of the European Union will take place on Saturday 1 May. Will he arrange an urgent debate next week so that the House can examine the benefits of enlargement? That is particularly important in view of the scare stories that Conservative Members have put about over the last three months—for example, that millions of people will be getting on easyJet flights from Warsaw and Prague. We need to argue that that will not materialise on Saturday. Will he also arrange, through the Secretary of State for Transport, for the Leader of the Opposition to go to Luton airport to find out whether that actually happens?

Mr. Hain: It would be valuable for the Leader of the Opposition to do so, because he was in power as Home Secretary when the accession treaty was signed and these measures first started on their road. As regards my hon. Friend's wider point, we heard the same scare stories when Greece, Portugal and Spain joined the European Union. They were all poor countries—

The Deputy Leader of the House of Commons (Mr. Phil Woolas): Ireland.

Mr. Hain: As my hon. Friend reminds me, Ireland as well. Exactly the same scaremongering took place then. We have put measures in place to stop any abuses of the benefits system. Enlargement will take place, and I assume that both sides of the House support the enlargement of the EU as an important reunification of Europe, which will create greater stability, greater prosperity and protect our environmental standards.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I join other hon. Members who have pressed for a full two-day debate on Iraq? Those who voted against the war could then restate their view that the war was unnecessary, unjustified, unwise and probably unlawful. We could also express our deep concern at the fact that we are so closely linked in strategy and tactics to the policy of the present United States Administration.

Mr. Hain: I disagree with almost everything that the right hon. and learned Gentleman said. I notice that he made no reference to the despotic and tyrannical rule of Saddam Hussein, which we must remember was responsible for the deaths of 1 million Muslims. I do not know of anyone in history who bears a similar responsibility.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): Would the Leader of the House consider a debate on the conduct of the media? Such a debate would deal not with the gratuitous insults that you and I, Mr. Speaker, receive from the snooty scribblers in their sketches, but with the serious misrepresentations and falsehoods that regularly appear now. It would also cover the unjustified personal attacks on Members of the House, especially Ministers, which cause great distress to families. Those attacks are beyond belief, and existing voluntary arrangements are no longer sufficient to deal with them.

Mr. Hain: If the snooty scribblers are here, I think that my right hon. Friend has guaranteed himself a slot in their sketches tomorrow. He has made his point very eloquently.

Mr. Michael Jack (Fylde) (Con): During the Easter recess, BAE Systems announced 1,000 redundancies at their plants in Lancashire. In part, that reflects the fact that the Government have yet to conclude discussions with the company over the ordering of tranche 2 of Eurofighter. This week, we learned that the company is considering selling its military shipbuilding capability, and that relationships between the company's senior management and the Government are at rock bottom. Given the company's strategic and industrial

[Mr. Michael Jack]

importance, will the Leader of the House find time for an early statement by the Secretary of State for Defence on the Government's relationship with BAE Systems?

Mr. Hain: I agree with the right hon. Gentleman about the company's strategic and industrial importance, which the Government have consistently recognised as crucial. His constituency interest means that the right hon. Gentleman, understandably and rightly, has championed the company's cause, but he will understand that there has been a huge investment of public money—as much as £1 billion—in the company in respect of defence technology. The rise in defence spending means that there are great opportunities for the defence industry right across Britain.

Mrs. Alice Mahon (Halifax) (Lab): May I add my voice to those calling for a debate on Iraq? The seriousness of the security situation there makes such a debate essential. However, I want to draw the Leader of the House's attention to the plight of Refreshment Department employees, many of whom face redundancy because of the new hours of the House. One employee—of 30 years' standing, and a trade union representative—was given half an hour's notice of redundancy and then escorted from the premises. That is no way to treat longstanding and loyal members of staff, and it is time the House discussed the matter.

Mr. Hain: If that were true, it would indeed be outrageous. Those responsible for such matters, including the members of the Catering Committee, will want to look into what happened. However, I must correct my hon. Friend in one respect: the reforms and changes taking place in Refreshment Department staffing stem from the House's decision to reduce the level of subsidy for hon. Members' catering services, and are not to do with the hours that the House sits. Indeed, catering income has risen since the hours changed. My hon. Friend may have legitimate concerns about the change in the House's hours, but that is not responsible for what is happening in catering.

Pete Wishart (North Tayside) (SNP): Does the Leader of the House agree with Scotland's First Minister, who has said that Scotland's falling population is perhaps the single biggest challenge facing Scotland in the 21st century? He has identified the fact that Scotland has the fastest falling population of any nation in Europe. May we have a debate to examine the differing immigration requirements of the UK's constituent parts? The UK's difficulties with immigration mean that it may be sensible to devolve the immigration policy to the Scottish Parliament.

Mr. Hain: I must acknowledge the hon. Gentleman's ingenuity in taking any opportunity to press his case for Scottish independence. The problem is that no one in Scotland—apart from members of the Scottish National party—agrees with him.

Dr. Alan Whitehead (Southampton, Test) (Lab): Will my right hon. Friend find time for a debate on the recently announced increase in the numbers of teachers and classroom assistants? The House needs to consider how it can be maintained, and the possible effect on that increase of proposals to passport pupils from schools to the private education sector. Another factor that needs to be debated is that the passports could be funded by a two-year freeze on public expenditure.

Mr. Hain: If any Government were to adopt those policies, the result would be devastating for schools. Tens of thousands of teachers and classroom assistants have been recruited, but their numbers would be savagely cut. The policy is therefore very mistaken, and the Conservatives, who advocate it, will find themselves in the dock at the next general election.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Reports in the national press today reveal the serious reservations of business leaders, and especially of the director general of the CBI, about the now-notorious £10 million bung for the trade unions that the Government have included in the Employment Relations Bill. Will the Leader of the House ensure additional time to discuss that specific measure? That is needed because of the sneaky way in which the Government introduced it, and because of the widespread belief that it is an outrageous abuse of taxpayers' money by a political party.

Mr. Hain: I do not know how the hon. Gentleman can accuse the Government of being sneaky, when the provision was put before the House of Commons as part of proposals for employment reform. Is he seriously suggesting that a modernisation fund to encourage trade unions to be more strategic in the way that they tackle the problems of skills and investment faced by our economy and industry is not a good thing? Surely he wants members of the work force, including those who organise in trade unions, and of management to be forward looking? They should be looking to drive up our skills and our ability to add value so that we can compete in the modern world.

Mr. Wayne David (Caerphilly) (Lab): The Leader of the House will be aware that some opponents of the constitutional treaty favour Britain having associate membership of the EU. Can we have a debate on the Floor of the House so that some of us can point out that associate membership of the EU is not full membership?

Mr. Hain: Indeed it is not, although some Conservative Members have argued otherwise. Associate membership would be devastating for Britain. It would do more than put us on the edge of the EU, as Giscard said on the "Today" programme this morning: it would cause us to be right out of the picture as far as Europe is concerned. It would threaten British jobs, more than 3 million of which are based in companies that trade with the EU. It would also threaten our ability to be at the heart of what is the world's biggest and richest market, and one of its most important political blocs. *[Interruption.]* That may be Conservative policy, and their excited chatter underlines that. It will not be the policy of this Labour Government.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Will the Leader of the House say more about the mysterious

statutory instrument on benefits for migrants? I suppose that we should be grateful for tiny crumbs, as he has told us that it will be discussed tomorrow. However, will he give more details about the parliamentary timetable for this very important measure, so that we all know what is going to happen, and when? What is his assessment of our vulnerability in the period when it is subject to parliamentary scrutiny? What might happen if it is rejected because of its inequity?

Mr. Hain: The order is the same as any other, including the one that was discussed on Tuesday night. However, in the meantime, I want to congratulate the right hon. Gentleman on his wonderful tie, which is dazzling everyone in the Chamber.

Julie Morgan (Cardiff, North) (Lab): Will my right hon. Friend agree to an early debate on women's participation in politics? Is he aware of the report from the Electoral Commission this week, which shows that women are turned off by the macho style of politics in Westminster, and that they are much more likely to vote and to engage in politics if they have a female MP? Also, the Labour party's policy of having all-women short lists was specifically cited as a way forward.

Mr. Hain: Yes, I am aware of that report. I join my hon. Friend in welcoming the large number of women now being selected by the Labour party in vacant seats. That compares with the dismal record of the Conservatives—and, I am sorry to say, of the Liberal Democrats and other minority parties. We want more women in Parliament, as women represent more than half the population. *[Interruption.]* Conservative Members want to know why—that is the authentic voice of the old, male chauvinist, traditional Tory party, barking at me from the benches opposite. We want a Parliament that reflects the country. We do not have that at the moment. As my hon. Friend noted, the Electoral Commission report shows that, on the whole, women candidates tend to do better than men, as women—who are disinclined to vote in the current climate—feel a much greater identification with female MPs.

Rev. Martin Smyth (Belfast, South) (UUP): I draw the attention of the Leader of the House to early-day motion 1051, the main sponsors of which are six of his colleagues.

[That this House is shocked by reports from the United Nations of a looming major humanitarian catastrophe in the Darfur region of Sudan where 665,000 people have been internally displaced, 453,000 others have been affected and more than 100,000 refugees have fled to Chad; notes with alarm that the top UN official in the Sudan has described the situation as being comparable to the Rwandan genocide; and calls on the UN Security Council to address the situation urgently.]

What steps are the Government taking to make their views known to the Government of Sudan and through the United Nations to see whether action can be taken? A militia, apparently backed by the National Islamic Front Government, is persecuting Muslims because of their colour.

Mr. Hain: I thank the hon. Gentleman for raising the situation in Darfur, which is indeed dire. The civilian population is in a precarious state, and civilian protection is a serious concern. We have committed more than £9.5 million in humanitarian assistance in response to the crisis, and we are providing key personnel to reinforce the United Nations presence. We will continue to monitor the situation to make sure that we avoid the even worse catastrophe that the hon. Gentleman foresees.

Mr. Michael Connarty (Falkirk, East) (Lab): Will my right hon. Friend find time for a debate on the corporate social responsibility of companies such as BP, which announced its largest ever profit last year but which has also announced, with a cavalier attitude, that it is going to dispose of its weaker businesses, which will include the olefins and plastics plant—the company's only one in the UK—at Grangemouth in my constituency? Some 500 workers there rely on the company for their livelihood, and it seems to me that, in spite of all the whitewash in BP's corporate responsibility documents, it forgets that it made its wealth from the people of the United Kingdom and used our assets, particularly in the North sea, to boost its profits for 30 years. Surely we need a debate to try to align the responsibility such companies have to their shareholders with a responsibility to the work force, to UK plc and to the people of Scotland.

Mr. Hain: I am sure that Lord Browne, the chairman of BP, will take careful note of what my hon. Friend has said. Obviously, BP is one of our national champions and one of our most important industries, not least in my hon. Friend's community. It is important that it should continue to enjoy the confidence of its work force and the communities that it serves.

Mr. John Taylor (Solihull) (Con): Will the Leader of the House arrange a debate about residential blight caused by prospective airport development and the necessary compensation schemes for which we wait and which must be brought forward by the airports themselves? Can we have such a debate soon to end uncertainty for those of my constituents who are affected by that blight?

Mr. Hain: I understand the hon. Gentleman's concern, and uncertainty is in no one's interests. The Secretary of State for Transport will want to take careful note of the points raised and to respond to the hon. Gentleman to ensure that his constituents enjoy the certainty to which they are entitled.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Surely we must have a debate on Fallujah, Iraq and the chaos and mayhem there, not so that those of us who opposed the occupation may say "We told you so," but so that we can offer constructive suggestions about the way forward in the difficult circumstances that exist there. One such suggestion would be the greater development of the wider labour and trade union movement in Iraq, which supports neither terrorism nor oppression.

Mr. Hain: I am very much in favour of the greater development of the trade union and labour movement in Iraq. Of course, that was not allowed, and was

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specifically prevented, under Saddam Hussein, who is now, mercifully, not ruling the country in his despotic way. My hon. Friend has many opportunities to raise the situation in Iraq, and I am sure that he will take every one of them.

Bob Russell (Colchester) (LD): A few minutes ago, the Leader of the House drew attention to the importance of a strong, democratic, well established trade union movement to this country's social and economic well-being. I endorse the thrust of his point, but, bearing in mind that a rotten financial institution is terrible for all other financial institutions, does he agree that a rogue trade union, such as ASLEF, also brings the entire trade union movement into disrepute? Will he arrange for the Minister who will be responsible for the good news that he mentioned earlier to tell the House why the trade union movement allows ASLEF to behave as it has under its current executive and former general secretary? Together, they are damaging the good name of all trade unions.

Mr. Hain: ASLEF is an independent trade union, governed by the law and the rules, and, as a member of the Trades Union Congress, it accepts its obligations. All sorts of things are going on in the union at present, but I do not think that they justify the hon. Gentleman's over-the-top question.

Mr. David Chaytor (Bury, North) (Lab): This week, the Prime Minister announced his wish that the G8 would give the highest priority to climate change and terrorism in its discussions next year. In view of the chief scientific adviser's recent remark that climate change is a greater threat to civilisation than terrorism, in view of the Government's energy White Paper's argument that energy efficiency is the key way to reduce our carbon dioxide emissions, and in view of the long-awaited publication this week of the energy efficiency action plan, will my right hon. Friend find time in the very near future for a debate on the contribution of energy efficiency and productivity to combating the threat of climate change?

Mr. Hain: If I could find time for such a debate soon, I would readily do so. I agree that this is one of the central challenges facing the world. Governments such as ours have a proud record in signing up to the Kyoto protocol, leading the way in energy efficiency and pressing for more renewable energy, which will assist with this task, and of protecting the environment in every way. If my hon. Friend applied for a debate and had the opportunity to hold one, it would give us an opportunity to display that record to the whole House.

Mr. Adrian Flook (Taunton) (Con): Tomorrow, the unelected south-west regional assembly meets to choose whether to upgrade the A358 in my constituency or to build a new road across the beautiful black downs. The decision will then be conveyed to the Secretary of State for Transport, putting the ball very much in the Government's court. May we have a debate so that those of us who are elected to this place and believe in the A358 option can influence the Government's decision on a matter of vital interest to the west country?

Mr. Hain: The hon. Gentleman has many opportunities to press the Secretary of State on that matter, and I am sure that, in the interests of his constituency, he will take them all. I was intrigued to hear him refer to the unelected south-west regional assembly. Does that mean that he is in favour of an elected one?

Mr. Gordon Prentice (Pendle) (Lab): Thousands of foreign women are trapped in domestic slavery. We read in the papers about mail-order brides and so on. It is a mystery to me why holding another person's passport cannot be made a criminal offence. Will the Leader of the House urge the Home Secretary to make a statement on that pernicious form of exploitation.

Mr. Hain: I agree that it is indeed pernicious. The Home Secretary and his Ministers take a close interest in the matter, and I am sure that further information will be sought from my hon. Friend about the precise circumstances that he has properly raised.

Bob Spink (Castle Point) (Con): The Independent Monitoring Commission's report of 20 April recommended action against Sinn Fein in response to continued high levels of violence and terrorism. The £120,000 fine imposed is entirely inadequate. When will the Leader of the House give the House the opportunity to consider withdrawing facilities in the House from Sinn Fein as a result of the IMC's recommendations?

Mr. Hain: I understand the hon. Gentleman's wish to raise these matters, and I recognise that he regularly attends business questions. The Secretary of State for Northern Ireland made a full statement on the matter and answered questions for nearly an hour.

Jim Sheridan (West Renfrewshire) (Lab): My right hon. Friend today announced a debate on Tuesday 4 May on the Scottish Parliament (Constituencies) Bill. I am sure that the strongly held feelings about the Bill on both sides of the House are not lost on him. Will he use his good offices to ensure that—notwithstanding an emergency—no ministerial or other statements will be made on that day that would eat into the already limited time that Back Benchers will have?

Mr. Hain: I am aware of the many strong feelings among hon. Members on the matter. I can assure my hon. Friend that more than adequate time will be provided for a full debate in which all the issues can be raised. There are no plans for a statement at the moment, but in politics one can never anticipate what may arise. I will certainly bear in mind what my hon. Friend has said.

Richard Younger-Ross (Teignbridge) (LD): Will the Leader of the House make a statement on the working of Prime Minister's Question Time and will he consider extending it to 40 minutes? As I am sure the Leader of the House is aware, yesterday out of 535 lines in *Hansard*, 216 were taken up in an exchange between the

Prime Minister and the leader of the Conservative party. Last week, of 652 lines in *Hansard*, 246 were taken up by that exchange. Some 650-odd other right hon. and hon. Members might wish to catch the Speaker's eye and if the time were extended to 40 minutes, it would give us a better chance.

Mr. Hain: When I next need advice on Prime Minister's questions, I shall turn to the hon. Gentleman, as he has an encyclopaedic knowledge of them. For the period that it has operated—in this Parliament and the previous one—the half-hour provided for Prime Minister's questions has been very successful in enabling the House to hold the Prime Minister to account. That is what he wants, and we do not need to extend the time any further.

Kevin Brennan (Cardiff, West) (Lab): On the matter of the timing of the Report stage and Third Reading of the Pensions Bill, will my right hon. Friend pass on to my right hon. Friend the Prime Minister my thanks for the remarks that he has made in Prime Minister's questions—including this week to my hon. Friend the Member for Cardiff, North (Julie Morgan)—and for the work that has been done by my right hon. Friends the Secretary of State for Work and Pensions and the Chancellor to try to find a solution to the problem of the 60,000 people who have lost their pensions? But will my right hon. Friend the Leader of the House also convey the necessity for the Government to produce their conclusions on that work before Report, which will be the last opportunity that the House will have to influence the issue?

Mr. Hain: I pay tribute to the work that my hon. Friend has done on behalf of the Allied Steel and Wire workers in Cardiff, who—like many others—were scandalously robbed of their pensions. We are anxious to resolve the matter if we can in a way that does not read across to other areas and cost taxpayers billions of pounds in extra claims for compensation because of the collapse of private schemes across the country. I am grateful for his comments about my right hon. Friend the Prime Minister's words yesterday. If there is a way to achieve our aims, there is certainly a will to do so on the part of the Government, and we will do all that we can to secure that outcome.

Mr. Andrew Turner (Isle of Wight) (Con): Will the Leader of the House turn his attention back to what the website of *The Daily Telegraph* calls "Thieving, laziness and utter chaos in the post"? He has dealt with the thieving and laziness allegations, but in my constituency and in Hampshire there is utter chaos, with people not receiving their deliveries until well after lunch. It is not the second delivery that has been abolished, but the first delivery. Can the Minister responsible come to the House and explain how the Post Office can compete with new, electronic forms of communication, when the service now appears to be so unreliable?

Mr. Hain: I remember when I was a researcher for the Post Office workers' union, many years ago, that most union members argued that the second delivery was a protection to ensure that the first delivery arrived on time. At any rate, that has been changed. It is a matter for Royal Mail, but I will certainly ensure that my right hon. Friend the Secretary of State for Trade and Industry is aware of the point that the hon. Gentleman made, especially in respect of his constituency. If he has accurately depicted the situation there, it is obviously of great concern.

Council Tax Capping

1.14 pm

The Minister for Local and Regional Government (Mr. Nick Raynsford): With permission, Mr. Speaker, I wish to make a statement about how the Government propose to handle those local authorities that have set excessive budgets for the current year.

The average increase in council tax in England this year is 5.9 per cent. That is less than half the previous year's increase, and lower than many people predicted. It is also the lowest for the last nine years. A large number of authorities have set lower council tax increases than they originally proposed, following the Government's strong messages to local authorities that high increases were both unacceptable, and unnecessary. They are unacceptable, because people are rightly concerned about increasing council tax bills. They are unnecessary because, for two years running, the Government have provided all local authorities with above-inflation increases in general grant.

Nevertheless, some authorities' budget and council tax increases are still too high and impose unreasonable burdens on council tax payers. The Government therefore intend to take action against those authorities whose budget requirements they consider to be excessive. That is not something that we are doing lightly. The Government attach great importance to local accountability and believe that first and foremost it is for local authorities to set their council tax and justify it to their local electors. However, we also have a duty to protect council tax payers from increases that we believe to be excessive. Many people, including representatives of pensioner interests, have urged us to use our capping powers.

After this Government came to power, we replaced the previous Government's crude and universal capping regime with new reserve powers that are more discriminating and flexible. As well as the option of in-year capping, the Secretary of State now has the power to set a notional budget to be used for future comparisons or to cap the following year's budget. The experience of last year, when council tax rose by an average of 12.9 per cent., showed us that not all local authorities can be relied on to behave responsibly when setting their budgets and council tax.

Of course, it is not just the percentage increase in council tax that is relevant. We have first to decide whether an authority's budget requirement is excessive. In doing so, we have used the following principles. These are described in more detail in a report that is being placed in the Library of the House. In the case of unitary authorities, London boroughs, metropolitan districts, counties, the Greater London authority and the Isles of Scilly, our view is that budget requirements are excessive if they involve an increase of more than 6.5 per cent. over last year's budget and if council tax has increased by more than 8.5 per cent. over the same period.

Shire districts are in a different position, as this year authorities no longer have to contribute 5 per cent. towards the cost of council tax and housing benefit. While that change has also affected some other local authorities, the amount involved represents a relatively insignificant element of their budgets whereas the change to shire district councils' much smaller budgets represents a considerable saving to them. We have therefore judged their budget requirements to be excessive if they are more than 2 per cent. higher than last year and, again, if council tax has increased by more than 8.5 per cent. As those are small authorities, whose increases in council tax may be correspondingly small in absolute terms, we have introduced a further test by applying those principles only to district councils with a band D council tax for 2004–05 greater than the shire district average.

Police and fire authorities also have a duty to be efficient and to act responsibly in setting their precepts. At the same time, we recognise that those services face particular pressures. We have therefore judged their budget requirements to be excessive if their budgets are more than 7 per cent. higher than last year and if their precepts have increased by more than 13 per cent. As those are single-purpose authorities, whose precept increases may be relatively small in absolute terms, we have applied a similar de minimis principle to that for shire districts. The principles have therefore been applied only to police and fire authorities with band D precepts for 2004–05 greater than the average for the relevant category of authority—either metropolitan or shire police, and either metropolitan or combined fire authorities.

Calculations relating to the combined fire authorities and their constituent authorities are based on figures in "The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004/05", which was approved by the House on Monday. Those figures take account of the fact that combined fire authorities have become major precepting bodies for the first time this year. The alternative notional amounts for 2003–04 allow like-for-like comparisons to be made with this year.

As I have mentioned, the Secretary of State has a number of options for dealing with authorities that have set excessive budgets. He may either designate an authority and proceed to cap it in-year, or he may nominate it and then either set a notional budget requirement to be used for future comparisons or designate it for next year.

According to the principles I have described, four unitary authorities and two shire district councils have set excessive budgets this year. They are Herefordshire, Nottingham, Telford and Wrekin, Torbay, Fenland and Shepway. We are writing to them today informing them that the Secretary of State is designating them for 2004–05 and setting a maximum budget. The authorities have 21 days in which to respond. We will carefully consider the representations that they make and the information that we have required them to send us. We will then either make an order, to be approved by Parliament, designating them at the level of the proposed maximum budget or another level, or we will withdraw the designation and nominate them instead.

Also according to the principles I have described, three police authorities and five fire authorities have set excessive budgets this year. They are the police authorities of Cumbria, Northamptonshire and West Mercia, and the fire authorities of Bedfordshire, Durham, Essex, Hereford and Worcester and Nottinghamshire. We are writing to the police authorities and four of the five fire authorities informing them that the Secretary of State is nominating them. In

the light of the information that we have required them to send us and any information that they themselves want to provide, we will then take decisions about whether to set notional budget requirements for 2004–05 against which increases in 2005–06 will be measured, or to designate them in respect of 2005–06.

However, one of the fire authorities—Hereford and Worcester—has set very large increases in its budget and council tax precept: a 19.4 per cent. increase in budget and a 29.4 per cent. increase in precept. We are therefore writing to that authority, informing it that the Secretary of State is designating it for 2004–05. The calculation of the maximum amount and the procedure to be followed are the same as for the unitary authorities and the shire districts.

We believe that the actions that we are taking represent a measured response to the increases that we have seen this year. We are pleased that many authorities have heeded our warnings, but some have not. We will listen carefully to the cases put forward by the authorities that I have named and, where justified, we will use the greater flexibility afforded by our new capping powers. However, authorities should be in no doubt that the Government mean business.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I am grateful to the Minister for his usual courtesy in making a copy of his statement available in good time.

What we have just heard is the culmination of a sorry story of fiddled figures and broken promises ending in a finale that may make the Deputy Prime Minister feel good, but which will do nothing to address the underlying driver of soaring council taxes—fiddled local funding from Whitehall and the never-ending torrent of new burdens, targets and red tapes from his interfering Department.

In opposition, Labour pledged to end capping and in 1999, it brought in a Bill to create a new capping regime. In 2002, it pledged that no authority rated good or excellent in the comprehensive performance assessment would be subject to capping powers; today two such authorities are in the list that has just been announced, making a mockery of the whole costly CPA process and the billion pounds a year of council tax payers' money that it costs.

While the Office of the Deputy Prime Minister is posturing about keeping council tax down, a senior Treasury official disclosed yesterday to the Housing, Planning and Local Government Committee that the Treasury believes that it could more than double in future. So is it too high already, as the ODPM seems to think, or can it more than double as the Treasury apparently believes? Can the Minister clarify whether the Deputy Prime Minister or the Chancellor is now running council tax policy?

Until recently, the Government's policy was at least coherent, if grossly unfair. It changed the grant formula to channel funding away from the southern part of the country to the north and to the midlands—that is not my assessment, but that of the Audit Commission in its December 2003 report—while, at the same time, it piled on additional cost burdens and responsibilities that local authorities were required to fund. The Government made no attempt to conceal the fact that their policy would lead to higher council taxes in areas that Ministers considered could afford to pay them.

So what has changed? Ministers have been galvanised into action of a sort by polling evidence that shows that the public has not been fooled; they know that the responsibility for high council taxes and high council tax increases lies firmly with this Government. However, instead of addressing the real issue of authorities, such as my own in Runnymede, whose budgets have not increased significantly but which have had to increase council tax because of cuts in Government grant, the use of the double threshold—the increase in budget and the increase in tax—in the criteria that the Minister has used for capping means that the Government are ignoring the problems of these councils. The problem is of the Government's, not the councils', making.

After record increases last year that went unchecked, this year the Government have been panicked into a response. Herefordshire, for example—a good authority according to the Audit Commission—has by no means the largest increase over two years in its group. However, the Minister, by focusing on just one year in his criteria, has allowed local authorities such as Southampton and Portsmouth, with larger increases over the two years, to sneak through the net.

The use of arbitrary criteria and the double threshold has had perverse effects. Six uncapped unitaries have higher percentage budget increases than Telford and Wrekin and five have higher percentage band D precept increases. Yet Telford and Wrekin gets capped; others do not—fiddled capping on top of fiddled funding. Can the Minister explain why he did not apply a test of absolute council tax levels to the unitaries—distinguishing high-taxing councils from those with a relatively high single-year increase—as he has done with every other category of authority capped?

For all the authorities designated today for in-year capping, the Minister has carefully avoided detailing the maximum budgets that the Secretary of State will set for those authorities. Can the Minister confirm whether those budgets will be set to bring those authorities to the ceiling increase for their category in each case, or will increases above the ceiling be allowed to avoid drastic service cuts? Will the capping process be arm's length, or will ODPM officials be involved in defining areas for cuts within the budget?

Can the Minister also tell us what the cost of re-billing for those authorities will be in aggregate? My calculation is that well over £1 million will be spent sending out new council tax bills, necessitating further cuts in front-line services. That is just the cost of sending out the bills; there will be further substantial cash-flow and collection failure costs associated with re-billing.

The combined fire authorities, five of which are being capped, find themselves in a particularly difficult situation, facing the pressures of the Government's modernisation programme against a very tight timetable and, at the same time, precepting and building reserves for the first time this year. I can tell the Minister, if he is not already aware, that the costs of the regional structures that he has introduced to the fire service are already spiralling out of control of the fire authorities that constitute them. If he is not careful, he will have his very own Holyrood in the regional control structure. In

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the case of Hereford and Worcester fire authority, whose budget has to be cut in-year as a designated authority, deep cuts in front-line services are certain to be required.

What the Government have done is apply a sticking plaster to a gaping wound. Unless they are prepared to engage realistically with local authorities about the Government's expectations for service delivery and council tax levels in 2005–06 and beyond, and unless the Government are prepared to commit to fully funding all the additional cost pressures imposed by them, as well as changing the formula to reverse the drain of money away from the south and south east, the future for millions of council tax payers will be one of higher taxes or continuous, incremental cuts in services.

The capping process, which the Government promised would be a lifeboat for pensioners and those on fixed incomes, has ended up as a shipwreck of a policy—unfair, untransparent and ineffective, and designed to distract public attention from the real underlying problem that is wholly of the Government's making. For all the bluster and all the macho posturing, at the end of the process, council tax payers, councils and local authority service users have once again been let down by Labour.

Mr. Raynsford: I was particularly interested in the use of the words "macho posturing" by the hon. Member for Runnymede and Weybridge (Mr. Hammond). The House will have noticed that there was no indication from the official Opposition about whether they would use capping powers or not. We know very well that when they were in government, they capped—indeed, they capped repeatedly, in a crude and unfair way—but now that they are in opposition, they are trying to give a different impression, so they go and speak to local government, saying, "We're your friends. We won't cap." *[Interruption.]* Yes, indeed. They give clear indications to local government that they will not use capping powers, but in the House they do not dare say that because they know very well what the public reaction would be.

The Opposition's policy is non-credible, first because they do not come clean about their attitude towards capping, and secondly because their policy is to freeze local government—

Mr. Speaker: Order. The Minister must answer the questions. The statement is not about the Opposition's policy.

Mr. Raynsford: I will certainly respond to the questions, Mr. Speaker. I was simply pointing out the inconsistency of the position adopted by the Opposition.

The hon. Member for Runnymede and Weybridge referred to fiddled figures. The figures are not fiddled. They show generous grant increases to every authority in the country. Every single local authority had an above-inflation grant increase. That never happened when his party was in power. He referred to the capping of good and excellent authorities. Because we had given the pledge last year that we would not cap good and excellent authorities although some of them had very large increases, including Conservative Wandsworth, which led the field with the largest council tax increase last year, we did not cap those authorities. We had given a pledge and we honoured it, but we made it clear this year that, because of the irresponsible behaviour of a small number of authorities that had no regard for prudence, that pledge would no longer apply.

The hon. Gentleman spoke about posturing to keep council tax down. The Government have acted to get council tax down from the very high levels last year. It is Labour councils that have led the way, with the lowest increases, averaging 4.7 per cent., compared with increases of 5.4 per cent. from Conservative authorities. The hon. Gentleman spoke about the shift of resources. Yes, we accept that resources have been shifted to give a greater reward for deprivation, and it is right that we should do so *[Interruption]*—but they have not been shifted in favour of one political party.

The hon. Member for South-East Cambridgeshire (Mr. Paice) would do well to look at the figures, because he will see that Conservative authorities received an average 6.1 per cent. grant increase this year, compared with only 5.9 per cent. for Labour authorities. I hope he will withdraw the entirely unjustified comment that he made from a sedentary position, implying political bias.

The hon. Member for Runnymede and Weybridge drew a veil over Runnymede's own council tax increase—more than 17 per cent. He will know that because of the criteria that we have adopted, we are not proposing to nominate or designate Runnymede, but I remind him that Runnymede got a very good grant increase from the Government and we expect it to budget prudently with that grant increase.

The hon. Gentleman asked about the decisions to cap some authorities and not others, and asked why some with ostensibly higher council tax increases were not capped. He will know from the statement, which he has seen in advance, that there are two or three criteria, and only where all the criteria apply will we exercise our powers. That is why some authorities—Runnymede is a good example, as it has a large headline council tax increase, but not a large budget increase—are not within the capping frame. That is the logic of the principles that I outlined.

The hon. Gentleman said that there would be costs associated with re-billing. There will be costs where re-billing is required, but he will recognise that there will not be re-billing in all cases. In the case of the three police authorities and four of the five fire authorities, we have not suggested re-billing because we are proposing only to nominate.

Finally, with regard to fire authorities, the Government have invested substantially and will go on investing in the fire service to ensure that it is capable of doing all the tasks that it must perform and saving more lives. That is our objective. We expect authorities to use the extra money that we are providing and to do so prudently, but we also expect them, as Sir George Bain said in his report, to make the most of the available opportunities for achieving economies. That is why we are applying exactly the same principles to fire authorities as we are to police authorities, and we cannot exempt them from capping.

The hon. Gentleman will recognise that only in the case of Hereford and Worcester, an authority that has gone for an enormously high increase both in budget and in council tax, have we proposed that it should be subject to in-year capping. I hope he will recognise that his party's position is non-credible, and that the Government are acting prudently to defend the interest of council tax payers from irresponsible decisions by some authorities.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Minister for his statement and for advance notice of it. I am surprised that as he read it, he did not choke on some of the words he was using.

How can the Minister impose random and heavy cuts on local services for pensioners and children when the independent Audit Commission said that it is the Government's council tax system that is "fundamentally flawed"? How can the Minister pretend to be the friend of local government and local democracy when he is reverting to the old Tory tricks that he used to vote against?

The absurdity of capping can be revealed by looking at any of the councils affected, but let us take Shepway. Will the right hon. Gentleman admit, for the record, that the 29 per cent. rise this year comes after a 10-year average rise of just 3 per cent.? Will he acknowledge that whereas the average band D council tax in England has gone up in the past 10 years by 94 per cent., in Shepway it has risen by only 37.4 per cent.? Will he admit that when the Liberal Democrats took over Shepway council from the Conservatives last May, they inherited a council that had suffered years of poor financial management and was spending more than it was raising, with no financial reserves? Why, then, has the Minister not taken account of local circumstances and given local politicians the chance to do what they were elected for, to put right the Tory mess?

My hon. Friend the Member for Torbay (Mr. Sanders) is with a parliamentary delegation meeting His Royal Highness the Prince of Wales. My hon. Friend has explained to me that Torbay has the second lowest council tax in Devon, yet is being penalised for a social services overspend from last year's budget set by a Conservative administration. Torbay's rise, whether over the past two or past three years, is still lower than that of Devon or Plymouth, which are not capped. Where is the consistency and fairness in that? Can the right hon. Gentleman explain the principles behind that decision?

Why is the Minister capping Telford and Wrekin when it was deemed an excellent council, and he previously promised "freedoms and flexibilities" to such councils? Ministers are capping councils such as Shepway, Torbay and Telford not because it makes sense for local people, as they will now be hit by Labour cuts, but because capping will get a desperate Government some short-term friendly newspaper headlines.

As for fire and police authorities, the Minister has again gone for the wrong solution. Surely he should make them more accountable to local people, not less. What discussions did he have with the Home Secretary before deciding on cuts to the police?

The Government are spinning today that they are the great white knights riding to the defence of local people. In reality, they are the ignorant classroom bully attacking the vulnerable. The Government should not be capping council tax. They should be scrapping it altogether.

Mr. Raynsford: There was nothing random about the decisions that we announced to the House today. We have made clear the principles on which we are applying the caps. The people of Shepway will not be terribly impressed by the hon. Gentleman's comments that it is absurd—that was his word—to stop that council imposing a 28.4 per cent. increase in council tax, the highest by any shire district council in the country. The people of Torbay will not think it is absurd for us to take action to save them from the largest increase proposed by any unitary authority in the country.

The Liberal Democrats do not have a good record on this. The average increase in council tax this year is 4.7 per cent. for Labour authorities, 5.4 per cent. for Tory authorities and 6 per cent. for Liberal Democrat authorities. No wonder the Liberal Democrats are trying to defend their high-spending friends. They are clearly a high-tax party. There is no justification for the hon. Gentleman's criticisms.

The hon. Gentleman is not right to claim that the Audit Commission identified the Government's policies as the largest single source of blame for council tax increases. On the contrary—James Strachan, the chair of the Audit Commission, has made it very clear that there is no single source of blame, so speaking in those terms is not helpful. I hope the hon. Gentleman will do his homework more thoroughly in future.

Mr. Gerry Steinberg (City of Durham) (Lab): Is the Minister aware that Durham fire authority has one of the best records in the whole country, but has now been one of the worst-resourced authorities for many years? Is he also aware that, on a number of occasions, my colleagues and I have met Ministers who agree that Durham has a problem, mainly because of pension payments that come from the revenue fund? We now have a situation in which the Government will not adequately fund the service in Durham and will not allow the fire authority to fund itself. If there is an unforeseen problem because of underfunding in Durham, who will take the blame? Who will be responsible—an efficient fire authority that has done its best in difficult circumstances, or Ministers who won't damn well listen?

Mr. Raynsford: The Government are funding fire authorities, including Durham, which received a 3.5 per cent. increase in grant this year. Like other fire authorities, Durham is also benefiting from the substantial investment that the Government are putting into the new dimension programme to equip fire brigades far more effectively to cope with the new dimension of terrorist threats. The fire authority has been put forward for nomination, which means that it will not be required to cut its budget in the current year. We are proposing to nominate the authority, and depending on what evidence it gives to us in the next 21 days—as I have made it clear, we are open to representations from authorities in that period—we will decide how to take things forward.

[Mr. Raynsford]

I assure my hon. Friend that we are committed to enabling all fire authorities to deliver their service effectively, and in a cost-effective way that does not impose unreasonable burdens on council tax payers.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Does the Minister accept that his decision to cap Cumbria police authority has been greeted with concern and alarm by many in the county, including senior police officers? Is he aware that Cumbria has succeeded in recruiting an extra 87 police officers in the past three years, but that if it had received all those paid for in additional council tax, it would have had another 165 officers? In other words, if we had been reliant on Home Office funding, we would have seen a cut of 78 police officers. A MORI poll showed that 79 per cent. of people in Cumbria support extra council tax to pay for extra police officers, which is also supported by all three main parties in the county. The result of his decision, on a day on which violent crime in Cumbria has been confirmed to have risen by 19 per cent. in the past year, is that there will be fewer police officers than everyone in the county believes to be necessary. Will he meet a cross-party delegation of MPs from the county, plus the police authority, in the next 21 days, so that it can explain to him why he has got this matter badly wrong?

Mr. Raynsford: Of course we will accept representations. I do not know whether it will be possible to arrange for a delegation to see us, but we will certainly accept representations from the Cumbria police authority, as from all affected authorities. The hon. Gentleman's own figures, however, demonstrated the success of the Government's policy. The substantial increase in the number of police officers in Cumbria has been the result of substantial additional investment.

It is proposed that Cumbria's council tax will increase by 15 per cent. this year. At £150, the amount will be 24 per cent. higher than the average for shire police authorities. The authority's budget has increased by 7.3 per cent., which, along with that of West Mercia police authority, is the highest increase for any police authority. Clearly, it behoves all authorities, whether they are police, fire or other authorities, to look at their costs in comparison with those of other authorities and to try to operate in the most cost-effective way. I hope that the authority will do that, but as I said, we will be happy to receive representations from it.

Mr. Eric Martlew (Carlisle) (Lab): The hon. Member for Westmorland and Lonsdale (Mr. Collins) failed to tell us that in 1996, the last year of Conservative Government, there were 1,115 police officers in Cumbria, while at the end of this year, there will be 1,231—an increase of 116.

The Minister has fallen into the trap of imposing a universal cap, whereas local people should be able to take the decision. As has been pointed out, a MORI poll says that the vast majority of people in Cumbria were in favour of increasing tax for the police. To some extent, the police authority was misled by indications that, if the increase was less than 15 per cent., it would not be capped. I should be grateful if the Minister agreed to receive an all-party delegation to discuss this matter. I do not think that what has been announced is particularly drastic for Cumbria police, but it will create a problem for us.

Mr. Raynsford: My hon. Friend is absolutely right about the increased investment to which I referred in responding to the hon. Member for Westmorland and Lonsdale (Mr. Collins). There has been a substantial increase in police numbers, and those numbers are not affected by our proposal this year. We are not proposing to cap Cumbria police authority this year; we are proposing a nomination. We will obviously listen to representations, and I shall take on board my hon. Friend's request for an all-party delegation to put forward whatever concerns it wishes to express on behalf of Cumbria police authority. When we have received the representations and considered any points that are put to us, we will reach final decisions, but I can assure him that this is not a universal cap, because it is proposed only to nominate Cumbria police authority, and not to designate it, so there would be no reduction in this year's budget.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I shall try to call every hon. Member who has been standing, but I hope that forthcoming contributions will be briefer than those that we have heard on behalf of Cumbria. That would be extremely helpful.

Mr. Kevan Jones (North Durham) (Lab): When I was in local government, I always thought that capping was both a crude and a crass way of controlling local government finance. My position has not changed, unlike that of the Minister, whose statement reinforces the reasons why. Durham fire authority has worked responsibly over the past 12 months with ODPM officials to strip out £1.3 million from the budget. As the authority is only 1.6 per cent. over the cap, why did that discussion and work not continue? Having been added to the list, Durham could face re-billing, which would cost £700,000 and do nothing to improve fire safety or good relations between local government and Whitehall in Durham.

Mr. Raynsford: My hon. Friend may have misunderstood the statement, as there is no question of Durham fire authority being required to re-bill. We are not proposing to designate Durham fire authority; we are simply proposing to nominate it. That indicates that we will either set a maximum budget for 2005–06, or make a notional budget for 2004–05 and take that into account when considering next year's budget and council tax increases. There is no question of re-billing in the current year.

My hon. Friend referred to the work that we have been doing with Durham, along with other fire authorities, to help to modernise the fire service, improve the service that is delivered to local people and save lives. We will go on doing that, but it is not possible to have individual discussions with individual authorities when dealing with an issue about using capping powers that must be applied across the board in a fair and impartial way to all authorities, according to set principles. That is what we have done.

Mr. Anthony Steen (Totnes) (Con): I congratulate the Minister on capping Torbay, a third of which is in my

constituency. Does he agree that the Torbay Liberals have been cocking a snook at the Government by increasing council tax by more than five times the rate of inflation and promising £100 cashback to every council tax payer if they got into office? Is he aware that, rather than cutting out waste, the Torbay Liberal Democrats favour surveys on tombstones, which they say it is their statutory duty to carry out on health and safety grounds, but have closed the loos in Torbay because they say that it is not their statutory duty to maintain them? What can he do to prevent Torbay council, which is facing capping, from causing council tax payers further inconvenience?

Mr. Raynsford: I cannot say that I will visit Torbay to see the local facilities, but Torbay council should operate prudently and cautiously. It received a generous 6.9 per cent. grant increase from the Government this year, and the proposed 9.9 per cent. council tax increase is excessive. This is not, however, the first time that it has made large council tax increases, because it also made them when it was under Conservative control.

Mr. Peter Luff (Mid-Worcestershire) (Con): On balance, I welcome the Minister's comments about Hereford and Worcester fire authority and West Mercia constabulary, but I am not sure whether the Labour chairman of the fire authority will see it that way. Does he understand that the consequences could be serious, because those authorities can no longer impose the Chancellor's stealth tax to make up the gap between what the Government expect them to provide and what they can provide under the rigged funding formula, which monstrously discriminates against Herefordshire and Worcestershire?

Mr. Raynsford: I welcome the hon. Gentleman's comments. He will recognise that we are trying to proceed in a measured, cautious and responsible way to ensure that authorities budget prudently. However, the figures show that the Government have given substantial additional grant to all authorities: for the past two years, every authority in England has received an above-inflation grant increase, which did not happen when the Conservative party was in power.

Alan Simpson (Nottingham, South) (Lab): Will the Minister urgently meet the local authority in Nottingham to discuss his capping proposals? The city is affected by a degree of consternation, because, prior to the authority's inclusion in *The Sunday Times* lists this week, there had been no indication either at a national level or through the Government office for the region that the budget in any way fell foul of Government guidelines on capping. If the cap is a result of a misunderstanding about the apportionment of costs previously attributable to the fire authority, will the Minister discuss the matter with the local authority and the three local Members of Parliament, which will hopefully resolve the confusion and disagreement on an amicable and constructive basis?

Mr. Raynsford: We will certainly listen to representations from Nottingham, as with any other authority, but the local authority should not be confused. My right hon. Friend the Deputy Prime Minister, the Under-Secretary of State, my hon. Friend the Member for Corby (Phil Hope), and I repeatedly said in this House that we expected authorities to budget prudently this year, and that we would use our council tax powers if authorities did not do so.

In mid to late-February, an evening paper in Nottingham carried an article speculating whether the council tax increase would actually be much higher than that suggested by the authority. Because the authority's figures implied that the increase would be low, we did not to invite it in for a meeting. The evening paper carried a comment from an ODPM spokesperson, who said that if Nottingham proceeded with its 7.8 per cent. increase, which was the figure quoted at that time, it would be in the danger zone for capping, so the evidence that Nottingham would be open to capping if it did not moderate its budget is clear. However, I am happy to receive representations from Nottingham, and I hear my hon. Friend's request for a delegation.

Mr. Paul Keetch (Hereford) (LD): As the only hon. Member from Herefordshire who is present in the Chamber, I tell the Minister that the people of Herefordshire will be triply affected by today's announcements that Herefordshire council is being capped, that the fire authority is being capped and that the police authority is being nominated. Is he aware of the attitude of the leader of Herefordshire council, who tries to blame almost everybody else for the council tax rise? The council blames the Government, the previous Administration and the police and fire authority. Indeed, the deputy leader of the council blames me for the cap because I wrote to the Deputy Prime Minister about my constituents. Will the Minister tell the House that the only people who are to blame for today's announcement are the Conservative and independent leaders of Herefordshire council? Will he assure the council and my constituents that projects that we have worked for in Herefordshire for a very long time, such as flood defence for the city of Hereford and the Rotherwas relief road, will not be affected by our council's poor management, and that the Government will listen on the campaigns that we have worked so hard for?

Mr. Raynsford: I am grateful to the hon. Gentleman for his comments, and note that his tone is rather different from that of his Front Benchers. He did not describe as "absurd" our approach to Herefordshire council, West Mercia police authority or Hereford and Worcester fire authority. Herefordshire council received an excellent 7.5 per cent. grant increase, and, given those circumstances, it is difficult to understand why it is trying to proceed with a very large council tax increase. We will obviously listen to representations from Herefordshire council and other interested parties, but the Government's action is a measured response to unreasonable pressure, which will cause considerable hardship and anger among council tax payers in the hon. Gentleman's county if it is not dealt with.

Mr. Graham Allen (Nottingham, North) (Lab): Members of Parliament from Nottingham, including my hon. Friend the Member for Nottingham, East (Mr. Heppell), who sits on the Front Bench, are surprised by the announcement. The excellent and

[Mr. Graham Allen]

improving Nottingham City council has worked closely with the Government to tackle chronic problems with education and law and order. The surprise stems from the fact that we had no letter of warning, unlike other authorities, and that we were not called in to meet Ministers or officials, unlike other authorities.

We cannot make policy on the back of what may or may not appear in the local paper. We were assured by departmental officials at the Government office for the region level that we were on course for a reasonable settlement. I hope that the Minister will concede that there has been a communications breakdown, to put it charitably, and that he will reinforce the point, which he has already expressed, that he will meet the leader of the council and the chief executive to allow Nottingham to do what it wants to do and come into compliance immediately.

Mr. Raynsford: I agree with my hon. Friend's final view, but I must say that our position was not based on newspaper reports—it was based on the figures in the council's own press releases of 3 March and 9 March, both of which referred to a 4.5 per cent. increase in council tax. If he is saying that the ODPM should have invited in the authority for a warning meeting, all I can say is that we would have done so if the authority had produced the figures. We did not receive any figures, even via the Government office for the region, indicating that a warning meeting was necessary; instead, the evidence suggested that the council was considering a much lower increase.

Mr. Mark Francois (Rayleigh) (Con): Understandably, today's announcement has caused considerable concern in Essex. In the conclusion to his statement, the Minister said, "We will listen carefully to the cases put forward by the authorities that I have named." May I take him entirely at his word? Is he prepared to accept a delegation, including the chief fire officer, from the Essex combined fire authority—I would also like to be involved—so that we can put our case to him in person? He knows that the situation is complex and that there are a number of nuances, not least the fact that, in this one-off situation, the fire authority has had to establish a sizeable reserve for a service that deals with a county containing more than 1.5 million people. Will he listen to us and allow us to put our case to him face to face, because we would be grateful?

Mr. Raynsford: I say to the hon. Gentleman, as I have said to all hon. Members who have made similar requests, that we will certainly listen carefully to any representations, and I will certainly consider his request to receive a delegation. He knows that the process must be completed within 21 days because of the statutory obligation. I do not want to fail to consider everyone simply because it is not possible to programme all meetings into that period, but I will do my best.

Ms Sally Keeble (Northampton, North) (Lab): Is my right hon. Friend aware that law and order is one of my constituents' biggest concerns? My local police authority has caused some problems, which were recently highlighted in a critical inspection report. Will he therefore carefully examine the information from Northamptonshire police on how grant decisions have impacted disproportionately on it? Will he also consider next year's position and examine the particular service difficulty problems, so that my constituents experience both reasonable council tax bills and a steady improvement in policing that is consistent with the Government's increased investment?

Mr. Raynsford: I hear my hon. Friend's comments. She is right that concerns have been expressed about Northamptonshire police authority, and my colleagues in the Home Office drew my attention to them. We will do all that we can to help the police authority improve its performance and meet the needs and expectations of the people whom it is there to serve. It has received a large budget increase—the third highest for a police authority in the country—and under the principles that I set out, it is not possible to exempt it. My hon. Friend knows that we do not propose to cap it this year, and simply propose to nominate it. I hope that that gives her some comfort, and we will certainly listen to representations from her and anyone else affected by its work.

Mr. John Maples (Stratford-on-Avon) (Con): It will come as a great disappointment to people in my constituency that he has not capped Warwickshire county council and Warwickshire police authority. The county council precept has risen by 6.5 per cent. this year on top of 8 per cent. last year and 12 per cent. the year before; and the police authority precept has gone up by 8 per cent. this year on top of 15 per cent. last year and 20 per cent. the year before. People simply cannot afford those inflation-busting increases. Surely, those authorities are either setting responsible budgets, in which case the Government are not giving them enough grant, or setting irresponsible budgets, in which case the Government should cap them.

Mr. Raynsford: I hear what the hon. Gentleman says, and I wish that he would speak more often to his Front-Bench colleagues, who take a rather different view on capping. We looked carefully at all relevant authorities, including Warwickshire county council and Warwickshire police authority. The hon. Gentleman will have heard the principles that I set out, and he will know that neither the county council nor the police authority fell within those criteria. We want all authorities to budget prudently—that is the message that the Deputy Prime Minister and I have given repeatedly in this House, and which I gave again today—and we expect them to look very carefully at reducing even further the increases that they have made in the current year. The capping principles are measured and are designed, unlike the old capping regime, not to penalise crudely all authorities. Neither Warwickshire council nor Warwickshire police authority came under those measures this year, but they should certainly keep a close watch on their budgets.

Phil Sawford (Kettering) (Lab): Is my right hon. Friend aware that Northamptonshire is currently funded below the formula funding level and that as a result it has a shortfall of some £2.2 million? To bridge

that funding gap, the police authority has introduced a precept that is perhaps higher than it otherwise would have wished. In those circumstances, does my right hon. Friend believe it reasonable or fair to penalise the police authority?

Mr. Raynsford: We are not penalising the police authority, but nominating it because its budget increase was the third highest of any in the country and involved a significant increase in the precept imposed on council taxpayers. I have to say to my hon. Friend that the record shows that Northamptonshire police authority has received above-inflation grant increases in each of the past two years. Funding will continue to go into Northamptonshire. We want to work with the police authority to meet the needs of its people and to provide the high-quality service that they expect.

Richard Younger-Ross (Teignbridge) (LD): Surely today's statement represents a failure of Government policy with regard to fire authorities. After all, the Minister was advised by fire authorities that trouble would be caused by the modernisation process and transitions to combined authorities. Under his proposals, 20 per cent. of fire authorities are to be capped. When he talks to those authorities, will he ensure that fire safety comes first, not his accountant's slide rule? As for what he said to my hon. Friend the Member for Kingston and Surbiton (Mr. Davey), I think that he is suffering from selective memory and using selective statistics. This is clearly a case of selective authorities.

Mr. Raynsford: I have to say to the hon. Gentleman, who served on the Committee that considered the Fire and Rescue Services Bill earlier this year, that the Government are absolutely committed to saving lives and to reducing the number of deaths, and we have put in place many measures to help to improve the efficiency of fire authorities all over the country. That is compatible, as the Bain report said, with making significant efficiency savings, for which there is considerable scope. I am surprised that the hon. Gentleman and his party have not been more assiduous in looking for ways in which rather outdated and expensive practices can be reformed to ensure that fire authorities provide a high-quality service that saves lives and meets the needs of their communities. That is what we are committed to doing, and nothing in today's statement is incompatible with it. All that we are doing, unlike the hon. Gentleman's party, is protecting council tax payers from unreasonable rises in council tax.

Peter Bradley (The Wrekin) (Lab): I cannot say that I welcome the statement. I am sure that my right hon. Friend shares my disappointment that such a well-regarded authority as Telford and Wrekin faces capping. There cannot be a better example of the tension between simultaneously delivering high-quality services and low council tax increases.

I welcome the opportunity for representations. Will my right hon. Friend acknowledge that Telford and Wrekin faces particular difficulties, including its historically low council tax, its low asset base, and the implications for its funding of the population undercount? Does he agree that capping for 0.1 per cent. above the limit may not be the most appropriate, constructive or proportionate way forward; and that the best outcome for the council and the community would be to avoid capping and protect services this year, while working constructively with the council towards a more sustainable council tax increase next year?

Mr. Raynsford: I welcome the constructive approach that my hon. Friend has adopted. I certainly share his disappointment, but I note that Telford and Wrekin received very generous grant increases of not only 8 per cent. this year, but 8.7 per cent. last year and 7.4 per cent. the year before that. The Government are making substantial grant increases, and we expect authorities to budget prudently to ensure that they do not impose unreasonably large council tax increases.

I take my hon. Friend's point, but he will know that in the case of any set of principles, some authorities will be just above and some will be just below. That poses questions about whether it would be appropriate to require re-billing. We will certainly listen carefully to any representations that he or Telford and Wrekin council wish to make.

David Wright (Telford) (Lab): I associate myself with the remarks of my hon. Friend the Member for The Wrekin (Peter Bradley) and express my disappointment that West Mercia police authority has been capped. It is a large, rural police authority area that is spending its additional council tax income on recruiting new police officers and community support officers. Indeed, in the past year we have seen 38 new police officers and 21 new community support officers in the constituencies of Telford and the Wrekin. Can my right hon. Friend assure me that the nomination process will not place those officers under threat and that the budget will be protected to ensure that police services for the community throughout West Mercia continue to improve?

Mr. Raynsford: My hon. Friend has taken a great interest, as has his hon. Friend the Member for The Wrekin (Peter Bradley), in the position in Telford and Wrekin. On the West Mercia police authority, he will be aware that the budget increase that it proposes is the largest, along with that of Cumbria, of any police authority. It would therefore be wrong of the Government not to consider taking action. As he will know, we are proposing to nominate West Mercia not to cap in-year. I therefore assure him that there is no reason why any changes should be made this year to what the police authority plans to do to meet the needs of the people of West Mercia.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend agree that in the light of the generous increases in council tax funding that the Government have recently supplied and the abatement of council tax increases among local authorities in the past year, it is particularly disappointing that it should be necessary to introduce capping? That is a sad day for the durable nature of central-local relations in future, irrespective of whether the capping is sophisticated and selective or crude and universal.

Is my right hon. Friend satisfied with the progress of the balance of funding review that he set up a little while ago? Will he ensure that when it reaches its conclusions

[Dr. Alan Whitehead]

its report will be published? Does he agree that the genuine difficulties with several issues relating to council tax, including gearing and the balance of funding, should be given a wide airing to assist with longer-term policy considerations about a durable settlement on local government taxation and the balance of funding between central and local?

Mr. Raynsford: My hon. Friend is a great expert on these subjects and he raises some pertinent points. I agree that it is a sad day when capping becomes necessary, but he will recognise that following the substantial increases in Government grant it is unacceptable for large increases again to be imposed on council tax payers. We made it very clear that last year's increases were unacceptable, and we therefore had no option but to take action.

We are making good progress on the balance of funding review. We had a further meeting this week, and we are looking carefully at all the relevant issues. As my hon. Friend knows, local government finance is a minefield, and those who promise quick and easy solutions, as the Liberal Democrats keep doing with their promise of a problem-free local income tax, are no more than snake oil salesmen offering an entirely illusory promise. We are considering all the issues carefully and thoroughly, and I hope that we shall produce our report this summer.

Orders of the Day

Planning and Compulsory Purchase Bill

Lords Reasons for insisting on certain of their amendments to which the Commons have disagreed, considered.

New Clause

APPLICATION OF PART 1

Lords Reason: 1B

The Lords insist on their Amendment 1 to which the Commons have disagreed, for the following Reason—

Because responsibility for drawing up regional spatial strategies should lie with the elected representatives of the communities affected.

2.10 pm

The Minister for Housing and Planning (Keith Hill): I beg to move, That this House insists on its disagreement with the Lords in their amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Government amendment (a) in lieu thereof, in page 2, line 7, at end insert—

'(2A) The Secretary of State must not give a direction under subsection (1) in relation to a body unless not less than 60% of the persons who are members of the body fall within subsection (2B).

(2B) A person falls within this subsection if he is a member of any of the following councils or authorities and any part of the area of the council or authority (as the case may be) falls within the region to which the direction (if given) will relate—

(a) a district council;

(b) a county council;

(c) a metropolitan district council;

(d) a National Park authority;

(e) the Broads authority.'.

Lords Reason 3B and the Government motion to insist on disagreement.

Keith Hill: Before we move on to the substance of the Government's proposed amendment in lieu, I would be grateful if I could detain the house for a few moments in order to draw hon. Members' attention to just how willing my colleagues and I have been to listen to genuine issues of concern during the passage of this Bill through both Houses. Hon. Members will recall that we did not get the opportunity at the previous stage of the Bill in this House to debate those issues on which the Government had listened and tabled amendments when we could see that such genuine concerns had been raised.

So let me remind the House that we have introduced amendments that guarantee a statutory role in the regional planning process for county councils and other authorities with strategic planning expertise, through changes to clause 4. These amendments followed extensive discussions with the Local Government Association and the county councils network, and those organisations have undertaken to play their full part in making the new strategic planning arrangements work.

We have also introduced amendments that give more influence to the community and other interested parties through the new clause, introduced on Third Reading in the Lords, introducing the regional public participation

statement. We have accepted the removal of statements of development principles provisions—that is in clause 41—and retained and strengthened outline planning permission in schedules 6 and 9.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Deputy Speaker. The Minister has just said that he did not get time in the earlier stages of the Bill to discuss some of the amendments that the Government have accepted, and which he is now detailing. Perhaps he did not get time because the Government had imposed a timetable on those proceedings, which meant that discussion was not allowed. Surely it is an abuse for the Minister to start going through those measures now.

Mr. Deputy Speaker: I think that the hon. Gentleman will realise that that is not a matter for the Chair. I suspect that it is more a matter for the usual channels.

Keith Hill: I am grateful to you, Mr. Deputy Speaker. Perhaps I might say to the hon. Gentleman, through you, that, as one former Deputy Chief Whip to a current one, I know exactly what game he is playing at this juncture.

We have strengthened the application of the sustainable development clause—that is clause 38—and introduced amendments to the standard application form provisions to require access and design statements in appropriate circumstances. That is in clause 42. In addition to these amendments, we have also again listened to the debate and brought forward amendments on mezzanine floors, on the requirement to give reasons for substantive decisions, to introduce provisions for temporary stop notices and for appeal on second applications, and today we are also seeking the agreement of the House to amend the major infrastructure provisions to require an economic impact report.

Against the background of this substantial package of concessions, I have to express my strong disappointment that we are here again today to debate Lords amendments Nos. 1 and 3. I find it difficult to understand the grounds on which these amendments are being pursued. The effect of amendment No. 1 would be to end any system of regional planning where there was not an elected regional assembly. I cannot believe that that is the serious intention of either the official Opposition or the Liberal Democrats, and I am particularly surprised that the Lib Dems continue to cleave to this amendment. I am absolutely certain that they share the Government's belief in the need for strong regional planning.

Regional planning policies that form part of the development plan are essential to address the particular opportunities and challenges faced by an individual region. Effective regional planning policy is vital to tackle historic regional disparities and respond to the challenges of the modern knowledge economy. We need a system for strategic planning that is based around areas that are interdependent on the ground, not one that is constrained by administrative boundaries. County boundaries simply do not work as the basis for effective strategic planning. Many strategic planning issues cut across county boundaries and are best dealt with at regional or sub-regional level.

David Taylor (North-West Leicestershire) (Lab/Co-op): The region that produced the Minister and in which I still live, the east midlands, has no elected regional assembly. There is some merit in the amendment—although I shall not appear in the Division Lobby with those who are promoting it—in that our region has a Nottingham-Derby dominated caucus that is dumping on the northern parts of Leicestershire the adverse implications of uncontrolled airport expansion, which would be covered by this type of approach to planning. Does the Minister not see that, in the absence of an elected regional assembly, such circumstances can sometimes emerge?

Keith Hill: I share my hon. Friend's enthusiasm for an elected regional assembly for the east midlands, the region of his and my birth. In the meantime, however, before that particular utopia is secured, we are best to go forward with the existing regional planning structures, which provide precisely for the kinds of exchanges that could limit the undesirable development mentioned by my hon. Friend. As ever, he and I essentially are on the same tack: two souls with a single mind on this subject. I am grateful that he will be joining me in the Division Lobby; that has not invariably been the case, as he and I well know.

There are many examples of the existing regional planning bodies coming forward with solutions to the cross-boundary problems that have bedevilled us for years. But under the current system those solutions are hard to put into practice. The system itself is a barrier. However good the solutions are, however much work has gone into preparing them, and however much support they have, they will be only a material consideration when it comes to deciding planning applications, and structure plans can delay them or prevent them from happening.

I know that the hon. Member for Ludlow (Matthew Green), who speaks for the Lib Dems, has concerns about accountability, which I understand and appreciate. I have reflected very earnestly on a practical way to respond to these concerns, and I hope that the democratic guarantee that I offer in amendment (a) will commend itself to the hon. Gentleman. I have to say that the alternatives that one might contemplate offer a recipe for delay, obfuscation and perhaps litigation.

Most uncharacteristically, the approach of the Conservative spokesman, the hon. Member for South Holland and The Deepings (Mr. Hayes), smacks just a little of cynicism and opportunism. The Conservative party appears to combine support for regional planning for regions with elected regional assemblies with an equally avid determination that none will actually be established, and with an express intention to campaign against them in regional referendums. He and I both know that this amendment would effectively mean no regional planning. However, regional planning guidance was introduced by the Conservative Administration in 1990, with the publication of RPG15. The Conservative party is the parent of regional planning. This is a case of throwing the baby out with

[Keith Hill]

the bath water, and I invite the hon. Gentleman to reflect on the inconsistency of his position.

Lords amendment No. 3 is not acceptable because it imposes the burden and bureaucracy of blanket sub-regional planning irrespective of whether it is needed or adds value. Surely it is also defective in that it would require those plans to be drawn up by county councils and other authorities with strategic planning expertise, but would exclude others who may have an essential and valuable role to play: district councils or the regional development agencies, for example.

Our package as a whole is the right approach to sub-regional planning and gives a properly central role for county councils and other authorities with strategic planning expertise. The Bill and our draft guidance to regional planning, planning policy statement 11, in dealing with sub-regional strategies, makes it clear that those should be prepared for areas that are interdependent on the ground and that therefore need a distinct set of sub-regional policies. The Bill and our guidance guarantee that county councils and other authorities with strategic planning responsibilities will advise, and they make it clear that, where appropriate, those bodies are expected to lead on this work.

I appreciate that this is an important issue to many, and particularly to county councils. There are anxieties about decisions on which areas on the ground warrant a sub-regional strategy. There are concerns about ensuring that counties and other authorities play a full part, and I appreciate them and the fact that perhaps they have not come much to the fore in earlier debates because of the importance of other issues. I believe, however, that our approach to sub-regional planning, which is flexible and practical, is the right one for our communities and our planning system. It does not prescribe an across-the-board, universal requirement for sub-regional plans but fully supports the involvement of sub-regional partners where there is a clear case for sub-regional structures and planning. That will happen within the overall framework of advice from and consultation with local authorities and a local government-led regional planning body.

I am reasonably confident that it would be otiose, as we say in this place, to make specific provision in the Bill for an essentially flexible and locally and regionally driven arrangement. I note the concerns on the matter, however, and in the light of those, let me say that I am prepared to review the package ahead of the Bill's return to the other place.

Meanwhile, we ought to reflect on what these Lords amendments would mean. Lords amendment No. 3 would provide for sub-regional plans as part of the regional spatial strategy, with boundaries chosen by the regional planning body because the boundaries of counties do not fit for this purpose. I think that I have made it clear that the difference between us relates to how extensively this principle should be applied. I need to point out to the House, however, that that approach would simply not happen or would be considerably delayed under Lords amendment No. 1.

I shall now turn to amendment (a). The regional planning process needs to be driven forward by bodies able to represent the region and take a strategic view. Regional chambers are best placed to fulfil that role. We are not suddenly transferring powers from counties to regions. We are removing a filter that has slowed down the expression of strategic regional policies in local plans. We are clearing out a system that allows out-of-date structure plans to take precedence over up-to-date regional plans. Chambers are, of course, not directly elected, but they are representative of both local authorities and wider stakeholders in the region. Local authority members represent their local authority on the regional planning body. Equally, other stakeholder group members, such as business or the voluntary sector, will speak for the interests that they represent.

Where elected regional assemblies are established, it is right that they should take over responsibility for regional planning. But we should not conflate that with reforming the planning system—that reform needs to happen now. Of course, we need the safeguard of democratic accountability, and it needs to be the best one possible, consistent with our current governance arrangements. Local authorities speak for their communities—that is what they are elected to do. This Bill, along with its regulations and guidance, guarantees that theirs will be the loudest voice in regional planning. Local authorities are in the majority on regional chambers, which will be the regional planning bodies. Where there is consensus, the local authority's view will prevail in the RPB's work.

I recognise the views expressed, and I am willing to move, as in so many other areas, to deal with the concerns. Amendment (a) therefore highlights the leading role of local authorities and provides a statutory guarantee for the future. The Secretary of State will not be able to recognise a body as a regional planning body unless at least 60 per cent. of its members are drawn from county councils, unitary authorities, district councils, national parks authorities or the Broads Authority. I commend the proposal to the House.

Mr. John Hayes (South Holland and The Deepings) (Con): As ever, the Minister for Housing and Planning makes an eloquent and persuasive case. He started by listing the concessions that the Government have already made. I needed no convincing of what a decent man he is, or that he is prepared to listen to the Opposition's arguments, which are also persuasive, as he has acknowledged. He is moving ever closer to the position articulated by Conservatives and even by Liberal Democrats. Indeed, it is such a persuasive case that it has driven the Liberal Democrats and us—I speak personally in this respect—into a union. Members of the House who know me well will know how difficult that is to achieve, and how important these matters must therefore be.

The Minister says that his whole strategy would be destroyed if he accepted the Lords amendments. That is not true. The proposals on sub-regional strategies, as requested by Liberal Democrat and Conservative Members in the other place, would add to the Government's intent of producing a system that is coherent and consistent. He says that they will lead to obfuscation and delay. If the price is a system that is effective, truly representative, and that allows properly for the sensitivities and considerations of localities to be taken into account in drawing up these plans, it is a price that we, as democrats, are obliged to pay. Democracy is

often inconvenient and sometimes slower than systems that are less democratic, but it is none the worse for that. All Members of the House must defend the right of ordinary people to have their say in these matters, which affect the quality of their lives so directly, and I know that the Minister would be first in the vanguard of that defence. He therefore, ultimately, makes an unconvincing case.

I find—*[Interruption.]* I see that the Minister is taking advice from a senior colleague, and perhaps he is going to move even closer to our position. I cannot believe that with his good offices, and with the spirit in which he has spoken to the House today, knowing that the other place is ever willing to try to find a way through these problems, a solution cannot be found. Perhaps it will not be found until this House—or the Opposition at least—has taken the opportunity to press these matters to a vote.

2.30 pm

The Minister must, I think, acknowledge that, not for the first time, the Lords speak for the people and the Government speak merely for themselves. That is not just my view. Perhaps surprisingly, the Minister's noble Friend Lord Rooker said in the other place

"Noble Lords are much more in touch in some ways with what is happening than is sometimes the case elsewhere in this building."

He recognised that the Lords are often able to articulate a case on behalf of the common man in a way that is sometimes lost to those who have grown grand and privileged on the luxuries and benefits of office. That is not, of course, a position in which we find ourselves, but perhaps one day we shall be subject to the same temptations. I hope that we will resist them in true Tory spirit.

I note that when word goes out around the Palace that Hill and Hayes are talking again, the Tea Rooms and Restaurants empty and Members flood the Chamber. The Labour Bench is particularly well populated for this debate, by Members who knew that they would be subject to a rare treat in the form of the Minister's peroration.

The Minister accused me of cynicism, but let me say this: the Lords have properly identified the substantial democratic deficit that lies at the heart of the Government's intentions. I hold no candle for regional assemblies, but I do make a robust case for democratic legitimacy and proper accountability, and that is what we are really debating today.

Three points need to be made. To avoid repetition, for as a matter of habit I try to do that—for the sake of clarity and the record I should perhaps say that, as a matter of habit, I avoid repetition—let me say that the case that the Lords make is threefold.

First, we have the argument about democratic legitimacy, well made both here and there. The idea that we should transfer or indeed confirm powers—I know the Minister makes the case that they were originally given to regions by a Conservative Government—to bodies on which there are no elected people seems to me unacceptable, and I suspect that it is unacceptable to many Labour Members. We heard, for example, the concerns of the hon. Member for North-West Leicestershire (David Taylor), who often speaks and, as the Minister says, votes with his conscience rather than merely on the instructions of heavy-handed Government Whips. The hon. Member for Gillingham (Paul Clark) shakes his head. He is not one of those; he is one of the more human faces at the Whips Office. There must, however, be others who are altogether more heavy-handed.

The second key issue is that of effective accountability. That means having access to where decisions are made, and having faith in the process. The further we move the exercise of political power from the people, the less trust the people are likely to have in the exercise of political power. The plans must be made close to people, and people's loyalty, faith and adherence must be inspired. They must believe in the plans. For, as my noble Friend Lord Hanningfield said in the other place, this is a distinctly personal matter. That gentleman, who has a distinguished record both in the upper House and in local government, said:

"There is no more personal thing in local government than planning. The Government should not think that they can ignore the democratic processes."

Lord Marlesford, who spoke persuasively, said:

"the Government somehow believe that the higher the level at which strategic planning is done, the better."—[*Official Report, House of Lords*, 26 April 2004; Vol. 660, c. 565–9.]

In fact, the opposite is true. It is of course important for us to have a bigger view, but that bigger view must take proper account of the concerns of local communities; and the lower down the system those concerns can be expressed effectively, the better. The involvement of local communities confers legitimacy on the plans that ultimately emerge.

That brings me to the third issue: sensitivity to local people, understanding of local needs, and responsiveness from a system that, as the Minister has acknowledged on previous occasions, is often seen as esoteric, bureaucratic and excessively burdensome—one might even say Byzantine.

We remain unconvinced by the Government's case, although we welcome the Minister's spirit and tone. I do not find that surprising. I have found the right hon. Gentleman to be a receptive Minister who genuinely listens to a proper case put from any part of the Chamber. Now is his chance to show just how responsive and receptive he is by taking on board arguments that he has acknowledged to have been well made.

I know that the hon. Member for Ludlow (Matthew Green) wants to speak. I look forward—I almost said "for once", but that would have been uncharitable—to his speech, because I know he has many good and useful points to make. Let me end on this note. As I said, the Minister accused me of cynicism; but he knows that romantics like me are immune to cynicism. This is not a matter of cynicism. It is a matter of good government, good planning and good leadership. I hope that what the Minister does today and hereafter will show all three.

I recommend to my colleagues that in this instance we support the Lords. We will be voting "No", not because we do not think that there is good will, but because we feel that the time has come to stand our ground on these

[Mr. John Hayes]

important matters in defence of the common people of our country. I hope that, ultimately, the Minister will reach the same conclusion.

Matthew Green (Ludlow) (LD): I, too, congratulate the Minister on his approach, not just in the past week but since he took charge of the Bill. We could say that considerable concessions have been made; we could say, if we were being charitable, that people of like mind have reached agreement. There has been movement on the Government's part, and also on the Opposition's part, since we embarked on the Bill nearly 18 months ago. Some of us have served all 18 months, and it seems a very long time.

The hon. Member for South Holland and The Deepings (Mr. Hayes) and I agree on the fact that this is about creating a good planning system. As the Minister will know, a good planning system carries the confidence of the people who use it, and people are most confident when a system is democratic. The Minister cannot suggest in any circumstances that the Government's proposals or the amendment make this system democratic.

Rather than going over ground that we have been over many times, I want to comment on the Government's proposed amendment in lieu of Lords amendment 1B. I am afraid that, for once, the Minister has produced a smokescreen. The Bill proposes that 30 per cent. of members of the regional planning body should come from the business sectors rather than the councils. It is now being suggested that 60 per cent. should come from the councils, so there is presumably 10 per cent. of flexibility. That will mean that many councils that are losing powers—the primary tier, the county councils, the metropolitans and the unitaries—will not be represented. Indeed, the Minister's amendment includes district councils, which are not losing powers. It is an odd amendment, which for once lacks coherence and intellectual clarity.

The Minister knows that there is potential for common ground, but his amendment is not that common ground. I do not think that he will be surprised to hear me say that. He will, I believe, struggle to justify the continued removal of powers from directly elected councils, and the granting of those powers to, at best, a partly indirectly elected regional planning body, which will have a considerable influence on what happens. Democracy is not, perhaps, always the quickest form of government, but it is the best that we have, and I am surprised that the Minister is prepared to overlook democracy in the name of expediency, which is exactly what is being proposed.

There is some room for common ground, and the Minister knows that a sensible compromise could be reached. I welcome the fact that he is prepared to reconsider the other part of this group of Lords amendments, which affects the sub-regional plans, and that again shows the spirit that has been evident from him so far. If he will show the same sort of flexibility on the Lords reason, then we are very close to considerable agreement on the Bill. However, the Minister will have to move further than the amendment that the Government have tabled. That does not move; it just states what exists on the ground in regional planning bodies at the moment, and does not in any way increase their democratic involvement.

I hope that the Minister thinks again. We, too, will vote against the Government's insistence on disagreement and their amendment in lieu. I hope that he will take the opportunity before this matter returns to the Lords again to reflect on the position that has been outlined, and see whether a more sensible compromise can be reached.

Keith Hill: I feel that I need to respond briefly to the points that have been made. I first turn to the remarks of the hon. Member for South Holland and The Deepings (Mr. Hayes), who dwelt on democratic accountability. I am pretty certain that I am accurate in saying that he claimed that our proposals would mean a transfer of powers to bodies with no elected members. For reasons that I shall demonstrate, there is no transfer to the regional bodies in the proposals, because the powers are already there. I contend that we are introducing a process that is more transparent and has more community involvement. The regional spatial strategy will be tested in public by examination in public—again, evidence of the extent to which we are introducing a process that is more transparent and, I assert, more democratic than that which prevails at present.

I remind the hon. Gentleman that the existing bodies have elected members. They all have a majority of elected members. Indeed, on six of the eight regional chambers that act as regional planning bodies, the Conservative party has the largest number of members. They are hardly institutions immune to the expression of representative opinion at local level, opinion that might be not entirely sympathetic with Government views on regional development.

Matthew Green: Surely even the Minister will admit that that is a somewhat cheap jibe at the Conservatives—I say that as a Liberal Democrat—for the simple reason that we are talking about the principle of whether something is democratic, not about which party currently has the largest number of councillors on an indirectly elected body. Those members are elected to their council, but then appointed to a regional planning body, not necessarily from all the councils in turn. The Minister should admit that he is not being fair in his reflection.

Keith Hill: My comment was not intended as a jibe, and was more of a reminder of the opportunities that exist. I accept that there would be an even more compelling case if there were to be elected regional assemblies, and I certainly welcome the Conservative party's new-found enthusiasm in the amendments for elected regional assemblies. They will be aware that elected regional assemblies are not yet proposed for the entirety of England. Although we anticipate the success of the referendums for regional assemblies in the northern parts of the country, we recognise that there might be some slight delay in their introduction elsewhere, and it is in the regions without elected assemblies that it would be nonsense to scrap the regional planning function that was the child of Conservative Government policy making way back in 1990.

2.45 pm

I turn to the charge of loss of democracy in the new system made by the hon. Member for Ludlow (Matthew Green). What really matters to people is that they can have their say, and have their views listened to in the planning process. He will know that central to our reforms at regional and local level is greater community involvement, and he has welcomed that on many occasions. Our amendment would require the regional planning body, as he knows, to prepare, publish and comply with a statement of its policies for involving interested parties in preparing draft revisions of the regional spatial strategy. Draft regulations require the regional planning bodies to consult a wide range of bodies while the draft revision of the regional spatial strategy is being prepared and after it has been published.

Matthew Green: The logic of what the Minister has just said is that an autocratic regime that consults its citizens is better than a democratic one, and that consultation is a substitute for democracy. I am sure that he did not mean to say that to the House.

Keith Hill: I certainly did not mean to say that, and indeed I did not. Of course consultation is no substitute for democracy. However, greater consultation and greater community involvement, within the framework of a democratically accountable process—which is exactly what our planning reform agenda and our regional spatial strategy proposals are all about—certainly strengthens democratic and popular involvement in the process. That is not there at present, but will be introduced by these measures.

Let me remind the hon. Gentleman that clause 7 provides for independent public examination of the draft revision of the regional spatial strategy, during which people will be invited to speak. That will take place in all but exceptional circumstances. I have mentioned draft planning policy statement 11, which sets out ways in which the regional planning body can and should involve stakeholders and the wider community on an ongoing basis, as initial ideas and options are turned into firm proposals.

We are not squeezing democracy out of the system. Under the Bill's provisions, as now, it will be for the regional planning body to propose the number of new dwellings that should be provided in its region. We are simply changing the basis on which those figures can be allocated down to the next level, and instead of that being determined by county boundaries, regional planning bodies will be able to make allocations on a sub-regional basis, taking account of housing market needs.

We are at the end of an exceptionally long process with the Bill, which was first introduced to the House in December 2002, and that process has been a great pleasure. The Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Pontefract and Castleford (Yvette Cooper), is to pick up the reins and steer this great carriage forward. I regret the fact that the Opposition parties continue to oppose these measures, but I hope that the winning post is now in sight, and that, with a further burst, the endgame can be secured.

Question put, That this House insists on its disagreement with the Lords in the said amendment.

The House divided: Ayes 235, Noes 140.

Division No. 154] **[2:50 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Doran, Mrs Siobhain
Dorrell, Stephen
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter

King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Fraser Kemp and Ms Bridget Prentice

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Öpik, Lembit
Osborne, George *(Tatton)*
Paice, James
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Randall and Mr. Hugo Swire

Question accordingly agreed to.

Lords amendment disagreed to.

Government amendment (a) in lieu of Lords amendment No. 1 agreed to.

Lords Reason: No. 3B

The Lords insist on their Amendment 3 to which the Commons have disagreed, for the following Reason—

Because regional spatial strategies should be based on the views of local communities

Motion made, and Question put, That this House insists on its disagreement with the Lords in the said amendment.—*[Keith Hill.]*

The House divided: Ayes 235, Noes 141.

Division No. 155] **[3:01 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Blizzard, Bob
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Ms Bridget Prentice and Mr. Fraser Kemp

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael

Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Morrison, Dr. Andrew
Opik, Lembit
Osborne, George *(Tatton)*
Paice, James
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Randall and
Mr. Hugo Swire

Question accordingly agreed to.

It being more than one hour after the commencement of proceedings on the Bill, MR. DEPUTY SPEAKER *put forthwith the Question necessary for the disposal of the busines to be concluded at that hour, pursuant to Order [19 April].*

Lords amendment No. 41B agreed to.

Committee appointed to draw up a Reason to be assigned to the Lords for insisting on disagreeing to their amendment No. 3; Paul Clark, Matthew Green, Mr. John Hayes, Keith Hill and Linda Gilroy to be members of the Committee; Keith Hill to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Paul Clark.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Opposition Day

[7TH ALLOTTED DAY—SECOND PART]

Animal and Plant Diseases

Mr. Deputy Speaker (Sir Michael Lord): Mr. Speaker has selected the amendment standing in the name of the Prime Minister.

3.13 pm

Mrs. Theresa May (Maidenhead) (Con): I beg to move,

That this House recognises the potential risk posed to British agriculture and to the environment of the UK by the importation of animal and plant diseases; acknowledges the crucial importance of preventing diseases from entering the country; notes with concern the increase in the number of diseases in Britain emanating from abroad and the spread of virulent epidemics across the world; recognises the implications for biosecurity of the enlargement of the European Union; condemns the Government for failing to learn the lessons from the recent outbreak of foot and mouth disease; regrets the failure of the Government to address these problems and to instil confidence in the farming community; and calls on the Government to take urgent action to put in place the stringent measures necessary to prevent animal and plant disease from entering the UK.

This morning I received a letter from the Minister for Rural Affairs and Local Environment Quality explaining that the Secretary of State for Environment, Food and Rural Affairs was not available to respond to this debate because she was attending a meeting of the Commission on Sustainable Development in the United States. He also told me that the Minister of State was at the same conference—two Ministers and staff in America at taxpayers' expense—and that he himself would be unable to respond to the debate because he was speaking at a rural affairs conference at the invitation of the Irish Government.

The Government have had a week's notice of this debate. It is perhaps understandable for one Minister to be unavailable, but for three Ministers to fail to respond to a debate on a subject that threatens the livelihood of British farmers is not only to treat the House with contempt, but sends a clear message to farmers that the Government are not interested in them or their future. Once again, the Government are letting British farmers down. I look forward to hearing the contribution of the Under-Secretary. I doubt whether the House will want to hear from him twice in the same debate, but we will see how it unfolds.

The year 2001 was possibly the blackest period in modern history for British agriculture. Our green and pleasant land became the scene of death and destruction. Our television screens were filled with images of funeral pyres, rotting carcases and smoke-filled air. The pain and suffering caused to Britain's rural communities was etched on the faces of those farmers who saw their lifetime's work destroyed by a contiguous cull on a massive scale. As a result of foot and mouth disease, 10 million animals were slaughtered, our countryside put up closed signs and some were forced not just to the point of bankruptcy but of suicide. For our farmers, it seemed like the end of the world as they knew it: for many, it was.

The subsequent report from the National Audit Office said that the outbreak cost Britain £8 billion—a £3 billion cost to the public sector and hence the taxpayer.

and more than a £5 billion cost to the private sector. The Institute of Directors put the cost higher at £20 billion. We all understand that outbreaks of diseases such as foot and mouth affect not just our farmers, but the wider economy, the service industry and tourism. We owe it to all of them to ensure that it can never happen again. It is our duty, and the duty of any Government, to ensure that it can never happen again. Yet my colleagues and I have yet to meet a farmer who believes that we are better prepared for a future outbreak. The fact remains that the Government have lost the confidence of our farming industry in respect of their ability to prevent disease from entering Britain.

Andrew George (St. Ives) (LD): What did the farming community tell the hon. Lady about the £4 billion loss and the destruction of the livestock sector caused by the outbreak of bovine spongiform encephalopathy?

Mrs. May: There is no doubt that British farming has suffered a number of difficult periods in recent years. That is why it is all the more important that the Government put in place the action necessary to ensure that we never see such devastation happening again.

The farming community's lack of confidence in the Government is in no small part due to their decision to deny a full and independent public inquiry into foot and mouth. Of course, we have seen a number of commissions and reports into the outbreak, but Government have steadfastly refused to conduct a transparent inquiry into the events and circumstances leading up to and during the course of the outbreak. The only public inquiry into the foot and mouth outbreak was the result of pressure by Conservative Members of the European Parliament and was opposed tooth and nail by Labour MEPs.

Mr. Eric Martlew (Carlisle) (Lab): Is the hon. Lady aware that the Environment, Food and Rural Affairs Committee, under the chairmanship of the right hon. Member for Skipton and Ripon (Mr. Curry), carried out an investigation into foot and mouth disease in this country?

Mrs. May: I am grateful for that intervention, but I doubt whether the hon. Gentleman is talking about the full and independent public inquiry that the British farming industry wants the Government to call in order to get answers about why the outbreak happened.

Since it became public knowledge that we were holding this debate, my staff have fielded a stream of telephone calls, e-mails and messages from people throughout the country. Those people feel strongly about the issue: each has something to say, and is able to uncover another piece of the jigsaw in respect of what happened in the outbreak. That shows that the Government, far from reassuring people and answering their questions and concerns, have simply chosen to ignore them. However, those questions and concerns will not go away.

We have had the inquiry into lessons learned headed by Dr. Anderson, but have we really learned any lessons? Following the 1967 outbreak, we knew not only how the disease came into the country, but the very yard where the outbreak happened. However, despite all the improvements in science and forensics, and the leaps forward in DNA testing, we still do not know how the virus responsible for the 2001 outbreak came into the country, or why. The public's obvious concerns will not be allayed by the recent revelations concerning Jim Dring, the vet responsible for inspecting the premises in Heddon-on-the-Wall where the outbreak is suspected to have started.

Mr. Dring is an honourable and conscientious man. He concluded that the foot and mouth crisis would never have happened if his inspection of Bobby Waugh's Northumberland pig farm in the weeks leading up to the outbreak had been more rigorous. However, he said that he had been hamstrung by a lack of veterinary resources.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Oh no he did not.

Mrs. May: The Minister, from a sedentary position, says that Mr. Dring did not say that. However, in his report, Mr. Dring said, in relation to his inspection to review the Waughs' article 26 licence:

"Had this inspection been more rigorous than it was, had the licence not been renewed, or renewed only subject to radical revision of the Waughs' patently deficient feeding technique, then this awful 2001 FMD epidemic would never have come about."

Mrs. Angela Browning (Tiverton and Honiton) (Con): My hon. Friend will recall that we discussed the Dring report in Westminster Hall on 16 March. I raised with the Minister the fact that that report was not available in full at the time of the Anderson inquiry. He declined to comment on that, but merely said that he would put the papers in the Library. Does my hon. Friend agree that we deserve an answer as to why the Government withheld that information from the Anderson inquiry?

Mrs. May: I certainly echo the comments made by my hon. Friend. The report is a very important part of the evidence as to what happened during the foot and mouth outbreak. It is unfortunate that the Minister has tried to deny, from a sedentary position, what the Dring report contained.

The matter is about more than one man's mistake. It is thanks to Mr. Dring's courage and honesty that we have this vital piece of evidence. It was withheld from the Anderson inquiry, to which it should have been available. I echo the challenge to the Minister to explain why the information was not made available.

The House may not know that, when it became clear that the report existed, the Government claimed that it was an aide memoire—even though it is 26 pages long, and consists of some 11,700 words. It is an important piece of evidence that should have been available to the Anderson inquiry.

On 24 March, Lord Whitty told the other place that

"it is clear from the cover note and from what Mr. Dring has said that he wanted his personal statement to go to the inquiry in some form. The legal advice was that it could be prejudicial to the trial of what almost certainly was the starting point of foot and mouth and therefore to any judgment that that court made. In a sense, that was understandable legal advice."—[*Official Report, House of Lords*, 24 March 2004; Vol. 659, c. 701.]

[Mrs. May]

However, to say that releasing the Dring report could have prejudiced the trial does not stand up to scrutiny. Mr. Waugh's trial was over before the Anderson inquiry reported. Moreover, publication of the report could have been put back until the risk of prejudice had passed.

There is no question that anyone wants to blame Mr. Dring. We want a definitive answer as to how the 2001 FMD epidemic started, and to ensure that its lessons are fully learned. One of the issues raised in Jim Dring's report is that the state veterinary service was under pressure because of lack of resources.

It is understandable that a man under pressure might make a mistake: what is not understandable is how the Government could allow the pressures to get to that point, knowing the risks that that entailed. What cannot be forgiven is that the Government tried to hide the evidence and to keep it from people. How can members of the farming community have confidence that the Government have given them the truth, when the necessary information comes, not from Ministers or the Department, but from the pages of the farming press?

It is understandable that farmers might ask why, if one damning piece of evidence can be withheld, should not other evidence also be hidden in Ministry filing cabinets.

Mr. David Drew (Stroud) (Lab/Co-op): I am sure that the hon. Lady has read the Select Committee report on the state of the veterinary service, which does go along with some of her points. We may never know what caused foot and mouth in this country, but we certainly know that the transmission mechanism was down to the fact that we have a process based on production subsidies, which means that animals are pushed around the country to earn a few pence. The Government have had to learn a lesson from that, and we are, thankfully, moving away from production subsidies. When the Conservatives were in power, what did they do to deal with that?

David Maclean (Penrith and The Border) (Con): Markets are not the problem.

Mr. Martlew: On a point of order, Mr. Deputy Speaker. Is it right for the Opposition Chief Whip to make comments from a sedentary position?

Mr. Deputy Speaker: Comments from a sedentary position are never welcome in any debate at any time.

Mrs. May: What we certainly know is that the Government have not put in place the inquiry that is necessary to make sure that we get answers on why the outbreak occurred and the disease came into the country. The hon. Member for Stroud (Mr. Drew) implied that we would never be able to get to that answer. We did in 1967, when the inquiry not only got answers but set out lessons to be learned.

We now know, of course, that an internal DEFRA investigation has cleared Ministers and officials of any wrongdoing or attempt to mislead. I might add that the existence of that internal investigation was revealed only after it had concluded that everything was above board and squeaky clean. That will give no reassurance to the many farmers who want to get to the truth. It is, after all, only a few weeks since another internal investigation cleared another Minister of wrongdoing, only for her to be forced to resign after fresh evidence came to light a few days later.

I raised the possibility earlier that more pieces of evidence like Jim Dring's report might be sitting in Ministry filing cabinets. I would be willing to give way now to the Minister if he wanted to rise to guarantee to the House that no other information has been withheld and that Dr. Anderson received each and every piece of relevant information relating to the outbreak. I should be happy to give way if the Minister wished to do that, but I am afraid that the fact that he is not— *[Interruption.]* Oh, he is.

Mr. Bradshaw: I have asked that question of officials and have been assured that that is the case.

Mrs. May: Well, we have had a lot of Ministers standing up to talk about what officials have or have not done. It is about time Ministers took responsibility for what happens in their Departments.

Geraint Davies (Croydon, Central) (Lab) *rose—*

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab) *rose—*

Mrs. May: I shall not give way because I want to make progress. *[Interruption.]* No. I shall make some progress.

The only way to restore our farmers' confidence in the process is to have a full public inquiry. I call again on the Government to do just that. We need plain and honest answers to simple questions.

We must all realise that the threat of another outbreak of foot and mouth or other equally virulent diseases is ever increasing. The increase in air travel and hence in the flow of people and goods makes the transmission of hazardous products all the more likely. In recent times, we have suffered swine fever and foot and mouth disease. Over the past six months, we have seen a growing number of diseases crossing our shores. In the south-west, we have had the first outbreak of brucellosis in England in 10 years. The previous case in the United Kingdom was an outbreak in Scotland, caused by infected cattle from France. Yet, to date, we have no idea where the most recent outbreak came from. One thing is sure, however: this and other diseases are not native to Britain; they are foreign diseases that enter our country from overseas.

We must consider not just animal diseases. In recent months, we have had outbreaks of brown rot and ring rot, the most contagious disease to affect potatoes, which recently caused devastation when it took hold in the United States of America.

Mrs. Lawrence: The hon. Lady may or may not be aware that the potato ring rot outbreak in Wales was contained entirely efficiently and did not spread to other farms. Would she like to congratulate the Welsh

Assembly Government and the Westminster Government on their efforts to ensure that it did not spread?

Mrs. May: It is interesting that when there is a problem it is the officials, not the Minister, who take the blame, yet when there are congratulations to be made it is the politicians, not the officials, who are congratulated. I am happy to say "Well done" to those on the ground who were responsible for containing that disease, but the fact that it arrived in this country and that other diseases are being found is a cause for concern and we should look into why that his happening.

Another example of a plant disease is sudden oak death syndrome or phytophthora ramorum, as it is known. *[Laughter.]* I may not have pronounced that right and I hesitate to do so again. It may sound more like a spell from a Harry Potter book, but it is a serious disease that has taken hold in some parts of the country. It threatens our oak and beech tree populations.

Mr. David Heath (Somerton and Frome) (LD): It has been endemic in rhododendrons for years.

Mrs. May: Yes, indeed, it starts from rhododendrons but it then passes to oak and other trees. There is evidence of that in certain parts. *[Interruption.]*

Mr. Deputy Speaker: Order. If the hon. Gentleman wishes to take part in the debate or to intervene, I should be grateful if he would rise in the usual way. Interventions from a sedentary position are extremely disruptive.

Mrs. May: Thank you, Mr. Deputy Speaker. The hon. Gentleman's sedentary intervention was wrong as well as unhelpful.

The important point raised by diseases such as sudden oak death syndrome, which has caused the destruction of rhododendron plants of up to 150 years old, is that people feel free to bring back plants from abroad. They do not realise the dangers of that to species in the United Kingdom. It is time that people were made more aware of the risks of importing plants. We must bear in mind the fact that with the enlargement of the EU on Saturday our borders will be wider and more difficult to control.

We expect our farmers to be vigilant, to look out for signs of disease and to put in place necessary biosecurity measures, but we must also play our part. It is all very well to ask farmers to improve biosecurity, but the single most effective way of preventing disease from spreading across our country is by preventing it from entering the country in the first place. We need to put in place stricter measures, such as are seen in other countries. What a difference there is between our lack of import controls, and, for example, the strict import controls seen in the United States, Australia and New Zealand. I heard recently of a tourist from Somerset who was surprised on going to Australia to be fined £1,500 after being arrested at Perth airport for importing an apple, a pear and five tangerines. By comparison we are lax on import controls.

Geraint Davies: How is it that today the hon. Lady is calling for more EU regulations to bring us into line with the United States and more investment in veterinary services and protective mechanisms of security when only yesterday the Leader of the Opposition said that he would reduce EU regulations by a third and make reductions? They are completely contradictory. How much would all this cost?

Mrs. May: If the hon. Gentleman wishes to intervene in the debate, he should listen to it before he asks his question.

I welcome the Government's new campaign against meat smugglers. Posters and leaflets are being circulated at air and ferry ports to make travellers aware of the potentially devastating consequences of illegally imported products, but leaflet campaigns are superficial. The subject should not take the Government by surprise. I am sorry that the Under-Secretary of State for Northern Ireland, the hon. Member for Brent, North (Mr. Gardiner), is not present because I should like to pay tribute to him for his work on raising the issue of bush meat imports. He has raised this issue on a number of occasions. We should all recognise that illegal meat imports pose a major threat to the health and biosecurity of the nation.

We are not talking about a ham sandwich brought in by an unsuspecting tourist in their handbag or a half-eaten foreign delicacy. The trade in illegal meat is a multi-million pound a year criminal trade being run in an organised, systematic manner. I am sure that the Minister is aware of the views of the Veterinary Laboratories Agency and the independent consultants SafetyCraft, which conducted research for the Department for Environment, Food and Rural Affairs, which estimated that an average of 7,500 tonnes of illegal meat products are imported into the UK every year, a figure greater than the combined legal imports of beef into the UK from France, Uruguay and Argentina. That may amaze some hon. Members, but they should not be shocked, because the research also said that the figure could be as high as 17,500 tonnes a year. It is reported that baggage handlers at Heathrow airport have repeatedly raised concerns over personal luggage arriving on flights from Africa that are full of bush meat. Luggage has been found covered in maggots and some has left a trail of blood in the arrival halls. Often, the meat is detected by nothing more than its pungent smell.

Mr. Heath: The hon. Lady is wrong about rhododenrons, but she is right about this issue. There is a laxness about our border controls across the spectrum. It would be far better to have a single uniform border force that could cope with Customs and Excise functions, immigration functions and policing functions, as well as the intelligence work that accompanies those functions. It could provide proper interdiction of the import of illegal meats at all of our ports of entry, not just those where there happens to be a customs officer on duty.

Mrs. May: I agree with the hon. Gentleman that there is a real need for us to focus on the issue and to consider improving our import controls. However, I am not convinced that that would best be done by a single agency that would bring people together in the way that he suggests, because of the specialisms needed to make assessments across the spectrum of issues. The hon.

[Mrs. May]

Gentleman has highlighted the need to take the issue seriously, but I am sad to say that the Government do not appear to do so.

I recommend that the Minister look at the website of the Bushmeat campaign or speaks to Mr Clive Lawrence, formerly of Heathrow-based Ciel Logistics. It says on the website that Mr Lawrence has witnessed seizures of between 400 and 500 kg of illegal bush meat from just two passengers entering the country from Africa.

According to Department for Transport statistics, 64 million passengers landed at or departed from Heathrow airport in 2000 alone. Of course approximately half of those are leaving the country, rather than coming in, but nevertheless, they are massive numbers. However, according to the Customs and Excise annual report for 2002–03, 10,528 people coming in to the UK in total were searched, for all forms of smuggling. Illegal meat imports can be anything from beef, pork and chicken to exotic products such as monkey, antelope, grasscutters—which I am reliably informed are giant rats—porcupines and bush rats. Very real concerns have been raised that bush meat could potentially be infected not just with animal diseases such as foot and mouth and swine fever, but also with diseases such as Ebola and monkey pox which could have a devastating impact on human health in this country.

We should also not underestimate the dangers posed by avian flu, a highly contagious disease in poultry that has caused devastation in the far east. In the last few months, tens of millions of chickens and ducks have been slaughtered across Asia. Sadly, bird flu has also killed 22 people in Vietnam and Thailand. This is a disease threat that must not be underestimated. Nor is it a disease restricted to foreign or distant lands. Last year, 10 million chickens were culled in the Netherlands in an effort to stop the spread of an outbreak of the disease, at a cost to the Dutch industry of an estimated €200 million. It is a disease that has already struck in mainland Europe. We do not have any guarantees that it will not enter the British isles, and the implications could be far worse than foot and mouth disease. Only last week, Dr. John McCauley, of the Institute for Animal Health, said that the virus could be 20 times worse than the 1918 flu pandemic. He said that there was also a realistic chance of the current avian flu virus evolving to threaten people directly. It is important that we discuss such issues in a calm and considered manner. The last thing our farming industry needs is another food scare.

Although we must not cause a public health or food scare, we must also be sure not to take this issue lightly. As Gareth Vaughan, president of the Farmers Union of Wales, said only last month:

> "Foot and mouth devastated the British countryside. We do not want to see a repeat of those dreadful scenes because of poor important controls allowing that or some other terrible disease back into the country."

That is why I say that it is an issue that the Government should take seriously.

Mrs. Lawrence: The figures that I have show that the Government spend £22 million a year on the control and diagnosis of animal diseases and import measures. They also spend £15 million a year on research into bovine TB in badgers, making a total of £37 million on just those two points. Should the Tories get into power, will the hon. Lady give a commitment that they will not cut that expenditure in any way?

Mrs. May: If the hon. Lady is a little patient, I shall come on to the Government's spending figures shortly.

The trade in illegal meat not only threatens the risk of further disease, but poses a serious threat to highly endangered wildlife in Africa and across the globe. The world's leading scientists have stated that species such as gorillas will face extinction within a generation unless immediate international action is taken. The necessity to deal with this problem is not only economic; it is environmentally and ecologically right to put an end to this illegal trade. However, it is a lucrative and an organised trade, worth up to an estimated £1 billion per year, and it is easy to see why. A grasscutter rat can be bought in an African bush meat market for a few pounds but, in the UK, each carcass can command a price well in excess of £100.

The Veterinary Laboratories Agency calculates that roughly 85 per cent. of the bush meat entering the country illegally comes in via personal luggage, that 11 per cent. is smuggled in ship containers, that 3 per cent. comes in via transit sheds and that the remainder arrives by post and courier. Eastern Europe, west Africa, southern Africa, eastern Asia and the near and middle east account for 83 per cent. of the total flow of illegal meat into this country. Once here, it is estimated that 55 per cent. is intended for commercial use. The majority is therefore not for the personal consumption of those bringing it in, but is sold on at vast profit.

The hon. Member for Preseli Pembrokeshire (Mrs. Lawrence) referred to the figures that the Department for Environment, Food and Rural Affairs is spending. It has invested £25 million in a three-year action plan to tackle the illegal trade, and that is welcome news. The initiative includes a new frontier enforcement strategy involving Customs and Excise, four new national strike teams of Customs officers to detect meat and animal products, continuing intelligence gathering and publicity drives and—wait for it—increasing the number of sniffer dogs from two to six. There will be six sniffer dogs when the UK has 110 ports of entry. As we have heard, Heathrow alone deals with more than 64 million passengers a year, and the Minister is offering us six sniffer dogs to deal with the problem.

I do not believe that the Government have taken the threat seriously enough. We have seen a 10 per cent. nationwide reduction in front-line Customs staff, rising to 40 per cent. in some parts of the country such as Wales. That means that ports of entry are often left unmanned. Strike teams and improved intelligence gathering have replaced, rather than supplemented, the existing service.

It may be worth while to compare the figures that the Government are spending with the sums spent in other parts of the world. Some £25 million is being spent over three years to address illegal meat imports in the UK, but Australia is spending £246 million in one year alone—this year—to counter threats from exotic pests and diseases. In addition, the Australia Quarantine and

Inspection Service receives £116 million. Is it any wonder that our farming community has no confidence in the Government's commitment to disease prevention?

Mr. Russell Brown (Dumfries) (Lab): Will the hon. Lady give way?

Mrs. May: I shall not give way again.

The lack of resources is evident in one further area—prosecution rates. Only two prosecutions have been brought against people caught bringing illegal meat, including bush meat, into the UK since Customs and Excise assumed responsibility for the task a year ago. An estimated 7,500 tonnes of illegal meat is entering our country, yet there have been only two prosecutions in 12 months. Even when there are prosecutions, the courts are so lenient that prosecution acts as little deterrent. The first case involved a 48-year-old woman who was charged with illegally importing 186 lb—more than 13 stone—of fish, goat meat and snails from the Gambia through Gatwick. She was fined £150 with £140 costs at Mid-Sussex magistrates court. The second case was that of an American man who was fined £300 with £140 costs. What sort of message does the Minister think that sends out to the organised gangs involved in commercial smuggling?

I began the debate by referring to the scenes of devastation in our countryside in 2001. That was not just about pictures on the television screen. That devastation was felt by many people in their lives, as farmers watched years of painstaking work being destroyed before their eyes and many farmers and others saw their livelihoods vanish. We all have a duty to make sure that that cannot happen again.

Sadly, the Government are failing in that duty. Their failure to deal with illegal meat imports and their lack of import controls are putting British farming and potentially the health of the nation at risk. It is time the Government listened to farmers and others, including those on their own Back Benches who have been highlighting the risk. It is time the Government took the risk and the issue seriously. Their failure to act is letting all of us down.

3.46 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"commends the action taken by this Government to eradicate exotic plant and animal disease when it occurs, and to control endemic disease; congratulates the Government on its actions that have succeeded in reducing the number of BSE clinical cases to just 184 last year; further congratulates the Government on eradicating a major outbreak of Foot and Mouth Disease in seven months, and on implementing the recommendations of the Lessons Learned and Royal Society Inquiries so that Government is better prepared to tackle a future outbreak of a major livestock disease; welcomes the significant progress made to tackle illegal imports both by increasing enforcement activity at the border and by increasing public awareness; applauds the Government on its action taken against other animal and plant diseases, notably Salmonella Java and potato ring rot; and notes the Government's continuing commitment to prevent serious animal and plant disease."

I am grateful to the hon. Member for Maidenhead (Mrs. May) for initiating the debate. I am sorry that she felt it necessary to take a cheap swipe at my ministerial colleagues who cannot be present today. As the Minister responsible for animal health, I am pleased that I can be here. It gives me the opportunity to outline some of the measures that the Government have taken to protect and improve our animal and plant health record.

When Labour came to power, there were out-of-date and insufficient plans for tackling major outbreaks of exotic diseases, yet the Government managed to control and eradicate in only seven months the largest outbreak of foot and mouth disease ever, and contrary to the wording in the Opposition motion, we have learned the lessons from that outbreak. We have taken new legislation through Parliament to ensure that we have better powers to tackle not just foot and mouth, but other exotic diseases in future. We have put in place new measures to protect against the import and spread of disease, and we have consulted on and published detailed contingency plans for tackling those diseases in the event of an outbreak.

We have also set about addressing what the overall approach to animal health and welfare should be, a subject on which the hon. Lady had nothing to say. The Policy Commission on the Future of Food and Farming, known as the Curry report, was highly critical back in 2002 of Britain's animal health record under the previous Conservative Government. The present Government are committed to restoring our national reputation and we will do so by working with all interested parties. It is this approach that underpins the current development of our animal health and welfare strategy.

That will set out the roles of Government and others in protecting ourselves against the incursion or spread of animal disease. There will be incentives to good practice and a greater sharing of responsibilities and burdens between taxpayer, consumer and the agriculture industry. A key strategic aim will be to ensure that animal owners adopt a far more proactive approach to preventing disease and welfare problems and address practices that increase the likelihood of disease.

There are also some fundamental challenges for the veterinary profession. The recent Environment, Food and Rural Affairs Committee report on vets and veterinary services raises issues about the extent to which the veterinary profession will be able to deliver the aims of that strategy. We are working closely with the entire profession and with livestock farmers, and we will respond to the Committee before the summer recess.

Mrs. Browning: Does the Minister share my concern that while we rightly allow veterinarians from within the EU, which is a single market, to come and practise in this country, it is clear that the amount of work they do on farm animal husbandry during their training is miniscule compared with the amount involved in veterinary training in this country? Does that cause him concern?

Mr. Bradshaw: No, it does not. It would be wrong of the hon. Lady to decry the contribution made in this country by vets from other EU countries. Their

[Mr. Bradshaw]

contribution has been massively important, not least in the foot and mouth outbreak and since. They have a contribution to make and they would not be allowed to work in this field if they did not have the relevant qualifications. Our veterinary student numbers are at record levels, so I do not share the concern that she expresses.

Mrs. Browning: Will the Minister give way?

Mr. Bradshaw: No; I should like to make some progress.

The Government also accept that we have a key role to play in protecting public health, in protecting and promoting animal health and welfare, in helping to control or eradicate disease and in securing opportunities for international trade. We must recognise that the UK benefits enormously from that trade. In the last year for which we have figures, 2003, our livestock exports were worth £1,667 million to this country. Our export of crops was worth £825 million and exports of pig and pigmeat products alone amounted to some £107 million.

Imports are also important, because they enable us to produce a wide range of value-added products that we could not produce if we had to rely on UK materials. This is good for jobs and good for the UK economy generally. The hon. Member for Maidenhead was right to say that controls on imports from third countries are a major weapon in the fight against the introduction of disease via imported animals, animal products or plants. The vast majority of import controls are part of EU law. Where there are gaps, we apply domestic measures on the basis of a risk assessment.

Live animals and animal products may be imported only from third countries approved by the European Commission, and only from approved establishments in those countries. They must have an official veterinary certificate guaranteeing their health status and may enter the EU only via an approved border inspection post at the port or airport of entry. There, comprehensive veterinary checks are carried out to ensure that all the import conditions specified in Community law are met. Only then will they be released for import.

Imports from other EU member states will have been subject to controls before they were exported, to ensure that they meet Community rules. Where there is an outbreak of certain diseases in a member state, exports are not permitted.

Mr. David Kidney (Stafford) (Lab): My hon. Friend has just explained the legal and commercial route for livestock and foodstuffs through border import posts. As I see it, that system has worked robustly and well for a long time, but the fears articulated in the debate seemed to overlook that system completely. Does he think that paying more attention to the successes would be very helpful in reassuring people when we start to clamp down on the areas that need more attention?

Mr. Bradshaw: It is important that we draw attention to our successes, which is partly what I am trying to do, but there are also genuine concerns about the other side of these matters, including the illegal smuggling mentioned by the hon. Member for Maidenhead, to which I shall refer in a moment.

There are similar import restrictions in relation to plant health. Where there is a plant health risk, all plants and some plant products must have an official phytosanitary certificate guaranteeing their health status, and some are prohibited altogether. All consignments are liable to inspection on arrival either at the port of entry or at an inland inspection point, whether or not a certificate is required. UK checks are targeted at trades and consignments deemed to represent the highest risk. For intra-Community movements, the onus is again on control in the member state of origin, through a system of plant passporting backed up by a comprehensive system of monitoring and trace-back arrangements in the event of a problem being identified.

Following the foot and mouth outbreak in 2001, the Government have made significant strides to improve our ability to detect and prevent illegal imports of animal products from third countries. We have provided new money amounting to £25 million over three years to enhance controls. Her Majesty's Customs and Excise took over responsibility for border controls targeted against smuggled imports in 2003. A range of new measures have been introduced, including additional staff, better intelligence gathering behind the scenes and teams of detector dogs, of which there will shortly be 10. There has also been a significant increase in publicity material, and new posters and leaflets are now available to increase public awareness.

Mr. Alan Reid (Argyll and Bute) (LD): In a written answer on 23 February, the Economic Secretary referred to last year's trials of X-ray technology, which has not been put into practice. Will the Minister tell us the result of the trials and whether X-ray technology will be used?

Mr. Bradshaw: I will write to the hon. Gentleman on his specific question about X-ray technology. As a result of the measures that are in place, seizures of illegally imported meat have increased massively, and I shall give him some figures later in my speech.

Mr. George Osborne (Tatton) (Con): The Minister is talking about measures that the Government have taken. Does he agree with the Under-Secretary of State for Northern Ireland, the hon. Member for Brent, North (Mr. Gardiner), who has great independence of mind, that

"There will be an epidemic and some form of transmission into the human population. It is a matter of mathematics. No one can say when it is going to happen, but it will happen"?

What has he got to say about those comments from a fellow Minister about the Government's regime?

Mr. Bradshaw: I hesitate to comment on quotes provided by Opposition Members that I have not read before, which may be out of context, but I will check up on that point. Yes, the threats are serious. Extra challenges arise as trade, from which we all benefit, increases, but I argue that the Government are meeting those challenges. The hon. Gentleman is right that, not

least in the hands of terrorist organisations, zoonotic diseases could be a serious threat not only to the UK but to countries throughout the world, which is why we are implementing our measures.

In my reply to the hon. Member for Argyll and Bute (Mr. Reid), I said that seizures have risen significantly. There were 2,053 seizures in 2001–02, and that figure increased almost fourfold to 7,819 in 2002–03. The latest indications are that that upward trend has continued, and the figures for 2003–04 will be published in June in our annual review of controls on imports of animal products.

I have indicated that we can never achieve 100 per cent. protection against disease entering the country. One factor that can reduce or increase the spread of livestock disease is the quality of biosecurity within the UK. Biosecurity includes the extent to which livestock are moved around the country, and standards in markets, which is contrary to the contribution from the shadow Chief Whip, who indicated that livestock markets play no role and that biosecurity at livestock markets is not important. A high level of biosecurity is vital in helping to prevent the spread of disease.

Back in 2001, livestock movements in this country were virtually unrestricted except for pigs, but foot and mouth taught us that we could not continue like that. Farmers and others in agriculture obviously want to trade when and where economic conditions encourage it, but equally, the Government have a responsibility for the protection not only of the public interest but of animal health, and we have tried to find the appropriate balance between those two potentially conflicting points of view.

Initially, we extended to all species the 20-day standstill for pigs, but we also commissioned a cost-benefit analysis of various movement standstill regimes. We concluded that the 20-day standstill should remain for pigs, but for other species we should not revert to the pre-2001 laissez-faire approach but should instead introduce a six-day standstill, which we introduced in August 2003, with the involvement and overwhelming support of stakeholders in the livestock industry.

We have made it clear that if disease threatens, we will revert to a 20-day standstill, and that if disease returns, a complete movement ban will be imposed initially. The same approach has been taken to developing controls in markets and elsewhere. Biosecurity proved paramount in the eradication of foot and mouth disease in 2001. We have learned that the livestock industry must observe higher standards than in the past in order to reduce the risk of livestock disease spreading, and that we must improve detection of those who fail to comply.

Markets and livestock shows now have to be licensed to make sure they maintain biosecurity, as the mixing of a large number of animals from different origins could allow disease to spread very quickly. The cleansing and disinfection of livestock vehicles is also key to preventing the spread of disease. Strict rules were in place for some time, but we learned from the foot and mouth disease outbreak and improved the rules so that they can be better enforced.

With regard to the measures that are being put in place to deal with any future outbreaks of exotic animal disease, contingency plans that fit within the framework of EU-approved contingency plans have been and continue to be developed. The latest version of DEFRA's foot and mouth disease contingency plan, which provides the structures, roles and responsibilities to ensure a robust framework for the response to a future exotic animal disease, was laid before Parliament at the end of March 2004.

Let me comment on what the hon. Member for Maidenhead and the hon. Member for Tiverton and Honiton (Mrs. Browning) said about the foot and mouth outbreak and the role of the state vet, Mr. Jim Dring. I accept, as do my ministerial colleagues, that it was a mistake not to pass Jim Dring's testimony—or whatever one wants to call it—on to the Anderson inquiry. We have also made it clear that, as the hon. Member for Maidenhead said, the decision was made on understandable legal advice about the possibility that it might prejudice the forthcoming trial of the Waughs. As soon as Jim Dring's testimony was drawn to my attention, I asked for it to be published and placed not only in the Library but on DEFRA's website.

I am afraid that the hon. Member for Maidenhead did what some in the media have done in quoting selectively and tendentiously from Jim Dring's very long testimony, to suggest that during the inspections immediately prior to the foot and mouth outbreak he complained about a lack of resources. He did not. The only reference that he made to the service being stretched was in connection with an earlier outbreak during the previous year. It is best to read Mr. Dring's report in full. He has said that there was no knowledge that he possessed at the time that was not passed on to the Anderson inquiry. Professor Anderson, whom I asked to read Jim Dring's report in full, has also said that nothing contained in it would have made any difference to his recommendations.

I have to tell the House that Mr. Dring is furious about the misrepresentations made in some media reports, which I am afraid were repeated by the hon. Member for Maidenhead and which seem to try to divert blame for the foot and mouth outbreak from those who were responsible on to a conscientious and hard-working vet.

Andrew George: In questioning this matter there is no attempt, certainly on my part, to put the blame on Mr. Dring. I raised the issue in the House on 11 March and wrote to the Secretary of State, who originally said that the Dring report consisted merely of "musings". When the report came out, the Minister failed to publish the covering note making it clear that it was intended for Dr. Anderson's inquiry. Does not the Minister understand that we are questioning the integrity not of the vet but of the Ministers from whom we had to drag this information out bit by bit?

Mr. Bradshaw: It did not have to be dragged out from me. As I said, as soon as I was aware of the report, I put it into the public domain. I am afraid that the hon. Gentleman, for whom I usually have quite a lot of time, falls into the same trap as the hon. Member for Maidenhead and some of the media by misquoting not only Mr. Dring's report, but quotes in this House by my ministerial colleagues. The Secretary of State did not describe the Dring report as merely "musings", and I suggest that the hon. Gentleman check his facts in *Hansard* before misquoting hon. Members.

[Mr. Bradshaw]

I want to say something about endemic diseases. Again, the Government's record shows that we can get those under control, as is illustrated by BSE, which is now in sharp decline. From a peak of more than 37,000 clinical BSE cases in 1992, there were 184 clinical cases last year. We hope that beef exports banned under the previous Conservative Government will soon be able to resume.

Brucellosis was confirmed in a suckler beef herd in Cornwall last month. The outbreak was detected early and dealt with swiftly, and has not affected our officially brucellosis-free status within the EU.

Bovine TB is perhaps the most difficult animal health issue that we face. We recognise the distress and hardship to those whose businesses are placed under restriction, but there are no easy answers. This is a complex disease, and many of the scientific issues associated with it are poorly understood. However, the Government are determined to tackle the problem by working in partnership with farmers, vets, wildlife groups and others.

There have been increasing calls by some for a policy of badger culling. The finding last year that reactive culling increased the number of TB breakdowns in cattle, compared with control areas, illustrates the need for caution. As I have said before, the Government are prepared to consider a badger-culling policy, but not in the absence of robust scientific proof that such a strategy would help.

Mrs. Browning: The Minister must be only too well aware that that work has already been done in the east Offaly projects in the Republic of Ireland.

Mr. Drew: No!

Mrs. Browning: Yes, it has. I took a briefing from the chief vet there only last year on the follow-up to the projects. Why has the Minister not gone to Ireland and listened to what the Irish have done?

Mr. Bradshaw: I have regular contact with my Irish colleagues, and if the hon. Lady had taken the trouble to ask them, she would have received the answer that the report has not yet been published. As soon as it is, we shall respond to it.

Mr. Drew: I thank my hon. Friend for giving way, and I apologise for my sedentary intervention. The problem with the Irish experiment is that it is not underwritten by any scientific rationale. That makes it highly defective, but we will learn that lesson. Given that my hon. Friend seems to have spent an awful lot of time answering questions from the hon. Member for North Shropshire (Mr. Paterson), who is unfortunately not with us today, would it not be helpful, in addition to considering the Select Committee report, to bring hon. Members in to look at the latest scientific evidence on bovine TB? I am alarmed that those on both sides of the debate seem to want to push it in a direction that is not underwritten by science. Does my hon. Friend agree that the only way to get on top of this disease is to use the science in a satisfactory way?

Mr. Bradshaw: As usual, my hon. Friend speaks very good sense, based on a wealth of experience. He might be interested to know that, on a number of occasions, I have offered a specialist briefing to the hon. Member for North Shropshire, but he has so far not taken up the invitation.

Andrew George: I am grateful for the Minister's forbearance and I entirely endorse the comments of the hon. Member for Stroud (Mr. Drew). The Minister said earlier that it was absolutely paramount that biosecurity measures should be put in place and that his Department placed a high priority on that issue. What priority does it place on fallen stock, in respect of the animal by-products order? When we debated the order in Committee on 15 September last year, he told me that he hoped that the fallen stock collection scheme that the Government were planning would be up and running in time for the new year. In a written answer to me on 12 January, he said:

"We hope to be able to make an announcement on the start date shortly."—[*Official Report*, 12 January 2004; Vol. 416, c. 495W.]

In fact, the scheme might not be in place until the autumn, at the earliest. What does that tell us about the priority being given to this important matter by the Department?

Mr. Bradshaw: I regret that the scheme is not already up and running. It is not exactly hot news that it is going to be delayed until the autumn; an announcement was made to that effect about a month ago. The hon. Gentleman will be aware that we encountered a number of problems getting the agreement of the industry on the levels of charges for the different sectors and different sized holdings, for example. We also encountered specific problems relating to sheep fleeces, among other problems, which needed ironing out. The delay that we are facing does have the support of the industry, and I am confident that the scheme will be up and running this year.

I need to say a little about plant health, because the hon. Member for Maidenhead addressed that issue in her speech. This country's record on protecting Britain from plant pests and diseases is an excellent one. The high level of UK expertise in this area, both in terms of the quality of scientific input and the effectiveness of on-the-ground inspection and enforcement is widely recognised. Indeed, that recognition has been acknowledged in the National Audit Office report, "Protecting England and Wales from plant pests and diseases", which also noted the country's good record on containing and eradicating outbreaks.

Clearly, the best first line of defence is to keep pests and diseases out, and again the UK's record is good in that regard. But without a complete ban on trade it is not possible to prevent totally the entry of pests and diseases, and even then some will make their own way here. The plant health service's ability to respond rapidly to outbreaks is therefore vital. As my hon. Friend said, the response to last year's outbreak of potato ring rot in Wales was widely acknowledged in both Government and industry circles as textbook, and was illustrative of the professionalism of DEFRA's plant health service.

Current and recent challenges, such as potato ring rot last year and the fungal disease phytophthora ramorum—sudden oak death—have highlighted the

need for close collaboration between Government and growers. The potential impact of phytophthora ramorum on some of our native and non-native trees and other ecologically important species is a particular concern. As soon as the link between the strain found in Europe and the US was established, by a Forestry Commission scientist, the UK was instrumental in securing an EU co-ordinated approach to tackling the disease. I have heard it said several times that the disease continues to be imported into this country. However, the majority of the findings confirmed so far are of UK origin. That is why, at the end of last year, in addition to the EU measures, I agreed a 50 per cent. increase in resources devoted to the detection of the disease and research.

Although it is still too early to be certain, our strategy appears to be working. Comparing the first three months of 2003 with 2004, the number of new outbreaks has dropped by 67 per cent. The first major Forestry Commission phytophthora ramorum woodland survey has also recently been concluded. The disease was not found during the survey of 1,348 sites visited across Great Britain. That is encouraging news but we still have a lot of work to do. I have seen for myself in California the devastation that this fungus can cause. It is imperative that we gain a clear understanding of the potential impact here, and in the meantime that we continue to take a precautionary approach. I am very conscious that that is creating difficulties for those affected in a number of areas. I am grateful for their continuing co-operation and understanding. For the Government's part, we will do our best to work with those concerned to ensure that the impact on their businesses of any necessary action is minimised.

The hon. Member for Maidenhead had something to say about money. I was pleased about that. I shall give her a couple of examples comparing spending on this area now with spending under the previous Government. The total DEFRA spend on veterinary research in the last year of the Conservative Government, 1996–97, was £24,240,000. In the last year for which we have figures, 2001–02, it was £37,576,000. That is a huge increase, of 54 per cent. Similarly, with regard to resource allocation to the state veterinary service, the spend back in 1995 was £1.1 million, compared with £1.445 million now. I cannot do the maths off the top of my head, but that seems to me to be a 20 per cent. or 30 per cent. increase. Again, that is a huge increase in the Government's commitment to tackling the issue.

Back in February, I wrote to the hon. Lady asking her about her financial commitment not just to this area of policy but to DEFRA as a whole. As we all know, her colleague the shadow Chancellor announced that only education and health would be protected in terms of spending in the first two years of the next Conservative Government, and that the cut that would have to be inflicted on DEFRA was equivalent to about £140 million. I sent that letter on 18 February, and I still have not received a reply. Perhaps when her colleague sums up at the end of today's debate, he might outline for the benefit of the House exactly where the Tory cuts on plant and animal health will fall.

If one goes through a list of all the potential plant and animal diseases, and their prevalence in this country, the rest of Europe and other parts of the world, one sees that we have a much better record on plant and animal health than is generally assumed because of the major problems caused by BSE, foot and mouth and bovine TB. On plant health, we have one of the best records in the world. Diseases or pests that are common or endemic elsewhere, such as Colorado beetle, potato ring rot and thrips palmi are rare or absent here.

Animal diseases such as rabies, swine fever, avian flu and brucellosis which are endemic or cause regular problems abroad are absent from this country today. In fact, contrary to what is said in the motion, there has been a positive trend despite a massive increase in trade. Activity to eradicate animal diseases has continued over the last 40 years under successive Governments, and foot and mouth, classical swine fever, brucellosis and Aujezsky's disease, for instance, are no longer endemic here. Any incursions of disease have been dealt with effectively to maintain our disease-free status.

The foot and mouth outbreak in 2001 was brought under control in record time, and measures are now being taken on the basis of recommendations made by the Anderson and Royal Society reports. We are working with the farming industry to tackle tuberculosis in cattle, a problem that we share with a number of other countries including Ireland, the United States and New Zealand. We have also developed, for the first time, an animal health and welfare strategy, so that we can learn from the problems we have experienced and from best practice abroad.

Mrs. May: Will the Minister give way?

Mr. Bradshaw: I am sorry, but I am about to finish my speech. The hon. Lady had an opportunity to intervene earlier.

The strategy will help producers to improve and protect their animals' health. It will provide incentives for good practice, and it aims to make the balance of the cost between producer, consumer and taxpayer more equitable if problems do occur.

Against that background, I urge the House to reject the motion and support our amendment.

4.16 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): First, let me draw attention to my entries in the Register of Members' Interests in relation to livestock farming.

I am pleased that we have the opportunity to debate these issues today, as too often we have been prevented from doing so. My hon. Friend the Member for St. Ives (Andrew George) has frequently chided the Secretary of State for treating the House as a notice board rather than as a debating chamber where we can scrutinise Government policy, and perhaps contribute to making it more beneficial to the British agriculture industry. I would go a little further: I think that DEFRA does treat the House as a notice board, but often it has no messages to put on the notice board.

The farming industry finds it very difficult to plan for the future when so little information is given to it. We are still waiting, for instance, for information on tenants and new entrants in the mid-term review of the common agricultural policy. They are the most vulnerable people in the industry. The over-30 month scheme seems to

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have disappeared over the political horizon, and if we had to depend on the Government for the fallen stock scheme the stock would remain fallen on the farms, which would cause a great problem for everyone.

Mr. James Gray (North Wiltshire) (Con): Thank God for the hunts.

Mr. Williams: Yes!

Bovine TB is getting out of hand. It is spreading across the country at an alarming rate. What causes farmers the most distress, though, is the Government's inactivity and lack of resolution.

Mr. Martlew: I do not disagree with the hon. Gentleman about the spread of bovine TB. In Cumbria we were exempt, but when we were "killed out" after foot and mouth we imported cattle with TB from the south-west. It was not badgers that spread the disease in our area.

Mr. Williams: I do not think we have yet resolved the question of whether TB is always spread from bovine to bovine, or from wildlife to bovine animals. Part of our concern is the need to get on and do the fundamental research that is so important. As the Minister said, we must make decisions based on sound science. If we start to base them on knee-jerk reactions, we will probably end up in a worse situation than at present. The hon. Member for Carlisle (Mr. Martlew) made a good point on the movement of cattle. We are considering the consultation document on TB and will have something to say on pre-movement and post-movement testing.

The Government seem to have no confidence in themselves to deal with a number of the issues, and as a result, the industry has no confidence in the Government. That is a poor base on which to establish a sound and realistic approach to preventing disease from entering this country, and to stop the spread of disease if it does enter the country and take hold.

Of course, I accept that the Government have had to start from a very weak base. It was the Conservative Government who closed veterinary investigation centres and presided over the closure of veterinary departments in universities. Had it not been for work done by my predecessor, they would have closed the veterinary department in my university, Cambridge, but luckily, that survives. They also centralised the state veterinary service and reduced the number of vets involved in it, and I shall come back to that. As the Minister said, when this Government took over, the contingency plans in place were often incomplete, inadequate or incomprehensible to read, and they were of no use in dealing with diseases when they occurred.

Much mention has been made of the problem with imports, which is fundamental. I am sure that farmers' and the agriculture industry's trust in the Government would be enhanced if the Government were much more open about the importance of import controls. We can hardly hear them speak about import controls without their then going on to talk about biosecurity in the farming industry. Farmers accept that, but they would also like to see a much more open, definite and strong voice when the Government talk about import controls.

Some 18 months ago, I spoke in support of a ten-minute Bill in the House that asked that import controls be put in the hands of one agency. I was therefore very encouraged when the Secretary of State for Environment, Food and Rural Affairs announced one day that that would happen, and that controls would be put into the hands of Customs and Excise. That is the right move, but I do not know if it has achieved as much success as we would have liked. The sheer quantity, as the hon. Member for Maidenhead (Mrs. May) pointed out, of illegal meat that comes into this country makes it almost certain that at some stage we will get an exotic disease that is either infective to animals, whether to domestic animals or wildlife, or is a zoonotic disease—one which spreads to human beings. All the public uproar that we had over BSE and foot and mouth would be as nothing compared with the public uproar if a disease came in that affected the human population.

Mr. Russell Brown: I thank the hon. Gentleman for giving way, because I tried to intervene on the hon. Member for Maidenhead (Mrs. May). Much is said about import controls, and I wholeheartedly agree that despite what we have done, we need to toughen them up. Much emphasis is given to what the United States does, but I point out to the hon. Gentleman and the hon. Lady that what we have seized in this country is only a fraction of what they have seized in the United States. We say that that country has a good system, but it seizes literally hundreds of thousands of kilos. That seems to be forgotten.

Mr. Williams: The hon. Gentleman makes a good point, but there is a huge market in ethnic foods in this country, which contributes to the scale of the problem.

I have visited Heathrow, through which, as the hon. Member for Maidenhead said, more than 60 million people a year pass. That is an enormous number of inspections to carry out. We will never tackle this problem if we attempt to do so on a random or lottery basis, and greater emphasis must be placed on an intelligence-driven system. The people involved in illegal meat imports are often the same people who are involved in narcotic and drug imports. They see the former as an almost equally profitable business to be in, but without the great danger of being apprehended, and with virtually no danger of any punishment if they are caught.

In addition to an intelligence-based system, we want magistrates and judges to be given more training in the nature of this offence, and to be made aware of the severe consequences if illegal meat imports continue. The best deterrent of all is a very stiff sentence. We look to the courts and the training systems to ensure that that issue is addressed.

Mr. Kidney: I missed the hon. Gentleman this morning at Windsor Great Park—*[Interruption.]* I was there and he was not. He is making some very constructive suggestions in respect of illegal imports, but will he distinguish—as I asked the Minister to do—

between such imports and legal commercial imports conducted through import posts, at which the inspections are thorough and reliable?

Mr. Williams: I am not sure that I understand the hon. Gentleman. If he is talking about commercial meat imports into this country that come through recognised ports and which are declared, I take his point. We still have a problem with beef imports from south America, for example, where foot and mouth remains endemic. We import from areas that are "foot and mouth free", and we depend very much on the work done in those countries to ensure that meat is sent there with a credible assurance that it is free of foot and mouth.

One of my concerns is that when cargo consignments enter this country, they are often labelled as consolidated, with no indication given of what might be in the container or package. Clive Lawrence—he has been mentioned before—points that out as a great weakness in the system. It would be of great help at airports and seaports if full details of the contents of imports were given on containers.

Mr. Drew: The problem with the debate about illegal imports—and legal imports, as my hon. Friend the Member for Stafford (Mr. Kidney) alluded to—is that it is not as straightforward as it appears. The EU has been in dispute with the US for countless years about hormones in beef, and in my view the EU is right; indeed, I had an argument with my noble Friend Lord Rooker about whether such opposition is legitimate. The situation is not as straightforward as "Illegal imports bad, legal imports good."

Mr. Williams: I take the point that the situation is more complicated than that.

I shall have to gallop through the remainder of my speech if other Members are going to contribute. My hon. Friend the Member for St. Ives raised the subject of foot and mouth and Mr. Dring's report in the House on 11 March, and he wrote to the Secretary of State on 17 March. My party is no longer calling for a full public inquiry into foot and mouth because we believe that the time for such an inquiry has passed, and the expense and various organisational problems involved in having one are not justified. Things have moved on, the reports have been produced and vaccination is obviously going to play a bigger part in combating any future outbreak. However, Mr. Dring's comments do bear further investigation. We need to look into what happened at the Waugh farm, and why the problems were not dealt with sooner, and perhaps the licence revoked.

BSE is a classic case of our not addressing the fundamental science. We still do not understand the nature of the infective agent. We do not understand entirely how it spreads from bovine to bovine or whether it is also found in ovine animals. Equally, we do not know with any certainty how it spreads from cattle to human. That has resulted in huge problems of expense. No one who has had a blood transfusion since, I think, 1980 can donate blood, because we did not understand then and we do not understand now. Investment in fundamental science is always cost-effective for the nation, because it allows us to make decisions with certainty rather than guessing.

Has the Minister fully investigated the problems of developing an effective vaccine for tuberculosis? Is it being held up by financial considerations, or by the fact that it takes a number of generation times to do the development work—or are we simply not putting enough pressure on the research establishment? Very difficult decisions will shortly have to be taken.

Professor Godfray's report said that Professor Bourne's recommendation not to continue with active culling was implemented too soon. That is a classic example of two different interpretations of the same evidence.

Mr. Bradshaw: There has been a lot of misunderstanding and misrepresentation of what Professor Godfray said about the abandoning of the reactive cull. Neither he nor John Bourne said, contrary to some press reports, that it was the wrong thing to do. They both said that, in terms of science, it would have been preferable for the cull to have continued, but given the fact that the independent scientific group found—Professor Godfray did not challenge this—that the reactive cull had increased the incidence of TB in cattle by 27 per cent. in the affected areas, both gentlemen understood why, politically, the Government could not possibly have continued with the cull.

Mr. Williams: If we consider the whole process of the Krebs trials, we see that several issues need clarification, either from the Minister or from his officials.

We are very pleased that the Environment, Food and Rural Affairs Committee is conducting another investigation of TB. I do not see the Chairman here today, but I urge the Committee to visit Ireland. There is a lot of discussion about whether the work being done there has the imprimatur of the peer review that is so essential to science, but the Committee should go there and scrutinise it, just to see whether it has any implications for the British situation, because there are a lot of similarities in relation to the countryside and the nature of our agriculture.

The outbreak of ring rot in potatoes was in my constituency. There was disagreement in the House about who was responsible for controlling it—the politicians or the officials. We should all have enough good grace to say that the person really responsible for ensuring that the disease did not spread was the farmer. We talk about biosecurity, and he had excellent records and could trace the path of every single potato that had left or entered his farm. I do not want to make the point again in great detail today, but Ministers refused my invitation to meet the farmer, John Morgan, who could explain the position to them. There is a man suffering huge financial losses, for which no blame has been apportioned. I believe that his position should be examined: it is a one-off, and if it had not been for his immaculate work in maintaining records and doing his job, the problem could have been a lot worse than it is.

I finish with a brief review of the veterinary service in Britain. The state veterinary service has been centralised and reduced: it is no longer as reactive as it was to local developments. The British Veterinary Association made contact with me today and asked me to ask the Minister how many times vets go out on livestock farms nowadays to examine the livestock itself. Not only is the

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state veterinary service much reduced, but because the livestock industry has gone through difficult financial times, large animal practices are not as thick on the ground as they were. More and more of vets' work is connected with pets and small animals. Vets seldom go out to look at the stock on farms. Indeed, even during emergencies, few vets are available to treat large animals. I could provide many examples to back that assertion, if necessary. Will the Minister respond to my points about the state veterinary service and private veterinary practice? I reiterate my point about the importance of reflecting on what is happening in Ireland.

The Minister provided some evidence to show that the Government were spending more money on research, but we say that it is very well spent indeed, and if there is any more investment is to be made, it should be in the fundamental sciences, because in the long run, they will prove most effective in dealing with the problems that we are debating this afternoon.

4.37 pm

Mr. Eric Martlew (Carlisle) (Lab): I shall start by attacking the Opposition's logic in claiming that the Government's record does not bear looking at. I shall then gently criticise my Government for some of the things that they have not yet done.

It seems to be my lot to speak about agriculture. Over the years, I have tried to get away from it, but the reality is that I am in my place to talk about it again. In 1986, I was working for one of the largest dairies in the country when the nuclear disaster at Chernobyl took place, nearly closing the factory. To be honest, biosecurity would have had no effect on that particular incident.

It may be asked why I am bringing up events that happened in 1986. First, I remember that in 1986 the then Minister of Agriculture, Fisheries and Food—now the noble Lord Jopling—said that the matter was under control and that the problem would be solved in six months. However, farms—many in Wales and, I understand, some in my county of Cumbria—are still affected by radiation from Chernobyl. So nearly two decades on, we are still suffering from problems stemming from Chernobyl. The Government of 1986 allowed lamb contaminated with radiation to enter the food chain. When I became a Member of Parliament, I sat on the Agriculture Select Committee, which conducted an inquiry into that matter.

Shortly after that, I recall the problem of salmonella. It was a major issue because the responsible Minister and former MP, Edwina Currie, said that most British eggs were contaminated with it. That created panic in the country and meant the destruction of millions of hens. It took the industry years to recover and brought an end to a ministerial career. I recall debating the issues in the House and quoting Peter Rabbit—the Minister of Agriculture, Fisheries and Food at the time was John MacGregor, and it seemed appropriate.

Some people say that the problems caused by foot and mouth disease are of the same magnitude as those caused by BSE. They are not. The difference is that BSE has killed 140 people, including an 18-year-old constituent of mine.

Moreover, BSE was not imported, and did not come to Britain in someone's suitcase. It was manufactured in the UK, by the previous Conservative Government, who allowed a reduction in the rendering temperatures used on material going into food. I do not say that they manufactured BSE deliberately, but the problem arose directly out of that decision.

Today, the Opposition's criticism of the Government does not amount to very much, as an inspection of the motion makes clear. Some Opposition Members attending this debate were in the House at the time of the BSE scare, and some were even Ministers. In fact, I accept some responsibility too, as I was a member of the Select Committee that investigated the matter. We concluded that it was safe to eat beef, but we were wrong. It was not safe to eat beef at that time, but we did not know the science involved. Later, I was in a car on the way back from a by-election when I heard the then Secretary of State for Health admit to the House that BSE could be transmitted from animals to human beings. We must not think that BSE and foot and mouth are of equivalent seriousness, as the foot and mouth outbreak did not lead directly to any human deaths.

I want to say, by way of a gentle word to the Minister, that it is not a good idea to keep on saying that the 2001 foot and mouth outbreak was the largest in Europe, or the world. I do not think that this Government, or any other, could have tackled it any better, but the truth is that they did not tackle it very well. I am sorry that my hon. Friend the Member for Dumfries (Mr. Brown) is not present, as the foot and mouth outbreak was tackled well across the border in Scotland. The problems there were far smaller than in England.

I represent Carlisle, so I was at the epicentre of the outbreak. It was not very pleasant, and I accept that the problem went far beyond the loss of animals. A whole way of life was lost, and many people lost their life's work. That was very distressing.

My constituency is mainly urban, and I live in the centre of it. However, I could smell the meat singeing on the pyres all around. I vowed that we should never have to go through that again—in my constituency or anywhere else.

Part of the problem in tackling the outbreak stemmed from the fact that the previous Conservative Government had reduced the number of veterinary surgeons. If another outbreak occurred today, we would not have enough vets to deal with it. I suggested, during the 2001 outbreak, that we should establish the veterinary equivalent of the Territorial Army. Under that plan, we would have vets in reserve who could be called on in emergency. I am not sure that we have done that.

My biggest criticism of the farming industry and the Government—and the Opposition too—is that, both during the outbreak and since, everyone has avoided tackling the question of vaccination. I do not believe that we can make the country's borders secure. In 2001, the foot and mouth epidemic caused the general election to be delayed. If people wanted to create panic in this country, all they have to do is import the foot and mouth virus. That would be bioterrorism, and it could happen.

In such circumstances, it would not matter how many sniffer dogs we had at our ports. I remember asking my hon. Friend the Minister for the Environment, the hon.

Member for Scunthorpe (Mr. Morley), who in 2001 was Minister for Fisheries and the Countryside, if he knew the names of the only two dogs that we had. For the first time in my experience, he was not able to answer the question. In reality, our borders will never be secure. Although I agree that we should try our best to make them so, there will always be the chance of disease coming into the country. That is why I believe that we should make sure we never have foot and mouth again by introducing routine vaccination. It is sad that this country—under the previous Government, though I do not blame them for that—persuaded the rest of Europe away from vaccination. Unless we introduce that as policy, we will, sooner or later, have another outbreak of foot and mouth.

Mr. Kidney: We all hope that there will never be another outbreak of foot and mouth disease, or that if there is, it is as long until then as the last one was from the one before. Vaccination is important, but when we considered it at the height of the last outbreak, retailers would not accept it for meat to be sold and we thought that the public would not buy meat if animals had been vaccinated, which was the justification for the retailers' decision. Does my hon. Friend agree that we should now be raising awareness and winning minds about vaccination for the future?

Mr. Martlew: I totally agree. The company that runs the dairy where I used to work threatened to close it if we introduced vaccination, because it believed that the product would not be acceptable. That was nonsense. We need only to think of the number of other things for which animals are vaccinated. It was a panic reaction by the retailers. Even so, people in Cumbria practised on oranges—that is how close we came to vaccination. In the end, the National Farmers Union decided that it was not a good idea, although I suspect that most farmers in the area thought that it was. We have to take the opportunity now when there is no panic to get retailers, wholesalers and the industry to accept vaccination. It will be too late once there is another panic, as my hon. Friend says. Vaccination is the way forward.

The hon. Member for Brecon and Radnorshire (Mr. Williams) mentioned a vaccine for bovine tuberculosis, and I agreed with what he said. About 12 years ago, I tabled a parliamentary question asking why we had not developed a vaccine for that. We have had one for human TB for 50 or 60 years. The answer was that research was going on, but that a vaccine was a long way in the future. Twelve years is a long time into the future, and I do not think that the issue has been given enough priority. One reason for that was that everyone hoped it would go away. It will not.

Unless we have a vaccine, some difficult decisions will have to be taken. On one side, the farming community will rightly want to protect stock, and the Government will spend millions of pounds paying them compensation. On the other side will be the animal welfare people. It is a delight to see a badger in the wild. Any Government who underestimate the effect of carrying out a major badger cull are deluding themselves. I hope that we shall work hard on a vaccine. If the problem is resources, perhaps we should switch them from somewhere else, because that would save money in the long run.

I will conclude because I notice that a lot more people want to speak than I had expected. The Opposition had no right to table their motion because their record does not stand looking at. That is true on how they responded to Chernobyl, on salmonella and, especially, on how BSE started in this country, not just affecting farm incomes and animals, but affecting humans. Even now, it is unsafe for the vast majority of us to give blood because of BSE under the previous Government. Foot and mouth taught us a lesson, although I am not sure that the Government have learnt it totally.

I have explained my particular solution. It does not worry me that we might have an outbreak of foot and mouth disease tomorrow. We know what to do because we have just done it. People will be put in place and it will be sorted. What really worries me is if we have an outbreak in 15 or 20 years, by which time the lessons will have been forgotten and some community will suffer as mine did.

For those reasons I will support the Government today, but I am concerned that they have not learnt all the lessons from the foot and mouth outbreak.

4.50 pm

Mr. Adrian Flook (Taunton) (Con): So far there has been much discussion of the foot and mouth outbreak of three years ago, but I should like to address a specific problem that is current and is getting worse, and that is bovine tuberculosis. Large swathes of my constituency are already affected and infected. That is true also along much of the Somerset and Devon border. I am sure that my colleagues who are here today will also wish to comment on bovine TB.

Nationally we are aware that the problem is getting worse. In the past year there have been 18 per cent. more incidents and 20 per cent. more cattle have been culled. It is quickly becoming, not an endemic disease, but an epidemic. On several occasions the Minister has rightly acknowledged that there are a number of difficulties. The Government have published a strategy, imposed further measures to stop the spread from cattle to cattle, although some of those worries are much exaggerated, and have discontinued trapping badgers in reactive areas in the Krebs trials.

It is probably worth spending a few moments on the costs of those trials. They have already cost tens of millions. Compensation paid to farmers is increasing dramatically from just over £3.5 million four or five years ago to £31 million in 2002–03. My hon. Friend the Member for North Shropshire (Mr. Paterson) has done a lot of work, and as we know, asked a lot of questions on this subject. He has ascertained the sum that could well be spent. According to a Department for Environment, Food and Rural Affairs report, "Preparing for a new Strategy on Bovine TB", it would appear that over the next eight years we could well spend £1,000 million on just trying to contain, and not even beat, bovine TB. That figure does not measure what will have to be spent by farmers themselves, so the total figure will be in excess of £1,000 million.

The hon. Member for Carlisle (Mr. Martlew) is concerned and in an intervention mentioned cattle to cattle spread. It appears from a demonstration from reactive areas that the Government are doing only half their job. We know, to put it bluntly, that if we remove

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infected cattle but leave behind the source of the infection, which is arguably now proven to be the badgers in large areas of my constituency, the problem remains. More cattle become infected. That does not make sense.

My constituency has "no cull" areas, centred around Huntsham in Devon and in Ashbrittle, Chipstable, Skilgate and elsewhere in Somerset. It also has a proactive Krebs area centred on Hawkridge, which includes Dulverton, Winsford and Withypool—all mainly on Exmoor, as the Minister will no doubt know. The reactive area was centred around the Brendon Hill and Brompton Regis area. As it has been abandoned now, there are at least 40 farmers in my constituency who are impacted. In short, the cessation of the Krebs reactive badger cull has not removed the infected badgers; they are allowed to roam around. Being weak and suffering from a disease effectively means that they are moving into other areas. In that way more and more farmers are being impacted. The Minister gave the order to stop the reactive trials because, he said, there had been an average 27 per cent. increase in the number of cattle herds that had been infected in the trial areas—but the numbers ranged from 3.5 to 53 per cent. That is even worse than the spread to clean farms in the no badger cull areas. The implication was that the reactive cull had spread the weaker badgers infected with TB even further afield.

Christopher Thomas-Everard and his son have a farm in my constituency, and the Minister will probably have heard of them. They have made a detailed study of the issue. In 1979, only 0.1 per cent. of herds in the UK had TB, although the figure was 0.5 per cent. in the south-west. The disease was nearly eradicated, but now 40 per cent. of herds in the hotspot area of west Somerset in my constituency cannot sell any cattle because they have TB. There are now 20 parishes in west Somerset with TB, as opposed to one a few years ago. In Cornwall, Devon and Somerset, the incidence of bovine TB in clean herds has gone from 403 in 2000 to 1,240 in 2002.

How was the disease introduced to west Somerset? Some people believe that it was brought in when some Animal Liberation Front activist moved TB-infected badgers from Chagford, near Dartmoor, on to Exmoor. There is good evidence for that, but the problem is now well out of control. One of the saddest aspects, for those of us who care about animal conservation, is that the massive rise in the incidence of the disease has meant that lots of badgers have died, cattle have to be slaughtered before time and farmers have to put in great efforts to make the testing work.

The hon. Member for Carlisle made an impassioned plea for a vaccination. It is clear from Professor Godfray's report, and recent parliamentary answers, that there is no prospect of a vaccine being developed in time to save the Minister from having to make difficult decisions. However, given the amount of money being spent, someone in the Treasury may make the decision for the DEFRA Ministers.

We could do more to improve matters now, such as introducing gamma interferon testing. It would be interesting to hear the Minister's views on that. I am told that DEFRA completed a feasibility study in 2001, three years ago, but we still have no word on when the tests will be available for wider use. The Government have not published a progress report on their strategy to tackle TB in cattle since January 2001, and the Minister says that he is consulting—yet again—until June 2004. Farmers are not being helped. We need to use today's knowledge and sound science, and the Government must get a grip on what they intend to do and do it, instead of just consulting.

One option is to introduce "clean ring" testing of badgers in TB areas. We could also explain, without emotive use of language, that TB is a badger disease as well as a cattle disease. It has horrible effects on badgers as well as cattle and we need to do something about it, for the sake of the badgers and not just for the sake of cattle herds. We also need to provide a reliable TB test that does not show so many false positives.

The Government have failed to address many of the real problems of bovine TB, not only in my constituency but in the whole of the south-west. They have let down the very people they are there for—the British farmers—and caused unnecessary suffering to many animals. When the broader population find out—I have many urban constituents—that the problem has and will cost taxpayers a fortune, they will be very annoyed with the Government, and rightly so.

5 pm

Mr. David Kidney (Stafford) (Lab): Thank goodness, I have the opportunity to explain my presence in Windsor Great park this morning before a story gets out involving a scandal and the allegation that I met the hon. Member for Brecon and Radnorshire (Mr. Williams). This morning saw the launch of a campaign by the Ancient Tree Forum and the Woodland Trust for greater recognition and protection of ancient and historic trees. Given that this country has about 80 per cent. of Europe's ancient and historic trees, we bear a pretty heavy responsibility. I shall return to that subject on a more appropriate occasion.

I wish to refer to the foot and mouth outbreak two years ago. It was a most distressing time. I remember the day that I went to my local district veterinary office in Stafford. Along with the Army and the veterinary service were vets who had been brought in from all around the world to help. I met a vet from New Zealand, a Spanish vet and a South African vet on that day. It was a Sunday, but the place was teeming with people trying to get on top of the outbreak. I also met many farmers and none greater than John Lewis, who was there to liaise between the veterinary service and local farmers. He was rightly recognised in the Queen's honour list for his work during the outbreak. I saw all the heartbreak and upset, but I also saw the closed countryside and the businesses involved in catering, leisure and tourism that suffered too. That is how serious the problem was.

We all hope that such an outbreak will never happen again, but how realistic is that hope? We clearly need to plan just in case it ever happens again. One of the lessons learned from the outbreak that appeared in the Anderson report was that it is one thing to write a report afterwards and draw up a contingency plan but, if there is no outbreak for years afterwards, that plan will become out of date. The contingency plan that was dusted off two years ago from the great outbreak in the 1960s in Staffordshire and Cheshire proved to be a waste of paper.

The crucial differences are that a notifiable disease was not notified on the latest occasion and the great increase in the number of, and speed at which, animals are transported around the country. Who knows what the great differences will be in the next outbreak? It is important that we keep contingency planning up to date, and DEFRA has at least made the commitment that it will do that.

Mr. Huw Edwards (Monmouth) (Lab): On contingency plans, I am sure that my hon. Friend will wish to acknowledge the work that is being undertaken and is being co-ordinated by DEFRA that will culminate in June in Operation Hornbeam. It is a massive contingency simulation exercise.

Mr. Kidney: I am grateful to my hon. Friend for reminding me of that fact and how important it is. He is right to say that we must ensure that contingency plans are up to date by carrying out operations from time to time.

On foot and mouth, I agree with my hon. Friend the Member for Carlisle (Mr. Martlew) about the vaccine. If an outbreak took place tomorrow, we know from the contingency plan that there would be an immediate stop to transportation and to exports. We know that the countryside would not all be closed, but it would be selectively closed. Crucially, we also know that cattle would be culled again. That is still the official policy of the Government and this Parliament, and we are not going to disagree with the Government. A future outbreak will be controlled by a cull. If we want to do something different, it is important that we have the debate, provide the education and engage in awareness raising and the winning of minds between now and the next outbreak. That is an important issue for us to deal with in future.

I shall deal next with illegal imports. Perhaps I can elaborate now on my interventions about border import posts. I have had many meetings with local farmers in my constituency and they often raise the issue of illegal imports of meat. It is extremely important to them. Whenever I mention border import posts, it is clear that many people do not understand that there is a system that works effectively in respect of the proper commercial import of food into this country. As far as I am aware, no one questions the effectiveness of that system which, let us remind ourselves, is multi-agency, involving trading standards, Customs and Excise, immigration, Home Office and so on. Between 20 per cent. and 50 per cent. of the whole delivery of meat is inspected for quality on each occasion. That is why I say that the system is substantial, reliable and, as far as we can tell, robust. It is an important message of reassurance to our public that there is a system and it works.

We are focusing today on an area where things may not work as well as they should—that is, illegal imports, which cover a wide range. There are the personal imports by people coming into the country. I have stood in the arrival lounge of an airport and seen the flood of people coming off an aeroplane. If we stopped them all in a queue and searched each of them and their luggage, there would be a total breakdown of travel by air. I have stood on the ground at the port at Dover and watched a ferry unload all its vehicles—cars and lorries—which have all come past me in a great rush. Again, if we stopped and inspected each of those, there would be a total dislocation of travel and trade in this country, so those are not realistic solutions.

Part of the solution must be the collection of intelligence and risk assessment, to pick out the people and vehicles that need to be stopped and searched. I wholeheartedly agree with the hon. Member for Brecon and Radnorshire (Mr. Williams), who spoke for the Liberal Democrats, that when we catch people who are breaking the law in that way, they must go to court and they must be severely punished. We need to make sure that that message gets back to everybody else as a deterrent. If the courts are letting us down on the sentences, I do not see how we can say that is the Government's fault. We in this place must raise the awareness of judges that they are letting the country down with lenient sentences.

As a footnote to this part of my contribution, I point out that about two years ago, before the new strategy for controlling illegal imports, including the transfer of responsibility to Customs and Excise, was put in place, the Department for Environment, Food and Rural Affairs organised a seminar for Members of both Houses to discuss the best policy for illegal import controls. Measures that my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs described as successes have been adopted since that seminar. I do not say that hon. Members like me who attended that meeting contributed all the good points that became Government policy, but it would be good of the Government to acknowledge that others contributed to the development of their policies that have been successful.

I agree with hon. Members who asked today why there cannot be similar input from us on TB. I remind the Minister that two debates ago on bovine TB in Westminster Hall, I suggested to him that a seminar would be a useful part of the process of developing his new strategy, and he agreed to hold such a seminar. I hope that that will take place soon.

I have one last point to make on the effectiveness of our immigration controls for meat. It is anecdotal, but hon. Members tend to judge issues by their casework, do they not? I never had a complaint about illegal imports of meat from an illegal importer before we passed over responsibility to Customs and Excise, but since we did so, I have had two complaints of excessive attention to duty by Customs and Excise in seizing meat from constituents of mine—one case involved a car coming into the country by ferry at a port, and the second, a minibus coming by ferry through Dover, when every one of the minibus passengers had their luggage searched and illegal meats seized from them. That is anecdotal, and perhaps other hon. Members can say whether they have had similar experiences. At least it shows some evidence of the effectiveness of the new policy.

My final contribution to the debate is on the subject with which the Minister began his contribution—animal health and welfare. He mentioned that later this year the Government's strategy on that would be developed. I agree with him about good animal husbandry, and biosecurity is a fundamental building block of security for the future of the country's animal welfare. Will there

[Mr. Kidney]

be legislation to underpin the strategy? It is understandable that the House is clamouring for more controls, but will that lead to more regulations that place more burdens on farmers, who are hard-pressed to deal with current regulations? I would hate to think that, with the best of intentions, hon. Members might impose on farmers new burdens that they could do without.

Let me share with the Minister my view of the solution. The more we can move towards a whole farm approach, the better. I know that we have tried a little bit in that context with regard to payments and audit, but we should view the whole farm as a unit for animal health and welfare assurance, including the inspection that goes with such an approach and with regard to risk assessment. Perhaps we could use new legislation to say that we are lifting burdens away from farmers while establishing new and better practices for the future. I hope that that is a constructive suggestion that I can leave with the Minister.

5.11 pm

Mrs. Angela Browning (Tiverton and Honiton) (Con): I should like to begin with a point about which I intervened on the Minister. Other hon. Members have mentioned veterinarians, and I wish to reiterate the genuine concern that exists about the number of vets available whose training is based on farm animal welfare. As we have heard, many vets today decide to specialise in companion animals, which means that fewer of them have farm animal experience of the sort that the Department needs to call on when there is a crisis such as foot and mouth.

I repeat to the Minister that there is clear evidence—I am sure that the Royal College of Veterinary Surgeons has spoken to him, and if not, I am sure that it would do so—about the fact that the training of qualified vets in other EU countries does not concentrate as much on farm animal husbandry in its course and syllabus as our own veterinary qualifications.

This is not an issue of knocking people from European countries who come to work as vets in this country, as they are clearly entitled to do; it is about looking at the resource of qualified veterinarians who have the expertise that might need to be called upon in an emergency. One of the lessons that was learned from the last foot and mouth disease outbreak was that many retired vets who were living in the community could have been called upon and would have brought to the situation not only their expertise as veterinarians, but a valuable resource that was clearly needed during the foot and mouth crisis—local knowledge. That would have helped vets who were called in from throughout the country to assist.

I raised the issue of security at ports and airports on several occasions during the passage of the Bill that became the Animal Health Act 2002, as I served on the Committee that considered that Bill. The Government have made some gestures, but I am not happy in my mind that these matters are clear in practice. There is a paucity of people coming before the court to be tried and convicted, and we have heard about the rather laissez-faire attitude of the people who sit and hear the very few such cases that do come before them.

In 2002, I tabled a written question asking the Secretary of State

"what plans she has to introduce amnesty collection bins for food products at UK air and seaports."

The reply stated:

"We are currently consulting the Home Office, the Department for Transport, HM Customs and Excise, and the relevant ports and airports . . . on . . . amnesty bins or equivalent measures".—[*Official Report*, 5 November 2002; Vol. 392, c. 228W.]

I do not travel abroad widely or extensively; as the Minister knows, I live in God's own county, and who would want to travel abroad when they live in Devon? None the less, I do so occasionally, and I think that in the past year, I have visited Canada and two or three EU countries.

Mr. Russell Brown: What about Belgium?

Mrs. Browning: I have not visited Belgium; a little shiver just went through me.

The provision at Dublin airport was implemented as a direct response to our foot and mouth problem in the UK, and the airport lounge contains not only amnesty bins, but a veterinary office. Other countries perceive the issue in that way, and I would like an update from the Minister on illegal imports, which other hon. Members discussed today, and personal imports.

It is important that passengers on planes are asked to fill in a slip and declare what they have. When one enters the United States, for example, one is asked to tick a box. Dogs can deal with the problem without holding up passengers who are moving through airports, because they can sniff out imports without bags having to be opened and examined. More dogs should be involved, because they deal with the problem so effectively.

When the Secretary of State responded to the foot and mouth disease inquiry reports on the Floor of the House, she made a clear commitment, and it would be good if the Minister were to update us on why so few people are apprehended at our ports and airports. Are all ports and airports covered or are there gaps? What happens to people who arrive in this country by sea from the Channel Islands or mainland Europe? When one arrives at a major airport in this country—in particular, Gatwick and Heathrow—one sometimes does not see any officials, and I should like to hear more about that point.

I shall briefly discuss one or two specific animal diseases, on which I should like to hear the latest updates from the Minister. The Animal Health Act includes measures to rid our national flock of scrapie, which is a laudable aim that I support. When we debated the 2002 Act, however, the fact that scrapie is rife in eastern European countries was mentioned, and I discussed the matter with the Minister for the Environment. What will happen to our scrapie policy after 1 May, when some of those countries join the EU? It would be nonsensical to rid the UK flock of scrapie only to expose it to imports of breeding stock or meat—I do not mean that sheep eat sheep. What procedure will be implemented to protect the national flock from increased access to scrapie from eastern European countries?

On avian influenza and Newcastle disease, some hon. Members attended the British Poultry Council's lunch, at which Lord Whitty and Mr. John Maunder, who is

my constituent and the retiring chairman of the British Poultry Council, gave a presentation. In his address, Mr. Maunder mentioned that the council works with DEFRA on environmental matters and contingency planning for an outbreak of avian influenza or Newcastle disease. He said:

"The Plan is good and"

the industry

"will work within it. There are some aspects such as movement licences that still have to be finalised."

When will those movement licences be finalised to complete the protection against avian flu?

My hon. Friend the Member for Taunton (Mr. Flook) and several other hon. Friends mentioned bovine TB. When I was a Minister at the Ministry of Agriculture, Fisheries and Food from 1994 to 1997, I was aware of bovine TB, because, when I was elected in 1992, it had just spread down from Exmoor to affect the area to the north of my constituency. Bovine TB has now spread through my constituency, and it would be on its way into the Minister's constituency if the Minister's constituency contained any farms. The Minister will know from his knowledge of the geography of the south-west peninsula that bovine TB descended across Bodmin moor from higher moorland areas such as Dartmoor and Exmoor.

From 1994 to 1996, I could see the disease moving to other parts of the country, going round the corner to Bristol and up to the borders of Herefordshire and Worcestershire. The policy that we had put in place to deal with and control the disease appeared not to be working. I had many meetings to discuss the problem, including with the Irish Government, who had put into practice a cordon sanitaire. My boss—the Agriculture Minister—and I agreed to set up the Krebs committee because we felt that any dramatic change in policy had first to be assessed by an independent panel, then brought back to this House. However, the election and the change of Government intervened.

If the Minister really wants to stop the spread of the disease, which is rather different from containing it where it already is, will he consider what has happened in the Republic of Ireland? As I see it, the only option is to throw a cordon around certain areas where we can see that it is travelling up or—as in the south-west peninsula, where the Minister and I have our seats—down the country. Having held the office that I did for three years, I understand the problems and risks involved and realise that it is a hugely difficult call politically, but it is one of the options that he must consider.

Linked to that, it is well worth considering the work that is being done in the Republic of Ireland on vaccination. One of the things about research—I was always sensitive to this, as is the Minister, I am sure—is that scientists want to bid for those valuable pots of money, whether public or private, to follow their own interests in terms of what research might bring. However, we should not let the fear of duplicating effort preclude us from looking beyond these shores to where research is being done that might help to fast-track some of the solutions that we need, particularly in the difficult area of bovine tuberculosis.

5.22 pm

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab): My constituency is a large rural constituency, and I believe that we have approximately 1,800 farms in the whole of the county that is covered by my seat and that of my hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger).

I came to the debate intending not necessarily to take part but to listen to what the Minister had to say about several issues about which I have written to him—not least bovine TB. The title of the debate as it appears on the Order Paper is "Government's Record on Animal and Plant Diseases", and I was stunned that the hon. Member for Maidenhead (Mrs. May) made no reference to the impact of bovine TB or BSE on the farms in my area. That is a clear indication of how out of touch Tory Front Benchers are in relation to issues that affect my farmers. I am pleased that at least the hon. Members for Taunton (Mr. Flook) and for Tiverton and Honiton (Mrs. Browning) recognised the importance of bovine TB to farmers in west Wales, which is a large dairy area.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): The hon. Lady is accusing Opposition Front Benchers of not being interested in bovine TB, yet the Minister repeatedly criticises my hon. Friend the Member for North Shropshire (Mr. Paterson) for asking questions on that subject, which he and the hon. Lady are right in saying is of enormous concern to farmers.

Mrs. Lawrence: If it was deemed so important, one might thought that a significant portion of the speech by the hon. Member for Maidenhead would refer to it, but anyone who was present would realise that that was not the case.

I want to refer to issues that have been brought to my attention by farmers in my constituency. Pembrokeshire and west Wales generally is a major dairy-producing area in the UK. Every time I meet farmers, they give me anecdotal evidence that the problem of bovine TB has increased dramatically in recent years. That was also reflected in the comments of the hon. Members for Taunton and for Tiverton and Honiton. Anyone who has anything to do with farming knows the devastating impact on farmers of finding out that they are personally affected—and I know that the hon. Member for Brecon and Radnorshire (Mr. Williams) had farming experience before he came into this place.

My hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger) and I usually meet jointly with our local farmers, and we have written to the Government urging them to take action on this issue for west Wales farmers. I have to say that, in general, the response has been very positive. However, I would like to raise one or two points today. The first involves road-kill. One of the major issues raised by my farmers is the fact that so many badgers are killed on the roads these days. If there were a means by which they could be analysed to find out the extent of the incidence of TB, it would go a long way towards helping us to obtain the necessary scientific information. I was pleased to hear that the Minister had no objection to a cull based on scientific evidence. Our farmers are saying

[Mrs. Lawrence]

that there is a desperate need to pursue that information, and the examination of road-kill badgers could certainly help in that regard.

The issue of bovine TB is often seen in terms of a conflict between farmers and badger groups, but it should not be. The hon. Member for Taunton touched on this point. It is not an issue of conflict. It is in the badgers' and the badger groups' own interest to ensure that the issue is dealt with and that the badger population is kept healthy.

Mrs. Browning: I have found that one of the real difficulties is persuading badger groups that badgers are responsible for bovine TB. They are in denial about that, and although we present the evidence of diseased badgers, they do not necessarily accept the connection.

Mrs. Lawrence: The hon. Lady is absolutely right; that is the point that we have to make.

At the moment, the evidence is anecdotal. We need scientific evidence to show that connection. We need to say to the badger groups, "Yes, you have the badgers' best interests at heart, but you are not in conflict with the farmers because it is in their interest—in regard to their cattle—and the badgers' interest to get to the bottom of this. That is the way to ensure that as well as having a healthy environment in which the farmers can be sure the disease is not being passed on to their cattle, there is also a healthy badger population." TB is an awful disease. We know that from history, from when it affected the human population, and we need to get across to the badger groups the message that it should not be something that they want to see perpetuated in the badger population.

I return to the point that I made in my earlier intervention. The issue is money. All this work costs money. The figures that I have seen show that the Government spend £15 million a year on TB research, and £1.5 million on TB vaccination research. I also have figures showing that £74 million is spent on the TB programme overall. That is a significant amount of money. Why will the Opposition not state categorically that they would be prepared to continue with that investment, rather than cutting back on it in line with their shadow Chancellor's statement on public spending?

The hon. Member for Brecon and Radnorshire mentioned the state veterinary service, which is an important factor, as is the availability of vets to treat farm animals. In rural areas such as mine, that availability seems to be diminishing, and that must be addressed. No one has mentioned veterinary medicine today. Farmers tell me time and again that they end up paying so much more for drugs here than people do in countries such as Ireland. I have experience of that myself. I went on holiday to Ireland with my dog, which required treatment, and I was stunned to discover how cheap it was to get an animal treated there. I urge the Government to ask the Competition Commission to investigate this issue. It would be wholly wrong if British farmers were paying more than necessary for essential drugs in fighting disease.

One more issue in relation to the availability of veterinary medicines is that the European draft directive on the dispensing of veterinary medicines could mean that medication that is currently available through agricultural suppliers will no longer be available through that means. Farmers will therefore have to pay for a veterinary surgeon to prescribe medication. That issue is of major concern to local farmers in my area, and has been raised with me, which is why I want to raise it with the Minister.

Finally, on bush meat, I congratulate the Farmers Union of Wales and the International Fund for Animal Welfare on their work to combat the trade generally. It is an important health issue and a conservation issue. In terms of health, it has been shown that there are links, for example, between simian immunodeficiency virus in primates and HIV/AIDS, and diseases crossing species barriers.

Again, however, we return to the issue of funding. We have seen in recent years a massive increase in this Government's spending on international development. Bush meat studies have shown a distinct link between the production of bush meat and poverty. DEFRA has given £80,000 to the bush meat working group to fund examination of the issue generally, and the Government have made a commitment to reach 0.7 per cent. of GDP for international development. If we are serious about tackling all these problems, we must make a commitment to maintain and increase that funding. I regret that those on the Conservative Front Bench refuse to do that, and I would very much like to hear them make that commitment.

5.31 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I want to read out a piece from the *Western Daily Press* two days ago written by the farming correspondent Chris Rundle, which sums up the situation nicely:

"The leader of Britain's livestock farmers has called on his members to start boycotting badger testing—because of the Government's failure to control TB.

South Devon cattle farmer Richard Haddock says ministers are sitting back and allowing the disease to spiral out of control."

The Minister will know Richard Haddock extremely well, because he is a south-western farmer based close to his seat, and he has been a crusader, to put it crudely, against TB for many years. It is significant that a major daily regional paper should carry such an editorial, which concludes:

"But the NFU has reacted bitterly to the announcement, with officials protesting that MPs have still failed to grasp the urgency of the situation—and pointing out that another inquiry would do nothing to slow the advance of TB."

That sums up neatly the feeling of south-western farmers.

My constituency includes Exmoor—

Mr. Bradshaw: The inquiry to which the hon. Gentleman refers is the next inquiry planned by the Environment, Food and Rural Affairs Committee. The Government have nothing to do with that; it is up to the Select Committee.

Mr. Liddell-Grainger: I do not disagree with the Minister, but I think he will find that yet another inquiry is being requested in relation to TB because of the ending of the Krebs testing.

The spread across Exmoor increased during the time when foot and mouth was prevalent in that area. Its spread across Exmoor and Britain is at 18 per cent. per annum. Within five to 10 years, virtually a third of the country will be covered by TB unless we do something about it now. It cannot wait. Regardless of which Government are in power, decisions must be made now.

Interestingly, the DEFRA homepage says:

"A number of wild animals . . . badger . . . brush-tailed possum, buffalo, bison and several species of . . . deer . . . can act as reservoirs"

for bovine TB. Given that we have only deer and badgers, that narrows the problem down fast. On Exmoor, the worry is that more and more farmers, because they are getting concerned, scared and worried, are taking the law into their own hands to try to resolve the problem, which is not acceptable to anyone in the House or outside it. Because of foot and mouth and other factors the Krebs testing had to be cancelled last November, but it showed that in cull areas the disease was still spreading. That problem will continue.

The Krebs testing set the basis for where we are going. Krebs stated that MAFF had spent approximately £16 million a year on TB compensation. The testing cost £45 million. Farmers received 100 per cent. Government funding, which went from £3 million in 1989–90 to £31 million last year. The Government spent £73 million last year, of which £31 million was for compensation, £29 million for testing alone, and £13 million for research. It is costing the country a fortune not to be able to eradicate the disease by means of either vaccination or better security.

As a result of the foot and mouth outbreaks, there is now a huge backlog of testing of the 65,500 registered herds. If the present rate continues—62 overdue tests completed every three months—it will take up to 16 years to clear the backlog. That is ridiculous. If testing is not effective and up to date, how on earth can we predict what the disease will do?

Professor Godfray's report recommended that the formation of a TB strategy should not wait until any further badger-culling trials had been completed. Can the Minister tell us where we are going on this? If the policy continues to drift, the spread of TB will continue unchecked. In places such as Exmoor and the area represented by my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning), that is entirely unacceptable. We have enough problems in the hill areas already, especially with the single payments scheme that is being introduced.

Foot and mouth has cost the country between £3 billion and £5 billion. We do not want that massive epidemic to be repeated. I am not convinced that the Government have managed to do all they said they would do in terms of security. Dr. Iain Anderson's report includes five points, which I want to impress on the Minister. First, it recommends:

"Contingency plans to be reviewed to ensure all departments can prioritise rapidly in the event of a crisis."

I am fairly sure that that process has not been completed, and that not all Departments are prepared for another major epidemic. Secondly, it recommends:

"Development of a national strategy for disease avoidance and control."

Is that up and running? Has it been completed? If there is a certain amount still to be done, are we discussing the issue with those in other European countries, such as the Irish, who are also involved?

The hon. Member for Monmouth (Mr. Edwards) made it clear that an exercise was about to begin to test the resolve of those drawing up contingency plans, and to assess whether they would work. I established that those in my area, Exmoor, and in Somerset were not aware that there was a local contingency plan. I am not saying that that is the fault of the Minister or anyone else—perhaps the message has not reached that level—but will the Minister ensure that those in Somerset and Devon, for instance, know what the plans are? That may be up to MAFF, or to the Government office in the south-west.

I should also like to know what stage we have reached with the electronic livestock tagging system. It is quite highly developed in the case of sheep, although for obvious reasons there is not the same problem in that instance. It would be one way of passporting cattle with absolute accuracy. I need not tell the Minister that passports and tags have an annoying habit of dropping out. All right, there are certain people who might use it for other reasons, but an electronic tagging system would leave no doubt about where that cow, calf or bull had been and what it had been up to.

The final point, of which I have some experience, concerns better training for farmers and others in biosecurity measures. Everyone knows the vital importance of training farmers. They do not have enough time as it is, but we have a problem because many of our agriculture colleges are not having the resources put into them to enable them to provide that training. My agricultural college in west Somerset, which my hon. Friends the Members for Tiverton and Honiton and for Taunton (Mr. Flook) have been fighting for, is on the point of collapse and closure, and has been taken over. When I got in touch with it about this, it did not have any idea what it was meant to do to train farmers in biosecurity. It offers that as part of an agricultural course, but that tends to be for young farmers, and not, dare I say it, farmers who are slightly longer in the tooth—no disrespect to the hon. Member for Brecon and Radnorshire (Mr. Williams).

The Government must look at that problem in a controlled manner. Another matter on which I shall be interested to hear the Minister's comments is the Haskins report, which made many recommendations on the streamlining of the systems that control the country, including English Nature and DEFRA. The Secretary of State rejected most of it. I thought that it was a very balanced report, which Lord Haskins had lived through because of his experiences in the north-west, in Carlisle and other areas, which he brought together to show that we needed a much more streamlined system to be able to look after ourselves should there be an epidemic. I wonder what pressure was brought to bear on the Secretary of State on that matter by larger organisations such as English Nature, which may have said that they must not be amalgamated because they would not then be effective. Surely the whole answer is effectiveness and speed. The one thing to come out of the epidemic was the knowledge that we were woefully slow in bringing our defences up.

[Mr. Liddell-Grainger]

The first report on foot and mouth, by the Royal Society, in 1715, suggested burning and burying. How far have we come since then? Pitifully, the answer is not very far. The only difference is that we will not now burn on farms, but want to incinerate.

Mr. Martlew: Does the hon. Gentleman accept that burial was not an option this time because of the problems with BSE?

Mr. Liddell-Grainger: The hon. Gentleman is absolutely right. In an emergency, burial is as good a way of getting rid of carcases as any other, but he is absolutely right to say that we should be going for incineration. My point is that should there be another epidemic, there would not be the capacity in this country to incinerate the necessary number of animals safely. I know that on-farm burning is still an option, but as one who lived through it, I would hesitate over that, and would not want to see it again.

In conclusion, in areas such as Exmoor and Devon, which my hon. Friends the Members for Taunton and for Tiverton and Honiton also represent, we cannot get this matter wrong. If we do, whole swathes of this country suffer, as we have seen. Many things have been recommended by various reports, but they have not been brought together. There are too many loose ends, and unless the Minister and the Government pull them together, if we have another epidemic, either because TB grows faster or foot and mouth returns to this country, we will not be prepared to deal with it. People such as Richard Haddock and farmers throughout the country will be quite rightly furious with us as MPs, and with the Government in particular.

5.43 pm

Mr. Huw Edwards (Monmouth) (Lab): It is a pleasure to be able to contribute to the debate, and perhaps I may comment on one point that the hon. Member for Bridgwater (Mr. Liddell-Grainger) just made on agricultural colleges. I am sure that he shares my concern that with the decline in the number of people wanting to enter agriculture at a young age, the agricultural colleges have diversified into such subjects as equine services and countryside management. Those are perfectly worthy activities, but the colleges have not been able to give as much investment or support to existing farming communities—the farmers who are long in the tooth whom the hon. Gentleman mentioned.

It has been a pleasure to follow some of the speeches of my colleagues, and my hon. Friends the Members for Stafford (Mr. Kidney) and for Carlisle (Mr. Martlew) made good contributions. My constituency was badly affected by foot and mouth, and some of the issues that we have discussed today have been brought to my attention by farmers in my constituency.

I agree with probably two thirds of the official Opposition's motion. I agree that illegal imports pose a threat to this country and that vigorous controls are needed. I do not agree, however, that the Government have learned no lessons since the foot and mouth outbreak. Lessons were incorporated in the Bill on animal health, many clauses of which the official Opposition opposed; indeed, they may even have opposed the Bill in principle.

Another lesson that has been learned is the importance of contingency planning. In an intervention on my hon. Friend the Member for Stafford I mentioned Operation Hornbeam, a major simulation operation that will take place in June to test contingency plans for another foot and mouth outbreak, and which will cover all parts of the country.

I acknowledge the contribution of the hon. Member for Brecon and Radnorshire (Mr. Williams), who spoke about how well the ring rot outbreak in his constituency was contained, especially thanks to the responsible actions of the farmer concerned. I should also point out that it was a great honour to attend last Saturday the funeral of Geraint Howells, former Welsh Liberal Democrat leader and former Member of Parliament for Ceredigion and Pembroke, North. He would have contributed to this debate in his usual, very deliberate way.

I was rather surprised when the Minister opened his speech by applauding the fact that the foot and mouth outbreak was contained within seven months. That seemed like a bit of positive spin that was perhaps written by a special adviser. There was more than a year of absolute hell in my constituency. I attach no blame to anybody in this regard. The situation overwhelmed everybody: Ministers, farmers—

Mr. Bradshaw: Given that the Government managed to eradicate the 2001 outbreak more quickly than the late 1960s outbreak was eradicated, and that the latter was far more restricted geographically, does my hon. Friend accept that that was an achievement?

Mr. Edwards: It was an achievement that the outbreak was eradicated. I, too, saw that briefing, but I decided not to make that claim in my contribution.

Mrs. May: Perhaps I might assist in this debate. The Anderson inquiry, entitled "Lessons Learned", makes it clear that the 1967–68 epidemic lasted 222 days and the 2001 epidemic 221 days. So, far from its being eradicated in record time, it was eradicated in about the same time.

Mr. Edwards: I shall not comment further on that, except to say that many lessons have been learned.

I do hope that consideration will be given to a vaccination programme. I well remember the Prime Minister coming to my constituency at the height of the 2001 outbreak. The Farmers Union of Wales and the National Farmers Union made very strong representations to him. They were against a policy of vaccination, even though I was receiving dozens of letters from constituents who found the process of culling, fires and burials absolutely repulsive. They expected that consideration would be given to vaccination.

The FUW has impressed on us the importance of the issue of illegal meat imports. A year or two ago, I attended a disturbing seminar by some experts. Evidence was shown of the amount of illegal imports coming through airports, and there was evidence from

environmental health officers concerning the illegal production of meat. We in Wales have a particular problem with the production of smokies, which are a delicacy that is well liked by members of the West Indian community, and which involve the blow-torching of pork or beef. The illegal production of smokies has led to arrests in west Wales. The FUW is suggesting that the matter be brought into the open by enabling legal production of smokies in a properly controlled way. I hope that consideration can be given to that idea.

Mr. Russell Brown: I ask my hon. Friend to choose his words carefully. North of the border, smokies are a completely different thing; Arbroath smokies are well known and very well liked by all.

Mr. Edwards: I would like to clarify that we are talking about two different products.

The farming community is calling for more rigorous controls on illegal imports. The hon. Member for Maidenhead (Mrs. May) referred to recent cases in which people convicted of illegal importing were given derisory fines of £140 or £150. If illegal imports were an important factor in the foot and mouth outbreak, let us consider the cost of that by comparison. Surely there should be an onus on the courts to sentence appropriately. Perhaps the court in Uxbridge is not close enough to a farming community to impose the penalties that might have been imposed had the cases been heard in west Wales or in a court in the farming community in Monmouthshire.

It would also be right for all embassies to urge their citizens not to travel with meat products and other foodstuffs. When we go to America or Australia, we even have to declare whether we have been on a farm in the last four weeks or whether we have mud on our rugby boots. We have to declare any foodstuffs. We could have more rigorous controls in this country.

It has been a pleasure to contribute to this debate. Hon. Members of all parties have spoken with authority and knowledge, and we all hope that we can avoid any further outbreak of foot and mouth and, if necessary, impose much stricter controls on illegal meat imports.

5.51 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): This has been a good debate on an issue of tremendous importance to British agriculture, animal welfare and our rural economy. I echo the comment of my hon. Friend the Member for Maidenhead (Mrs. May) that it has been marred only by the fact that the Secretary of State and both Ministers of State decided that they had higher priorities elsewhere and left the Under-Secretary as the sole representative of his Department on the Treasury Bench.

Much of the debate has concentrated on foot and mouth, which is not surprising, as it is only three years since we suffered the worst epidemic of the disease that the world has ever seen. More than 9,500 premises were affected directly, and up to 60,000 farms were subjected to movement restrictions. In my constituency, we were perhaps fortunate in having just the one outbreak, but that meant that it was an infected area, so all the farms were subjected to movement restrictions. I remember only too well that in many ways the hardship resulting from those restrictions was just as great for the farmers concerned, who of course received no compensation payment.

The total number of animals slaughtered in the outbreak represented roughly an eighth of the entire farm livestock herd. The cost to the British economy was, according to official figures, about £8 billion, and according to some estimates, anything up to £20 billion. The outbreak left many farms devastated, with farmers seeing a lifetime's work destroyed.

Even now, as this debate has shown, some questions remain unanswered. We still do not know how the disease entered this country or when, or indeed whether the first cases really were at the pig farm at Heddon-on-the-Wall, or whether, as some suspect, the disease might even have been in sheep for several months before. We still want to know why the Government ignored so many of the recommendations of the 1969 Northumberland report on the previous outbreak. Contrary to what the hon. Member for Stafford (Mr. Kidney) said, a lot of people believe that, if the Government had implemented those recommendations, the outbreak would have been contained far sooner.

We still need a proper investigation of the efficacy of the contiguous cull policy, under which millions of uninfected animals were destroyed, and an answer to the question whether that cull was even necessary. We still want to know why a vaccination programme was not introduced at an early stage. I share some of the views of the hon. Member for Carlisle (Mr. Martlew). Such a programme might have prevented the spread of the disease and led to its being eradicated far more quickly. That policy was adopted in Holland when 25 outbreaks of the disease occurred in April: it worked, and as a result, Holland was able to recover its export status just four months later. I have to say that that makes the Minister's remarks about achieving a solution in record time rather strange, as the hon. Member for Monmouth (Mr. Edwards) pointed out.

Mr. Martlew: I remember attending a conference in Brussels soon afterwards. The Dutch were not at all pleased with what had happened—what they did not like was vaccination to kill. If we are to have a vaccination policy, it has to be a policy to live.

Mr. Whittingdale: Those are all questions that should have been, and still need to be, dealt with by a full public inquiry, which we have never had.

The Minister referred to biosecurity, which we all agree is terribly important. He implied, as have some of his predecessors, that farmers were somehow at fault in failing to take proper precautions. I have to say that farmers are deeply angry about that claim, particularly when the vast majority were scrupulous in observing biosecurity. At the same time, they had to observe contractors employed by the Minister's Department who showed scant regard for biosecurity. Indeed, farmers had to watch lorries filled with infected carcases driving through uninfected areas.

Mr. Russell Brown: Will the hon. Gentleman give way?

Mr. Whittingdale: If the hon. Gentleman will forgive me, I have little time left.

[Mr. Whittingdale]

All those questions should have been examined by a full public inquiry into how the epidemic originated and how the Government managed it. Instead, we had three different inquiries, focusing on different narrow aspects of the crisis, none of which persuaded farmers that a proper investigation had taken place.

That lack of confidence has now been compounded by the revelation of the submission by Mr. Jim Dring. His statement that, if the inspection of the Waugh farm had been more rigorous, the foot and mouth epidemic might never have come about, is clearly immensely important. Mr. Dring has said that he intended his statement to go before the Anderson inquiry. His submission certainly amounted to more than, in the Secretary of State's words,

"musing about the matter, examining his conscience and asking, 'Oh dear—is there more that I could have done'".—[*Official Report*, 11 March 2004; Vol. 418, c. 1640.]

That is what she said, though the Minister tried to deny it. At least Lord Whitty has admitted that Dr. Anderson should have received that report—*[Interruption.]* However, we are now told that the Secretary of State held an internal investigation, which concluded that there was no intention to mislead the inquiry and that that evidence would not have made any difference in any case. As the *Western Morning News* said in its editorial, the exposure of Jim Dring's evidence served only to strengthen the overwhelming case for a public inquiry into the foot and mouth disaster. That case remains as strong as ever. We agree.

The foot and mouth epidemic was by far the biggest disease outbreak to affect British agriculture, but it is not the only one. My hon. Friends the Members for Taunton (Mr. Flook), for Bridgwater (Mr. Liddell-Grainger) and for Tiverton and Honiton (Mrs. Browning), as well as the hon. Member for Preseli Pembrokeshire (Mrs. Lawrence), have all spoken about the crisis resulting from the spread of bovine tuberculosis. The Government's own consultation document predicts that, without major changes in policy, the incidence of TB will go on rising by about 20 per cent. every year. My hon. Friend the Member for Bridgwater pointed out the costs to the taxpayer. The Government's own document forecasts that that cost will accumulate, over the next 10 years, to £2 billion, yet they have no answers and say that they are waiting for the results of the Krebs trials, which may not be available for several more years.

Several of my hon. Friends suggested that we simply cannot afford to go on waiting. Just a few weeks ago, the report by Professor Godfray called for immediate publication of the interim results and said that we could not afford to wait for the trials to be completed. He suggested that policy had to be based on the assumption that badgers were involved in disease transmission, but the Minister's only response has been to extend the period of his Department's latest consultation. The Minister has to grasp the nettle and act to stop the spread of the disease now.

We are also seeing worrying signs of the presence of other animal and plant diseases in this country. Last week, we saw the first outbreak for 10 years of brucellosis in cattle. Happily, it was quickly contained. This week, we have heard about the danger of blue tongue virus entering this country if temperatures continue to rise. We are also aware of the dangers to human health if avian influenza is allowed to enter the country.

My hon. Friend the Member for Tiverton and Honiton and the hon. Member for Brecon and Radnorshire both raised concerns about the lack of large animal practice vets and consequent difficulties, particularly in respect of preventive measures. The Government need to address that serious problem.

In plant health, we have suffered the first-ever outbreak of potato ring rot in the UK. Luckily, the responsible attitude of the farmer, Mr. John Morgan, and the quick action of the Department's officials, meant that that was contained. However, it has cost Mr. Morgan well over £500,000, with no possibility of compensation. I share the concern expressed by the hon. Member for Brecon and Radnorshire (Mr. Williams) that that seems deeply unjust. It also raises the real fear that other growers will be highly reluctant to report any suspicions about a further outbreak.

The campaign by *Farmers Weekly* called "Keep British Crops Healthy" highlights the fact that we badly need a compensation scheme that protects all growers from the financial burden of early outbreaks of pests or diseases, and which provides an incentive for openness and honesty. Perhaps the most important way to improve our biosecurity is to take far tougher action to stop the illegal importation of food.

The first recommendation of the Devon public inquiry into the foot and mouth epidemic called for import controls to be tightened to the highest international standards and, if necessary, to be the subject of new legislation. Yet the Government's Animal Health Act 2002, introduced in the aftermath of the epidemic, did not even deal with that issue.

In the past three years, the Australian Government have recruited more than 1,000 extra staff for border operations, doubled the number of X-ray machines used for quarantine screening, and have increased the number of detector dog teams from 33 to 48. We welcome the news from the Minister this afternoon that the UK is to have 10 dogs. However, given the number of points of entry, that does not inspire much confidence that we can seriously contain the problem. It is estimated that, on average, about 7,500 tonnes of illegal meat products are imported to the UK each year, much of it in suitcases and hand luggage.

My hon. Friend the Member for Maidenhead mentioned the concerns about the risks to the health of people, as well as of animals. Yet, three weeks ago, a Health Minister answered a question from me by saying that the Food Standards Agency does not consider that there needs to be a formal risk assessment of the threat to public health posed by illegal meat imports.

My hon. Friend the Member for Maidenhead also referred to the convictions of two people, and the level of fines that were imposed on them. However, as the president of the Farmers Union of Wales asked, what is the point of arresting people for bringing hazardous foodstuffs into this country if magistrates hand out such pathetic fines?

British farming has already suffered one disease outbreak that led to misery for thousands, and the deaths of millions of animals. The industry will not survive another outbreak yet, owing to our failure to take adequate precautions, one could happen at almost any time. The Government should act now, before it is too late.

6.4 pm

Mr. Bradshaw: With the leave of the House—

Mr. Eric Forth (Bromley and Chislehurst) (Con): No.

David Maclean *rose in his place and claimed to move,* That the Question be now put.

Mrs. Lawrence: On a point of order, Madam Deputy Speaker. This debate was called by Her Majesty's Opposition to secure answers from the Minister. Is it now appropriate for them to take this action to prevent him from replying?

Madam Deputy Speaker (Sylvia Heal): It is entirely a matter for Her Majesty's Opposition.

Mr. Martlew: Further to that point of order, Madam Deputy Speaker. Is it right for Opposition Members to say that they look forward to the Minister's reply, and then to move a closure motion? It sounds as though the vote is not following the voice.

Madam Deputy Speaker: These are purely matters for debate.

Mr. Forth: Further to that point of order, Madam Deputy Speaker. For clarification, I should point out that my hon. Friend the Member for Maidenhead (Mrs. May), a shadow Cabinet member, opened the debate. However, the Government did not have the courtesy to have a Minister of Cabinet rank to respond, and—

Madam Deputy Speaker: Order. I must interrupt the right hon. Gentleman. We have debated the matter, and leave for the Minister to respond has been refused by the House. I am now about to put the Question.

Mr. Flook: Further to that point of order, Madam Deputy Speaker. As one who made a speech and asked the Minister to respond to it, I should be happy for him to write to me.

Mr. Edwards: Further to that point of order, Madam Deputy Speaker. Was not the debate timetabled for three hours? If hon. Members on either side of the House wish to catch your eye, should they not have an opportunity to contribute?

Madam Deputy Speaker: Closure has been moved, and I shall now put the Question on that.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 132, Noes 235.

Division No. 156] **[6:05 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cran, James *(Beverley)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Öpik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wilkinson, John
Williams, Roger *(Brecon)*
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Randall and
Mr. Hugo Swire

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Betts, Clive
Blizzard, Bob
Borrow, David
Bradshaw, Ben
Brennan, Kevin
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and Joan Ryan

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House commends the action taken by this Government to eradicate exotic plant and animal disease when it occurs, and to control endemic disease; congratulates the Government on its actions that have succeeded in reducing the number of BSE clinical cases to just 184 last year; further congratulates the Government on eradicating a major outbreak of Foot and Mouth Disease in seven months and on implementing the recommendations of the Lessons Learned and Royal Society Inquiries so that Government is better prepared to tackle a future outbreak of a major livestock disease; welcomes the significant progress made to tackle illegal imports both by increasing enforcement activity at the border and by increasing public awareness; applauds the Government on its action taken against other animal and plant diseases, notably Salmonella Java and potato ring rot; and notes the Government's continuing commitment to prevent serious animal and plant disease.

DRAFT CHARITIES BILL (JOINT COMMITTEE)

Ordered,

That the Lords Message of 19th April relating to a Joint Committee of both Houses to consider and report on any draft Charities Bill presented to both Houses by a Minister of the Crown, be now considered.

That this House concurs with the Lords that it is expedient that a Joint Committee of Lords and Commons be appointed to consider and report on any draft Charities Bill presented to both Houses by a Minister of the Crown, and that the Committee shall report on the draft Bill by 30th September 2004.

That a Select Committee of six honourable Members be appointed to join with the Committee appointed by the Lords to consider the draft Charities Bill.

That the Committee shall have power—

(i) to send for persons, papers and records;

(ii) to sit notwithstanding any adjournment of the House;

(iii) to report from time to time;

(iv) to appoint specialist advisers;

(v) to adjourn from place to place within the United Kingdom.

That the quorum of the Committee shall be two; and

That Mr Alan Campbell, Mr George Foulkes, Ms Sally Keeble, Mr Alan Milburn, Mr Andrew Mitchell and Bob Russell be members of the Committee.—*[Paul Clark.]*

STANDARDS AND PRIVILEGES

Ordered,

That Richard Ottaway be discharged from the Committee on Standards and Privileges and that Mrs Angela Browning be added.—*[Paul Clark.]*

Rail Transport (Kent and Medway)

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

6.17 pm

Jonathan Shaw (Chatham and Aylesford) (Lab): This debate is a response to the Strategic Rail Authority's consultation on the new integrated Kent rail franchise. The proposal to provide high-speed channel tunnel rail link domestic services from Folkestone, Thanet, Canterbury, Ashford, Swale, Medway and Gravesend has been warmly welcomed by Kent and Medway. The £5 billion high-speed rail service will provide a significant boost to the sub-regional economies and coastal towns of Thanet and, importantly, will allow for the sustainable development of the growth areas in Ashford and the Thames gateway. It is also welcome that the SRA has responded positively to, and is examining the possibility of, the proposal to extend the line to Dover.

For the Medway towns, the high-speed rail link will mean more than just new rail services. It will be a magnet, drawing in inward investment and building on the regeneration that has already taken place. The case that has been put forward by those of us in Kent and Medway for the channel tunnel rail link domestic service in debates, questions and meetings with Ministers over the years has always been about additional capacity, not replacement of services. It is therefore not surprising that the majority of existing passengers in the Medway towns do not see how St. Pancras can meet their current travel needs. They therefore see no justification for reducing the fast services to London from Medway, as set out in the SRA's document.

Although I warmly welcome the channel tunnel rail link's domestic service proposals, I need to focus my comments on the SRA's proposals under the current integrated Kent franchise. This is the first major review of the Kent rail timetable since electrification in 1963. That was the time when technology was thrusting us into a brave new world. It was the year that Harold Wilson told the Labour party conference in Scarborough that Britain was going to be forged by the white heat of the scientific revolution. Over the past 20 years or so, in Kent, we have not seen that much in the way of white heat and scientific revolution when it comes to our train service.

Every day thousands and thousands of people living in Kent travel to London for their work, and their experience over the years has been, to put it bluntly, pretty grim. We have seen fragmentation; we have seen privatisation; we have seen deterioration due to a lack of investment; and we have seen off Connex.

Kent is part of one of the most complicated franchises in the entire rail network, with 182 stations, 773 km of track and 120,000 morning commuters. Of the 1,700 train journeys, 1,400 go into London carrying 13.2 million passengers every year. With the growth in numbers travelling to London—I shall come to that point later—the antiquated infrastructure often struggles to provide and maintain a reliable service. It is beset with problems. As well as the old age of some of the signalling, many of the stations are appalling. The prize for the very worst perhaps goes to those along the

[Jonathan Shaw]

Medway valley line, which sadly runs through my constituency and that of my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews).

It is true, as the SRA argues, that its network is complex and congested, and delays can very quickly snowball. Yet this should not, in itself, be a justification for running fewer trains. The network needs to have the capacity for the number of people who want to use it—whether that is for business or pleasure. If there are fewer trains, there will simply be more overcrowded trains. In Medway, on the Cannon Street service, which runs to the City, where many of my constituents work, we currently have seven fast trains at peak times. Under the SRA's proposals, that number will be reduced to two. The Victoria fast service from Medway, which stops at Bromley, currently has 15 trains. Under the SRA's proposals, the number will be cut to 10. With reductions via Dartford, the total reduction—even when we take account of the new channel tunnel rail link domestic service trains—will be from 32 to 26 trains.

It is not just the number of trains that is the problem; it is the number of seats as well. My hon. Friend the Minister advised me in a written answer on 30 March that there are just over 20,000 seats available from Medway during peak-time services at present. There is no certainty about the number in the future, not least because Rochester and Strood platforms are currently unable to accommodate the 12-car trains with 700-seat capacity that will be the new CTRL domestic service. Instead, he has advised me in written answers that these stations will have a service of six-car trains, halving the possible capacity. Upgrading the platforms, he advises me, would cost £12.4 million at Rochester and £1.2 million at Strood.

I understand the financial pressures that the Department and the SRA are under, but why has the SRA not looked more imaginatively at, for example, selective door opening? I grant that that is far from ideal, but capacity has to be at the forefront of our ambitions. As I said, if we have fewer trains, we will have more crowded trains or we will force people on to the roads to drive to Ebbesfleet. The idea that the new franchise will force commuters to drive further along the A2 flies in the face of what we are trying to achieve with an integrated transport system.

Moreover, in Medway our bus company, Arriva, will commission its new bus service in June. Some £10 million, an unprecedented sum, is being invested in a new bus fleet, added to which a new timetable will offer more frequent journeys. Car parking has always been a problem in Medway stations. My hon. Friends and I want to see Arriva picking up customers. The current proposals, I fear, will further discourage train commuters from taking the bus to the station. It has been estimated by Medway council that the number of seats available could be reduced by as many as 7,000.

We welcome the fact that the Strategic Rail Authority document states that the integrated Kent franchise recognises its contribution to regional planning goals, including the regeneration of Kent and the Mayor's London plan. I take the opportunity to pay tribute to my hon. Friend the Member for Gillingham (Paul Clark). His high office prevents him from making an outstanding contribution this evening. In his work on the Thames gateway he has worked tirelessly to ensure that the planning and transport systems are joined up. As I said, 1963 is a significant date in terms of electrification. On this very day in 1963 my hon. Friend was six years old. Gillingham's No. 1 son celebrates his birthday today.

We welcome the strategic approach to planning and transport, but we—

Mr. Robert Marshall-Andrews (Medway) (Lab): On the strategic basis that he just mentioned, will my hon. Friend give way? *[Interruption.]* I should very much welcome the Minister's attention to the intervention that I am about to make, facile though that may at first appear. Is it not the case that the Medway towns have been the beneficiaries of more inward investment from the Government than any other single conurbation in the United Kingdom? All of us in the Chamber welcome that with open arms. The Minister might find it rather difficult to hear me say that one of the Government's great achievements is in my constituency. The Minister previously said he could not understand why the Government had given so much money to my constituency.

Before you tell me that this is an incursion or an invasion, Madam Deputy Speaker, may I ask the Minister to answer this question: is it not right that, given the enormous investment in the capital structure of the Medway towns, we must have a concomitant investment in our infrastructure to give us the speed and the ability to feed into London? That must be a structural and strategic gain—

Madam Deputy Speaker (Sylvia Heal): Order. That is rather long for an intervention. I hope that the hon. and learned Gentleman is drawing his remarks to a conclusion.

Mr. Marshall-Andrews: You have been more than beneficent as regards my intervention, Madam Deputy Speaker. You will have understood the point that I am making.

Jonathan Shaw: I am grateful for my hon. and learned Friend 's contribution. He is right. We have seen considerable investment in the regeneration of the waterfronts and moneys for our universities. That was one of his aspirations when he stood for the Medway constituency in the 1992 general election. That aspiration has been driven forward by many people in the Medway towns. His contribution, like that of my hon. Friend the Member for Gillingham, has been important. We now see students receive higher education in the Medway towns, and they too will need a transport system.

We are concerned about the strategic aspects of that, and we are worried that the SRA does not appreciate the scale of development in Medway. Unlike other areas, there has been no quantitative estimate of the scale of development. Development is taking place on Strood, Chatham and Gillingham waterfronts, and importantly, those are all within walking distance of a train station.

Today 20,000 residents—17 per cent. of the work force—travel to London. We are generating new employment opportunities, as my hon. and learned

Friend the Member for Medway pointed out, and the channel tunnel rail link domestic service will assist us further.

Mr. Gwyn Prosser (Dover) (Lab): My hon. Friend is making powerful arguments for linking the channel tunnel rail link with some of the strategic centres of Kent. Does he agree that the port of Dover ranks highly among those strategic centres? Does he support the view in east Kent that we should be linking the busiest city in this country with the busiest ferry port in the world? At the same time, when we look at such major strategic matters, we should not lose track of the issues that he has already raised regarding services to some of our small stations. I have in mind places such as Kearsney, which is just a stone's throw from my home, Martin Mill and of course Snowdown.

Jonathan Shaw: I am grateful to my hon. Friend, who has worked tirelessly in respect of Dover. As I said, the Strategic Rail Authority has left the door open and is exploring the matter, which is testimony to the hard work that he has put in on behalf of his constituents.

As I said, 17 per cent. of the work force travel to London. The population is set to increase from the current 250,000 to 300,000 by 2024. That means that commuting could rise by 30 per cent. over the next 20 years—the equivalent of 1.3 per cent. a year. By the time the new trains start running in 2008, demand is likely to be 5 per cent. higher than now, and it is likely to be 10 per cent. higher in 2012.

There is welcome news in the SRA document, as well as the channel tunnel rail link domestic service, and it is important to place that on record. On the Ashford, Maidstone and West Malling line, which serves the southern end of my constituency, there are set to be three additional peak period trains to Victoria. The Medway valley line, to which I referred earlier, will have trains running through to Tonbridge. That will make the line significantly more attractive to use. However, the proposal to reduce stopping times is unacceptable, and I, together with parish councils at Cuxton, Snodland, East Malling, Larkfield and Aylesford, have met the SRA and voiced our objections.

As my hon. Friend the Member for Dover (Mr. Prosser) said, throughout the county, people are very hostile to reductions in off-peak rural services. Rather than save a few minutes, the people of Kent would like to retain existing services. There is a significant opportunity to grow off-peak services and to provide better stations, information and revenue collection, which is simply not undertaken on some lines.

My hon. Friend the Minister understands our anxiety. I know that he not only fully appreciates what we are seeking to achieve in Medway and the Thames gateway, but actively supports it. As a former planning Minister, does he share our belief that changing the timetable in such a revolutionary way is very dangerous? If there is one lesson that we have learned in recent years, it is that we cannot achieve a quick fix for the railways. If there are to be changes, they have to be not revolutionary, but evolutionary. Passengers will need time to adapt to changes. It is important that a level of flexibility is built in, so that where we see growth occurring, the rail system can meet that demand.

The task ahead is difficult, with many competing demands for priority. We are seeing investment in our rail service. Some £600 million has been invested in new trains on the south-east network, and they are being rolled out. They are air-conditioned and are far more able to respond to the climatic challenges of snow and ice. The Government have a track record of £75 million a week in investment. Hatfield lifted the lid on the appalling state of our track. The Tory legacy of botched privatisation has been long, painful and very expensive. It has caused delays, but we cannot move forward without a safe network.

The review is the first of the Kent rail timetable since 1963. The great train robbery took place in that year, when £5 million was snatched from a Royal Mail train in Buckinghamshire. The Strategic Rail Authority's proposals will amount to the great train robbery of Kent if they are allowed to go forward. We do not want a reduction in our train services. We have what Martin Luther King had in another significant event in 1963—a dream. We have a dream of a more reliable rail service that is fit for the future, and fit to carry the people of Kent around the county and, in what has been the focus of the debate, to carry them to and from our capital city.

6.35 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) on securing the debate—in one sense, it is timely; in another sense, it is not, and I shall come on to the reasons for that. I further congratulate my hon. Friend on mentioning Martin Luther King, Ronnie Biggs and my hon. Friend the Member for Gillingham (Paul Clark) in one cogent, clear speech.

I congratulate my hon. Friends the Members for Chatham and Aylesford and for Dover (Mr. Prosser), and my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) on the way in which they have argued their case not only in public forums such as this, but throughout the process from specification to consultation, which may appear tortuous. I include my hon. Friend the Member for Gillingham, who is more mute than usual because of his high office, in those congratulations.

I congratulate my hon. Friends on placing this debate in the context of the significant activity by the Government in Kent throughout 1997. The debate is timely, in that the Strategic Rail Authority concluded its 12-week consultation on the integrated Kent franchise—hereafter IKF—on 23 April, and my hon. Friend the Member for Chatham and Aylesford knows that the SRA is seeking to move to invitation to tender by June, at which stage the results of the consultation will be announced. The debate is not timely, in that, whatever I say, I cannot prejudge the outcome of the consultation, but I assure my hon. Friends that their comments will be fed into it, although I am sure that those points are already part of the consultation.

My hon. Friend is right that rail services in Kent have suffered from under-investment, a slow network, unsatisfactory reliability and outdated rolling stock. As he says, the timetable in Kent and south-east London has remained largely unchanged for the best part of 40 years, and it needs to change to reflect current and

[Mr. Tony McNulty]

future needs, to deliver improved reliability and to build on the capital infrastructure that we have put in. I take the point that our objectives must be concomitant, at least in part, with not only that capital infrastructure investment, but our plans for the entire area.

My hon. Friend knows that passenger services throughout Kent, parts of Sussex and south-east London are currently operated by South Eastern Trains, which is a wholly owned subsidiary of the SRA and took over the services from Connex. The key objectives in SET's business plan for 2004–05 are to stabilise the business, to provide a higher standard of service to passengers and to introduce new trains to replace the Mk 1 slam-door fleet. That is important because we are discussing a service that will not be introduced until 2007 and beyond, so there is still an interim period. I hesitate to say it because I know that it will come true and bite me, but I am sure that a "save our slam-door trains heritage society" will be formed at some stage. I do not know whether such a society exists yet, but the sooner we get the new stock in, the better.

As my hon. Friend said, the proposed franchise represents a significant milestone in the development of Britain's railways, and a major opportunity for Kent. It is a stark fact that the channel tunnel rail link is the first major railway to be built in this country in more than a century, and section one opened on time and to budget in 2003—I had the great pleasure of visiting Leeds castle for the sideshow that took place at the same time as the main opening. Section two of the CTRL is due to open in 2007, providing faster journey times and opening up new travel opportunities. In developing the IKF, the SRA wants to make the best use of the whole railway network in the region, including the CTRL. As my hon. Friends said, that is a matter of balancing the strengths and advantages of the high-speed line with the needs of the existing network.

The objective is to specify a passenger train service provision that is based around current and future demand while delivering better reliability at a cost that is both value for money and affordable. The SRA is proposing a revised timetable of services for the integrated Kent franchise that is based on an all-day regular service pattern that is easy for customers to understand.

New stations at Ebbsfleet and at the other end of Stratford will assist regeneration in the Thames gateway, including north Kent, and provide new access to the rail network, some improved journey times and service reliability, which will benefit other centres on the network.

The IKF timetable specification document is the final step in the formal consultation to develop a detailed franchise proposition. Earlier consultations addressed CTRL domestic services and the proposal for an integrated franchise of services running on CTRL and the national rail network. I do not need to rehearse the proposals for the Medway towns, because my hon. Friends will certainly know about them. I am grateful to them for highlighting the advantages, in terms of their constituency interests and the interests of the county, of adding to what already prevails. I am sure that they will have pointed out some of the gaps to the SRA.

The SRA forecasts demand patterns for peak and off-peak periods that will require significantly different service patterns, especially in the context of maximising the use of dedicated CTRL domestic rolling stock at peak times. The calling pattern of peak services will have to reflect available platform length at certain stations together with any further constraints that may emerge through the SRA's detailed timetable development work.

Jonathan Shaw: My hon. Friend mentioned platforms. As I said, some of the platforms at Rochester and Strood are too small to accommodate all 12 carriages. Does he agree that the SRA should consider flexible options whereby only some of the doors are opened? That would not be ideal, but it could be a possibility.

Mr. McNulty: I do not doubt that it is a possibility, because it already happens on some lines. I am sure that my hon. Friend has made that point to the SRA.

There has been a substantial consultation process. During previous consultations, people have made it clear that they want faster, more reliable trains. In response to those demands, the SRA's service specification aims to deliver faster journeys. Every station stop typically adds some two minutes to journey time on a medium-speed railway, perhaps slightly less in inner suburban areas and more where prevailing line speeds are higher. There has to be a balance between achieving high speeds and constantly stopping. The SRA will say that it has got that right, whereas my hon. Friends will have made strong representations on behalf of their constituents that that is not the case.

One area of concern has been the proposal that services should serve different London terminals. The SRA is reviewing the specification and testing the feasibility of alternative options suggested by consultees in conjunction with Network Rail. As my hon. Friends will know far better than I, going into different terminals can have a ripple effect throughout the network.

Others have expressed concern about services for people travelling to local schools and colleges. The SRA is considering the need to reflect those traffic flows and collating information on particular passenger numbers and flows.

Reductions in peak services at some stations also attracted comments, including from passengers who use Farningham road station in the constituency of my hon. Friend the Member for Dartford (Dr. Stoate). It is expected that a significant number of people from the catchment area of that station would transfer to CTRL services from Ebbsfleet, thus reducing the level of passenger demand at Farningham road.

Whatever is outlined in the invitation to tender in June as a result of the consultation, I accept that, given the growth and activity that will take place in Kent over the next 10, 15 or 20 years, it must have a degree of flexibility. But as I have said, the consultation period for this initial phase closed on 23 April, and all responses and comments are now being considered and the feedback analysed. When the final invitation to tender for the new franchise is issued to bidders in June, the SRA will shortly afterwards provide a "stakeholder briefing information document"—its words, not mine—

to key stakeholders, to explain exactly what is in the bid. It will contain similar information to that provided to the bidders about the IKF service provision requirements.

The SRA has a strong shortlist of four bidders for the IKF franchise: Danish State Railways; GNER; First Kent Integrated Railways Ltd; and London South Eastern Railway Ltd. All four organisations have proven experience in delivering railway services. The SRA continues to work on the process for delivering the IKF franchise, and aims to have it in place by early 2005.

The integrated Kent franchise provides an opportunity to design a train service for Kent that exploits the potential of the channel tunnel rail link by speeding up journeys and providing new, direct links to new stations at Ebbsfleet, Stratford and St. Pancras, with the connections to other parts of the country. As I have said, the IKF specification is a very complex issue, involving many difficult choices and trade-offs. I believe there will be very many winners, but I accept that some people will be unhappy with some of the proposals—perhaps when the invitation to tender comes out.

The consultation has been a very open process and I know that the SRA chairman has met several hon. Members to hear their views. Also, various meetings were arranged by the SRA at the beginning of the final stage of the consultation process, and a number of smaller meetings with stakeholders have subsequently been hosted by the SRA or attended by SRA representatives at various locations in the south-east. The views of hon. Members, other stakeholders and passengers are now being analysed in detail and the SRA has the challenge of finding the best balance between the needs of passengers and of taxpayers.

Mr. Marshall-Andrews: At the end of what has been a very detailed and considered response, may I ask the Minister simply to give us a general undertaking that, when the Government invest vast sums of money in an area—as they have done in ours—they will also in the long term undertake a concomitant responsibility to ensure that the infrastructure in those areas will bear a resemblance to what has been invested?

Mr. McNulty: I thought that I had made it clear earlier that that is the approach that the Government take. It is a matter of interpretation and dispute whether the SRA has achieved that in the context of the IKF, and we shall wait to see what the invitation to tender says about specifications.

I thank all hon. Members who have taken part in the debate today. This is about finding the best balance between the needs of passengers and the call on public resources, and between meeting the needs of those who want an integrated, comprehensive all-stopping service and getting full utilisation of the high-speed link.

Question put and agreed to.

Adjourned accordingly at thirteen minutes to Seven o'clock.

House of Commons

Friday 30 April 2004

The House met at half-past Nine o'clock

PRAYERS

The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[SIR MICHAEL LORD *in the Chair*]

Orders of the Day

Sustainable and Secure Buildings Bill

As amended in the Standing Committee, considered.

New Clause 1

BUILDINGS OF SPECIAL HISTORICAL OR ARCHITECTURAL INTEREST

'After section 1 of the Building Act 1984 (c. 55) insert—

"1A Buildings of special historical or architectural interest

(1) In making building regulations the Secretary of State shall have regard, in particular, to the desirability of preserving the character of protected buildings that are of special historical or architectural interest.

(2) In this section 'protected buildings' means—

(a) listed buildings within the meaning of the Planning (Listed Buildings and Conservation Areas) Act 1990 (see section 1(5) of that Act); and

(b) buildings situated in areas designated as conservation areas under section 69 of that Act.".'.—*[Mr. Stunell.]*

Brought up, and read the First time.

9.34 am

Mr. Andrew Stunell (Hazel Grove): I beg to move, That the clause be read a Second time.

The Bill spent two days in Committee. There was a broad consensus on its aims. Perhaps the consensus on its contents was not quite so complete, and one or two of my proposals that went into Committee bit the dust on the way through. The liveliest debate was on the subject of how my Bill might affect historic buildings. The hon. Member for Stoke-on-Trent, North (Ms Walley) moved an amendment in Committee that secured support from all sides, but after debate she helpfully withdrew it, which allowed further consideration of how we might proceed to deal with the concerns that were raised.

New clause 1 is the outcome of that further consideration. It follows a round of meetings with the hon. Member for Stoke-on-Trent, North and English Heritage, the Office of the Deputy Prime Minister and other organisations interested in heritage matters. Earlier this week I attended a meeting with representatives of English Heritage, who tell me that they strongly support the new clause and the Bill as a whole, with its general intentions of improving the security of the building stock, its crime resistance and its environmental sustainability.

The clause requires the Secretary of State to have regard to the need to preserve the character of protected buildings when making regulations. Of course, he already does. In part L of the building regulations there are already specific solutions to some of the issues presented by the need to preserve the character of buildings while still allowing them to be fit for purpose, safe to use and, in the context of the Bill, sustainable. In any case, before any regulations came into force, there would be a round of consultations, and organisations and bodies with concerns about heritage buildings would be in a good position to make their concerns known. The clause gives a statutory basis for organisations such as English Heritage and others with a legitimate concern to have their views heard.

The clause requires the Minister to have regard to protected buildings, which it defines as those that are listed, in what one might call the anorak's jargon, and those that are in conservation areas. I have been told that there are about 370,000 listed buildings in England and Wales, although that includes some rather odd animals such as telephone kiosks and grottos in ornamental parks. However, as we discussed on Second Reading, there is considerable difficulty in this country in knowing what a building is and how many we have. That was also the subject of discussion in Committee.

The figure of 370,000 is at the top end. In reality, there are probably about 350,000 listed buildings, as might be commonly understood in the Chamber. Of those, about 9,000 are listed as grade I—that is, of the very highest quality both inside and outside. About 20,000 are listed as grade II*, which means they are of good quality outside, with some interesting features inside. More than 300,000 others are listed as grade II, which is what the man in the street would recognise as a listed building—one which, looked at from the outside, has a bit of character and history. That is one category that would be included in the clause.

Secondly, the clause covers buildings in conservation areas. There are about 9,000 conservation areas in this country, though interestingly enough, there is no requirement for local authorities to notify anybody when they designate conservation areas. That is probably a good thing, but it makes it hard to be sure how many there are and what is inside them.

Many of the listed buildings in the first category are, of course, in conservation areas, and the overlap between the two categories is large.

By definition, listed buildings and buildings in conservation areas form a unique part of our country's environment, and in many cases they are cultural cornerstones—one has only to examine parts of London to see their impact on our national identity and sense of Britishness, or maybe Englishness.

Historic buildings also produce economic benefits because they generate tourism and travel. There were 63 million visits to historic visitor attractions last year, plus many more visits to picturesque villages and ancient town centres, so buildings have a significant employment and economic value.

My Bill properly takes account of the special needs and concerns of those who manage historic buildings. I want to make it clear that the new clause will not exempt

[Ruth Kelly]

to make out that the formula is extremely complicated and that no reasonable tenant could possibly conclude whether their rent increase is normal. In fact, it is a fairly simple formula of—at the moment—RPI plus 5 per cent. The Inland Revenue intends to provide an online calculator for those who wish to calculate the figure in that way. Such a calculation is not a particularly onerous one for a tenant in that situation. We shall of course maintain an interest in stamp duty land tax issues between now and 2008, and we will always be ready and willing to introduce improvements to the legislation where they are justified. However, removing such provisions altogether and failing to replace them with anything that improves matters is unacceptable. I therefore ask the Committee to reject the amendment.

Mr. Prisk: I am grateful to the Financial Secretary for that explanation. May I clarify one point, Mr. McWilliam? Do you require me formally to move the amendment?

The Temporary Chairman: We have to dispose of amendment No. 14 before we get to amendment No. 13, which has not yet been put. Once we have disposed of amendment No. 14, I shall invite the hon. Gentleman to propose amendment No. 13 formally, if he wishes to press it to a vote.

Mr. Prisk: I have listened to the Financial Secretary's comments on amendment No. 14 and, although I am disappointed that she seems alone among professionals in the field in her interpretation of it, it would not be appropriate at this stage to press it to a vote. I hope that the Government have listened to the arguments and will improve the Bill in their future refining process. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Amendment proposed: No. 13, in page 534, line 29, leave out from beginning to end of line 7 on page 537.—*[Mr. Prisk.]*

Question put, That the amendment be made:—

The Committee divided: Ayes 127, Noes 336.

Division No. 152] **[3:04 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burt, Alistair
Campbell, Gregory *(E Lond'y)*
Chope, Christopher
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Gummer, rh John
Hague, rh William
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paisley, Rev. Ian
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. Peter Atkinson and Mr. Geoffrey Clifton-Brown

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baker, Norman
Barnes, Harry
Barrett, John
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Benton, Joe *(Bootle)*
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnett, John
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Cairns, David
Calton, Mrs Patsy
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Campbell, Ronnie *(Blyth V)*
Carmichael, Alistair
Casale, Roger
Caton, Martin

Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Chidgey, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cotter, Brian
Cousins, Jim
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Curtis-Thomas, Mrs Claire
Davey, Edward *(Kingston)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gidley, Sandra
Godsiff, Roger
Green, Matthew *(Ludlow)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harvey, Nick
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hinchliffe, David
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Keetch, Paul
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Lamb, Norman
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Llwyd, Elfyn
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Morgan, Julie
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Oaten, Mark *(Winchester)*
Olner, Bill
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Price, Adam *(E Carmarthen & Dinefwr)*
Primarolo, rh Dawn
Prosser, Gwyn
Pugh, Dr. John
Purchase, Ken
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Robertson, Angus *(Moray)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Thomas, Gareth *(Clwyd W)*
Thomas, Simon *(Ceredigion)*
Thurso, John
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*

Wright, David *(Telford)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Margaret Moran and
Paul Clark

Question accordingly negatived.

Question proposed, That this schedule be the Thirty-seventh schedule to the Bill.

Mr. Prisk: It is disappointing that the Division was unsuccessful from our point of view, but it is important that we made the point.

Schedule 37, together with clause 282, re-enacts temporary provisions concerning the detailed implementation of stamp duty land tax on leases. It also makes a series of changes, corrections and revisions to the legislation. Part 1 of the schedule makes changes to the Finance Act 2003. Indeed, it makes 35 pages of such changes—and only nine months after the Act came into force. In many ways, that shows how the original legislation was ill considered in its preparation and enacted in haste.

I am well aware that the Chief Secretary told us last year that the legislation would need "refining"—I think that that was his term—over the next couple of years, but I have to say that this scale of refining is ridiculous. Such a piecemeal approach to a tax creates bad tax law by increasing the complexity, which results in greater uncertainty not only for the taxpayer but for the tax collector. It also undermines the Government's own arguments on tax avoidance. After all, if tax law is constantly changing, it is far more likely to result in loopholes. Inevitably, the Government have to come back the next year to fill them—and on we go with the ridiculous and vicious cycle.

Given the 35 pages of changes, we could be forgiven for thinking that the Government had sorted everything out. I wish that that were true, but problems and unfulfilled commitments remain. I shall give an example, and I hope that the Financial Secretary will be able to respond, as it relates to what is at the heart of the schedule.

I have been approached by a number of expert solicitors in this field, including solicitors belonging to the firm Wards of Bristol. They have been concerned by the commitments made by the Chief Secretary to the Treasury about chain-breaking companies. The representations arrived only in the past couple of days, which means that I have not had time to table an appropriate amendment.

On 10 June 2003, the Chief Secretary to the Treasury told the Standing Committee considering last year's Finance Bill:

> "I can provide some comfort to the hon. Members who have raised the issue of chain-breaking companies. I can confirm that we will consult with bodies in the sector and will table appropriate amendments to clause 59 before the implementation of the modernised regime to ensure that chain-breaking companies can operate without a double charge to stamp duty land tax. A relief for this specific point would assist liquidity in the housing market, which we all agree is desirable. The Office of the Deputy Prime Minister has already issued a paper making the promotion of chain-breaking companies a Government policy."—[*Official Report, Standing Committee B,* 10 June 2003; c. 415.]

Amendments were duly tabled. Schedule 6A to the Finance Act 2003, when finalised, addressed many of the needs of chain-break schemes. However, a raft of different constraints remain, contrary to the Chief Secretary's commitment in Standing Committee. As a result, many transactions in this area operate with a double charge, as I shall show in three short examples.

First, the current requirement for a chain to have broken down prevents the creation of a completed chain by taking out a prospective buyer who has not yet put his property on the market. Secondly, the requirement in the legislation that the vendor, apparently simultaneously, should acquire another property as his main residence prevents chain-break companies from buying from people who need to go into nursing care; who may be undergoing divorce; or who are threatened with repossession. Finally, the restriction that the property must have been occupied as a main residence in the past two years prevents the purchase, for example, from someone who has been in a nursing home for an extended period; or from someone trying to get out of the buy-to-let market; or from someone who has been working abroad and who is looking to make the move permanent.

I hope that the Financial Secretary will consider these important matters. The proposals being considered today should have been contained in last year's Bill. What progress has been made in ensuring that the provisions introduced last year are corrected? The Chief Secretary made a clear commitment in relation to these matters, and I hope that it will now be fulfilled.

A raft of other problems have been caused by the Government's piecemeal approach. I gather that statutory instrument No. 1069 was introduced earlier this month, but that it has had to be corrected by a new provision. That highlights the Government's piecemeal and ad hoc approach to making tax law.

Finally, it is clear that this remarkably opaque tax has been very badly prepared. Today, we are considering 35 pages of changes that have been needed in less than a year, and that serves to prove my point. The various amendments to schedule 37 that the Committee considered today were tabled with the aim of improving the legislation. However, the Opposition want to put on record our concern about the impact of the tax, and our strong rejection of the Government's ad hoc and piecemeal approach to its enactment.

Mr. Redwood: My main concern about allowing schedule 37 to stand part of the Bill is that it contains 35 pages of extremely complicated provisions in respect of a new tax introduced by the Government very recently and in a rush. The schedule represents a series of wholesale amendments to the Finance Act 2003, of recent memory, and it also amends amending statutory instruments that had to be introduced in-year because of the mess that was made of the original legislation.

The 35 pages of schedule 37 are followed by the 15 pages taken up by schedules 38 and 39, which also deal with the same tax. That means that the House is being invited to agree some 50 pages of legislation in the space of perhaps an hour, in respect of a very new and badly designed tax whose introduction was bungled and badly explained a year ago. The tax warrants a Bill all to itself, with a proper Committee procedure. That might help the Government grope their way towards the proper introduction of an enormously complex tax. The

Government designed it badly, and they have to revise it every six months to respond to the complexity of a marketplace that surprises them with its constant rises.

Mr. John Bercow (Buckingham) (Con): I am very grateful to my right hon. Friend for giving way because he is a respected veteran of these debates in Committee. Can he tell me what compatibility exists, if any, between schedule 37 and the tax law rewrite project, conducted under the auspices of the tax simplification panel, which is regularly and enthusiastically championed by the Government?

Mr. Redwood: I believe there is little or no relationship or connection. As I understand the rewrite and simplification, its intention is not to change the incidence or the impact of the legislation in any way, whereas today the Government, by rushing through these schedules, are seeking to make quite substantial changes in something that they designed a little over a year ago, legislated for in haste, re-legislated for in statutory instrument form and are now seeking to legislate for again. It is a very different exercise. Simplification would be very welcome, but I think even the best brains in the country would be unable to boil these schedules down to many fewer pages than we currently have before us, because they are ill thought through and badly designed. Even the most brilliant prose stylist in the world would be unable to condense into a reasonable space something that is so ill thought through and badly designed, because the whole point of it is that it is ghastly and complex and prolix and tedious and contradictory and inaccurate, and doubtless will need amending in subsequent regulations and in subsequent Finance Bills.

I admire the wit and wisdom of the officials involved in all this because it is clearly a lifelong task to keep bringing things back to the House in the vain hope that one day they will hit on the right solution—that one day we may have a stamp duty land tax of which Ministers can be proud, that one day there may be a lucky Minister who is allowed to come to the House and say, "Good news: we do not have to legislate again on this. We have at last succeeded." But so far Ministers have had to come to the House and say, "I know I was here last year doing this, but it is not Groundhog day; we are not doing the same again, we are doing something very different. The intention is still the same but we have discovered that what we did last time was fundamentally wrong." I know that the Committee would not like me to go into all the detail in these 35 pages, but hon. Members should at least be aware how fundamental are many of the issues that have to be re-legislated for in this extraordinary way.

We have to look again at contracts providing for conveyances to a third party—an extremely wide category under this legislation. We have to consider the effect of transfer rights. We have to consider registration of land transactions. We have to redefine the effective date of the transaction—a pretty fundamental thing, which one would have thought the Government would have got right to start with. We have to look at chargeable consideration—in other words, how much these things cost in the first place. We have to look at general provisions relating to leases. We have to look at rent reviews. We have to look at the assignment of agreements for leases and we have to look at lease agreements. We have to look at commencement.

Then in part 2 we get to the really juicy bit where we are amending amendments—where we are amending regulations under section 109 of the Finance Act 2003, which were designed to deal with the problems in the first place. There we have to deal with introduction and revocation—if only we were revoking the whole thing, it would save us a lot of time. We have to look at the meaning of taking possession. We have to look at relief for sale and leaseback arrangements—a fundamental point. To stay in business in a competitive market, an awful lot of businesses finance themselves by sale and leaseback, and we now discover that the provisions were wrongly drafted and some people are being unreasonably penalised and the Treasury is not getting what it thinks it should get.

We have to look at relief for acquisitions of residential property that were never meant to be captured by this thing in the first place; there is a very complicated new piece on that. We have to look at acquisition by a property trader from personal representatives. We have to look at the chain of transactions point that my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) rightly highlighted. We have to look at relocation of employment cases. We have to redefine what a property trader is, which is pretty fundamental, as property traders are the people who are most likely to be tied up in these knots regularly.

We have to look at the meaning of "refurbishment" and "the permitted amount" because there are exemptions for that kind of practice under the legislation. We have to look at the particular position of unit trust schemes, which have been caught out in a way that the Government obviously did not intend. We have to look at linked transactions. We have to look at declarations by persons authorised to act on behalf of others. We even—and this is my favourite—have to change the meaning of "lease". One might have thought that when the Government set out to tax leases, they would start off with a definition, go out to consultation on it, agree it and stick with it. But no, apparently they even got that wrong, and we now need a new definition of a lease.

Mr. Prisk *rose—*

Mr. Redwood: I see my hon. Friend has a thirst for knowledge.

Mr. Prisk: My thirst for knowledge is unquenchable, so I have been interested to hear the range and scope that my right hon. Friend is highlighting and which I have had to deal with directly. Is he aware that the most sinister aspect of all this, which is in another large tome, the Red Book, may be that the Government expect a 25 per cent. increase in the yield of the tax—£1.9 billion in one year? Does he share my concern that tucked away behind this panoply of nonsense is a much more worrying issue?

Mr. Redwood: My hon. Friend is ahead of me in my argument. I had done the Minister the justice, or the injustice, of assuming that most of the schedule dealt

[Mr. Redwood]

with bungles, but my hon. Friend is right—some of it is an intentional tightening up, almost tantamount to a new tax in some cases, which the Minister should highlight if she wishes to intervene in this important debate.

We are invited to legislate anew on "Treatment of leases for indefinite term", on "First rent review in final quarters of fifth year", on "Adjustment where rent ceases to be uncertain", on "Rent for overlap period in case of grant of further lease", and on "Cases where assignment of lease treated as grant of lease". Then there is more on agreement of leases under the amending amendments; more on assignment of agreement of leases; and more on increases in rentals and the abnormal rent business that we were discussing just before the stand part debate. That, as we saw in that moderate debate of some one hour's duration, posed a great many problems in its own right, most of which the Minister did not care to answer when she replied to the points that my hon. Friend and I had made.

The schedule needs rather more time and attention. It would be a courtesy to the Committee if the Minister, when replying to the debate, could make an honest declaration of which paragraphs of the schedule are being amended because there were errors, problems and drafting difficulties, and which are being amended because those who have to pay the tax have succeeded in making representations to the effect that it is was unworkable or unfair and one or two aspects are moving in the direction of the users, as with unit trusts in some cases. Most important, I hope the Minister will highlight to the Committee where the definitions and the text are being deliberately strengthened in order to increase the amount of revenue that the Government are raising, in the light of experience in the first year of the introduction of the tax.

That is what most matters to the Committee and the House. It is wrong that all these changes are being slipped through in the schedule in the hope that there will not be much debate. It amounts to revisiting a new tax in a pretty fundamental way, and I hope the Minister will illuminate our debate by confessing to the errors, highlighting any good news that may be hidden in the schedule for people who currently have to pay the tax, and above all highlighting in an open way to the Committee where the burden will increase. It is not clear to the lay reader where that £1.5 billion or more will come from. Some of it will clearly come from changes to drafting, rather than from the expansion of the economy.

3.30 pm

Mr. John Gummer (Suffolk, Coastal) (Con): The complexity of the changes, and the extensive nature of the amendments and the amendments to amendments may be construed as a fundamental criticism of a taxation system that is supposed to be understood by pretty ordinary people. We are discussing leases, which are often an important subject for businesses that are not huge and do not have vast arrays of advisers, helpers and people with detailed knowledge.

I much honour the Minister who is to reply. I sit on a committee with her and I hear her express ideas simply, coherently and cogently. Indeed, I often agree with her, and I do not think I have ever disagreed with her, on that committee. *[Interruption.]* This may be very dangerous for her career, but I have certainly understood what she has had to say. It must be extremely embarrassing for her to appear before this Committee faced with a series of amendments on which she must have spent a great deal of time with her civil servants, going through each of the details to ensure that she could explain not only to our satisfaction but to her own what they really meant.

That is an unacceptable position. Of course, there are complicated matters that need complex legislation, but such legislation itself demands that one gets things right in the first place. I think that the tax that we are considering is unacceptable. I suppose that I have a sort of interest in addition to what I have set out in my declaration of interests, to which I refer the Committee, in that I write on matters of property. I find it difficult to see that this is a very helpful tax. It affects me directly, but I do not see that it is helpful as far as the economic future of the country is concerned. Even if it were helpful in that context, the fact that it is incomprehensible to the ordinary person brings into considerable doubt the taxation system as a whole.

I plead with the Financial Secretary to recognise the seriousness of what we are discussing. Yesterday, I made a short intervention about a proposal aimed at very small companies that had only recently been incorporated. Anyone who listened to that debate would have recognised that what was happening was totally incomprehensible to anyone who was likely to be running a small company. We are now seeing a series of amendments to the system that must be utterly incapable of being understood by the very people whom we are supposed to be encouraging. It is not fair that the most difficult thing in running a business is dealing with the Government. That should not be the situation. The most difficult thing in running a business should be making a profit; that is what people should be concentrating on and concerned with. This Government are making it more difficult to run a business by insisting on a taxation system that is as opaque as they can make it.

There are three points with which I would like the Financial Secretary to deal. First, is it not true that the tax is being introduced because the Chancellor did not dare introduce a sensible, direct tax that everybody knew about? Is this not one of those examples of the Chancellor trying to invent a tax that is so complex and so particular in its incidence that people will not notice it enough to say, "There you go again; taxes are going up"? We know who will pay the price; it is not the businesses who pay the tax in the first instance, but the customers of those businesses. The Financial Secretary is shaking her head, but it is true. She is paying for it, as am I. Indeed, we are all paying for it in the goods and services provided by the businesses that are now taxed by what I understand to be an additional £1.7 billion, or an amount of about that size.

Mr. Prisk: It is £1.9 billion.

Mr. Gummer: It is £1.9 billion that the Chancellor is taking out of the pockets of the people of this country. That is what this is about. It is all right for the Financial Secretary to shake her head so elegantly, but the truth is that she knows very well that there is no one else to pay

the money. In the end, all taxes are paid by the consumer and the customer. If £1.9 billion is taken out of the system it is taken not from a mythical collection of rich people or a series of property speculators who can be cut off from the rest of the community, but from the pockets of the purchasers of goods and services. This tax is complicated in order to uphold the fiction, which the public increasingly recognise as a fiction, that the Government are not a tax-and-spend Government. Of course they are a tax-and-spend Government, however polite and charming their front may be. The Financial Secretary must defend this tax in terms of its being a straightforward imposition that we can all understand.

My second question, which my right hon. Friend the Member for Wokingham (Mr. Redwood) raised earlier, arises in the stand part debate because this is the moment at which we give credence to the amendments. Will the Financial Secretary distinguish between the amendments to obtain more money and the amendments that were made because she got the provision wrong in the first place? I do not blame her for getting the provision wrong, and, unlike certain Ministers of the Crown, I am not prepared to blame civil servants. I was brought up in an old-fashioned way, so I blame Ministers—I expected to take the blame when I was a Minister.

I shall blame the person who is really responsible, the Chancellor of the Exchequer. He must explain, through his voice, the Financial Secretary, which is the mea culpa bit and which the "mea grab-a bit." Which bits is he apologising for, and which bits is he preceding with the word "sorry" before taking some more? That distinction is not included in any of the explanatory memorandums, and I am sorry that that should be so. I have read the explanatory memorandums carefully, because it is difficult to read the Bill, and one needs the explanations. None of the explanatory memorandums states, "We got these things wrong, and we are now going to get them right. We are also introducing this provision, which means that we will raise a great deal of money. We want to explain the Red Book properly."

Thirdly, will the Financial Secretary explain to whom my constituents affected by this gobbledegook should apply—at no cost, because it is not their fault—for specific advice on how the changes will affect them and their businesses? If she does not introduce free help, she will act as a recruiting sergeant for those overpaid people—I nearly called them a profession—chartered accountants. The Government have given more money to chartered accountants than any Government in the history of mankind. Ministers do not need to include that point in their declaration of interests, but they ought to—members of the chartered accountancy profession have more treasure than is imaginable, because they have earned so much, and, given recent events and examples, I doubt whether one can trust them.

The Financial Secretary must explain who will advise those who do not want to spend money, in addition to the tax that is being extorted, to make sure that they do not break the law. The problem is that one seeks professional advice not only to minimise the tax that one legally ought to pay, but to ensure that one does not get caught in a taxation system that is so complex and irrational that one would not imagine that one was doing wrong, and that proposition is central to our argument.

It is wrong to put people in the wrong by introducing legislation that is so irrational and unconnected with anybody's natural assertions and thoughts that people would not imagine that they are doing something incorrect. It is wrong to set out to have a taxation system that is designed to hide the fact that anybody is being taxed, to design the mechanism to be as complex as possible so as not to have to admit to raising taxes, and to promise the nation that taxes will not go up, then get into a mess and have to do it anyway.

3.45 pm

That has an immoral effect on the public. It puts people in the position of being lawbreakers by accident because the complications and hoops are such that no sane person can possibly imagine what questions they should ask and what issues they should consider when they enter into the perfectly reasonable activity that is the purchase, passing on or sale of a lease—a simple matter that, since before mediaeval times, people have done in a simple way. It took this Government to make it an act worthy of a senior wrangler from the University of Cambridge: only someone of that quality could read and understand the changes in the Bill and still carry on a business.

One of the sad aspects of this Government is that very few of its members, including the Treasury team, have ever run a business. Nowadays, it is increasingly difficult for those of us who run businesses to be able to say so with pride, but I do. I run a business, and I know how difficult it is to get these things right. The Government are introducing into our business life complications that make people spend more time trying to handle the problems placed upon them by the Chancellor of the Exchequer than trying to win a profit out of a marketplace on which he depends.

We should vote against the schedule and say to the Government: "For goodness' sake get real. Get yourself into the marketplace, understand what you're doing, and don't clog this House up with the unmentionable, the inconceivable, the incomprehensible and the absolutely unnecessary. If you want to tax us, do it publicly, clearly and simply; and admit that your big fault was to promise that you wouldn't increase taxation, then find that you've got to hide the taxes because you dare not face the electorate."

Ruth Kelly: I welcome you to the Chair, Sir Nicholas.

I very much enjoyed the contributions made by right hon. and hon. Members on the Conservative Benches. Let me reassure them that the schedule is framed in the language of the tax law rewrite. That fundamental point has been much examined by Conservative Members, who will be reassured by that comment.

The right hon. Member for Suffolk, Coastal (Mr. Gummer) told me to get real. I would argue that if most people looked at the old stamp duty regime, under which all residential transactions bar hardly any paid full stamp duty, and half of all large commercial transactions paid full stamp duty while half paid none at all, they would realise that that was completely unacceptable. When they realised that the old regime

[Ruth Kelly]

was not compatible with e-conveyancing, they would find that unacceptable, too. When they considered the fact that the old regime had no proper enforcement and penalty powers, they would not think that in line with the principles of modern taxation.

Mr. Prisk: The Financial Secretary talks about the need to modernise and the importance of electronic conveyancing. Can she explain how electronic conveyancing is helped by the requirement to complete tax return forms by hand in black ink?

Ruth Kelly: The hon. Gentleman will know that those forms are available on people's computer screens. Every effort has been made to ensure that they are as user-friendly as possible, but of course the Inland Revenue is continuing to work on making the system as compatible with e-conveyancing as possible.

Mr. Gummer *rose*

Ruth Kelly: The right hon. Gentleman has made so many contributions to this debate already. Perhaps he will let me answer a few more of his questions before he rises again.

The provisions will have absolutely no effect on the vast majority of transactions. In particular, residential purchasers and their advisers will notice virtually no change. Indeed, despite the dire prophecies of Conservative Members, stamp duty land tax was successfully implemented on 1 December 2003. Since then, nearly 500,000 certificates have been issued. Most residential purchasers have seen little difference. By contrast, references to stamp duty land tax in the professional press suggest that the regime has been successful in significantly reducing the avoidance opportunities that were available under stamp duty for commercial transactions. Indeed, in the first quarter of 2004, yield from land transactions was up nearly 20 per cent. on the corresponding period last year, almost certainly because of the reduced scope for avoidance.

Mr. Prisk: I am fascinated by the Minister's statement that residential buyers are not seeing any difference. All the solicitors I have spoken to have talked about the change from a one-page tax form to a 12-page document plus 37 pages of explanatory notes – there are always a lot of explanatory notes with this tax. In what way does that change make no difference to residential buyers? Most of the solicitors told me that they expect to have to charge about another £50 for their time in order to deal with this new tax arrangement.

Ruth Kelly: I am arguing that the purchaser of a property undertaking a residential transaction will probably see no difference whatever. I understand and respect the fact that the hon. Gentleman has many friends in the community of solicitors, who are arguing at every opportunity that completing a form that they are not used to completing is a huge additional burden. I hope that the majority of solicitors will get used to completing it. They do not have to fill in every page, and it should not take them very long. The provisions are not onerous; I have seen them myself and they are entirely reasonable. I am sure that solicitors will adjust to the new form in due course.

The avoidance industry has not been idle, however, and that is partly the reason the provisions in this year's Bill are needed. Clause 282, which introduces the schedule, makes a number of amendments to stamp duty land tax legislation. Although the schedule might appear daunting, I can reassure hon. Members in two respects. First, most of the length of the schedule arises from the fact that it re-enacts in primary legislation regulations that were made last November. We have already debated those regulations at length, and many of the comments made today reflect subjects that have already been debated in the House.

Mr. Gummer: I agree with the Minister about stopping avoidance, but, given that that will mean a great deal more money coming into the Treasury, will she tell me what tax cuts are being made in order for this not to be a tax-increasing measure? That is the issue. The provision will increase the amount of money coming into the Treasury. Where will cuts be made to ensure that this does not represent an increase in taxation?

Ruth Kelly: I can correct the right hon. Gentleman by saying that many of the measures before us today have been suggested to us by practitioners, and they will close tax avoidance routes that were leading to a loss of revenue on which we had already counted, and which we would not have been able to secure if these measures had not been introduced.

Many of the provisions in the schedule are technical, and we have already debated several of them today. I do not intend to run through them all, but I shall deal with the specific point about chain-breaking raised by the hon. Member for Hertford and Stortford (Mr. Prisk). I understand that he has not had the opportunity to table an amendment on the subject. He argues that the conditions on chain-breaking are over-restrictive, but that is certainly not the case. I should perhaps remind hon. Members that we have already extended the relevant period from one year, as set out in the Finance Act 2003, to two years. I certainly think it reasonable that relief should be available only where there is evidence that the property is genuinely the individual's residence, not where, for example, the main use of the property has been to generate income.

Clearly, it is important in that situation to have, for example, restrictions on the time that an individual would need to have occupied the property. If there were no limits, any property dealer could say it was a chain-breaker. We believe that we have completely fulfilled the Chief Secretary's commitment in that regard. For all those reasons, I urge all members of the Committee to support the schedule.

Question put and agreed to.

Schedule 37 agreed to.

Clause 283

NOTIFICATION, REGISTRATION AND PENALTIES

Mr. Prisk: I beg to move amendment No. 16, in clause 283, page 237, line 16, leave out

'the land consists entirely of residential property and'.

The Temporary Chairman (Sir Nicholas Winterton): With this it will be convenient to discuss amendment No. 15, in clause 283, page 237, line 18, leave out '£1,000' and insert '£5,000'.

Mr. Prisk: Amendment No. 16 would remove the restriction in clause 283(2)(b)(b) and narrow the application of the new notification procedures to residential property. On the whole, and despite our previous discussions, the clause is welcome in that it seeks to reduce compliance costs and the burden by relaxing the notification procedures for the taxpayer. Despite our reservations about previous elements of the legislation, in this instance the clause will probably help the taxpayer and, indeed, the tax collector. Under current drafting, however, the land must consist "entirely of residential property". That seems somewhat illogical. I suspect that it may prove self-defeating and there is a danger that it could prove impractical. Let me run through those points briefly.

I believe that the measure could be illogical because, if the purpose is to cut the compliance burden, why apply the matter of the kind of use—the type of property use—in this instance? I believe that it could be self-defeating, because if the Revenue hopes to reduce its administrative costs, would it not be wiser to include all kinds of property? What is the relevance of the type of property? Doing so could be impractical because the clause relies in part on a definition under section 116 of residential property. I have to say that that is not one of the clearest elements. Let me cite one example that relates to that.

Under current drafting, it is necessary to distinguish between two transactions under which a householder's garden was expanded—on the one hand, where the land forms part of a neighbour's garden, when the provision will apply, and, on the other, where the land is part of a field in an adjoining farm, when it will not. I am grateful to Mr. Jeremy de Souza of White and Bowker for highlighting that instance. He is one of several people to have done so. Does the Minister recognise that that is a potentially needless restraint on the clause? In the interests of compliance, will she accept our amendment?

May I now move amendment No. 15?

The Temporary Chairman: Order. The hon. Gentleman may speak to that amendment. He does not need to move it, as amendment No. 16 has been moved and we are considering amendment No. 15 with it.

Mr. Prisk: I am extremely grateful to you for that clarification and assistance, Sir Nicholas. I must confess that after four joyous hours of strip stamp debates in Committee yesterday and about three hours spent on related subjects, my recollection of the details is beginning to diminish.

4 pm

Amendment No. 15 refers to another restriction of £1,000 for those transactions that do not require the stamp duty land tax land transaction return No. 1. That is the rather infamous 12-page special that miraculously seems to be meant to simplify matters.

As I said, the purpose of clause 283 is welcome—it seeks to provide more relaxed notification procedures—but the maximum value of £1,000 seems to negate the purpose. Our amendment adjusts that to a more realistic figure: £5,000. At £1,000, few if any transactions will be helped. At £5,000, we suspect that both taxpayers and tax authorities would, if nothing else, benefit administratively. At £1,000, it is unclear whom the Financial Secretary is trying to help. Perhaps she will tell us how many transactions would be exempted at £1,000, and for that matter, how many might be helped at £5,000. When linked to the residential condition, the clause is further weakened, so the relationship between the two is important.

Amendment No. 15 is a probing amendment, and I hope that the Financial Secretary will respond accordingly. If she cannot agree to the proposed figure—£5,000 may be inappropriate, and £3,000 may be more appropriate—I am open to positive suggestions from her, and I hope that she can propose a figure that will better reflect the realities of the property market.

Mr. Redwood: I support these two excellent, modest amendments, which would represent a small win for those of us who would like to simplify the situation for some people and reduce the burdensome compliance costs of this legislation.

My hon. Friend the Member for Hertford and Stortford (Mr. Prisk) is right—I doubt whether there will be many transactions of less than £1,000 in this inflationary property environment that the Government have created and are creating. There will be more transactions at under £5,000, and for that reason I welcome amendment No 16. I also welcome the idea in amendment No. 15 that the provision should be widened from applying just to residential property.

In the previous truncated debate, the Financial Secretary answered few of the points—obviously, she truncated it because she had no answers. The one answer that she did attempt, however, was on the issue of the compliance burden, which we are now debating. She confirmed what my hon. Friend well knows—that a 12-page form must be filled in to comply with the tax. Her defence was extraordinary. She said that most people who have leases need not worry, because they will not have to fill in the form themselves, as it will of course be filled in by their lawyer.

The Financial Secretary went on to say, knowing rightly that many lawyers are talented, hard-working, fast-moving, alert people, that they would soon get into the swing of things and realise that having to deal with another 12-page form was not too difficult, and that they might even be able to skip the odd page if they were lucky—or unlucky, depending on their point of view—with their transaction. What she should also know about lawyers is that, in my experience, they charge for such things. Most lawyers would see the provision as another good little bit of business. As my hon. Friend said, I am sure that a reputable provincial firm of

[Mr. Redwood]

solicitors might put another £50 on the bill for filling in a 12-page form, whereas top London lawyers, being so much more talented and even more imaginative with their bills, might come up with an even higher figure. Therefore, of course there is a compliance burden on the person trying to take on a trading property, or whatever, because they would have to employ a lawyer, whose bill they would have to pay.

I hope that the Financial Secretary will apologise to the Committee for her odd view that because one can employ an agent to do something, that is not a burden, someone's time is not involved, and that time will not be billed for. Anything that she can do at this 11th hour, on this sorry piece of legislation, to make it a little cheaper and easier for people trying to go about their small business duties, and needing property to do so, would be welcome.

My hon. Friend has been remarkably modest in his demands. If I had been drafting the amendment, I would have put on a bigger figure than he proposes, but it gives me great pleasure to support his modest request. If the Minister is so heartless that she even turns that down, we shall have further confirmation that this Government do not give a toss about small business, and do not understand how damaging these interventions and costly devices in the property marketplace will prove to be. It will demonstrate that the Government's only interest is in grabbing as much money as possible from the business community and from people as they go about their normal business.

I have declared my interests in the register, but today I speak on behalf of all small business people and all those embarking on property transactions. I say, "Enough is enough. This is rip-off government. The money is being wasted. Give us a break."

Mr. David Laws (Yeovil) (LD): We on the Liberal Democrat Benches also understand what the Government are trying to achieve in clause 283. A reduction in the compliance burden would obviously be welcome, but we support the amendments because we feel that the reduction is pretty modest. I agree with the right hon. Member for Wokingham (Mr. Redwood) that the hon. Member for Hertford and Stortford (Mr. Prisk) has been quite modest and moderate, particularly in amendment No. 15, in proposing an alternative threshold within which there will be no requirement for an SDLT return.

Many would consider that even the Government concession is modest. Some would call it pitiful, and indeed some have done so. Transactions of less than £60,000 on a residential basis and of less than £150,000 on a commercial basis will still need to be reported, although there will be a zero tax return. The information required in the self-assessment return places a considerable burden of compliance on taxpayers and their advisers, and the tax itself represents a significant shift in the costs of compliance from the Revenue to the advisers. That needs to be rectified.

I hope that this proves to be one of the occasions that the Minister can make us consider worth while, by taking account of the concerns that have been expressed. If she does not accept the amendments, I hope that she will think about returning at some stage with a slightly more generous provision of her own, so that she can declare that the Government planned it all along and are not making a concession to the Opposition. We ourselves would be generous and welcome that.

Ruth Kelly: I am always heartened when I hear the right hon. Member for Wokingham (Mr. Redwood) say that he has a small win on his hands.

I believe that this is a deregulatory measure. I urge Members to cast their minds back to the days when every transaction had to be notified. We are now proposing that some need not go through the process, in response to a specific representation about people who are generally unrepresented.

Mr. Laws: How many entities does the Minister believe will be exempt as a consequence of the Government's concession?

Ruth Kelly: I am not sure that it is possible to put a figure on it, but I do not think there will be many. I will outline the sorts of people who will fall into the category.

The relaxation of the notification requirements is intended to help purchasers in the case of small residential transactions. The example given to us is that of the purchase by a tenant with a long leasehold of his or her own freehold. It will allow registration of the transaction at land registries by completion of a simple self-certification form rather than the submission of a stamp duty land tax form. Purchasers who are likely to benefit from the provision are often unrepresented, and representations are being made on their behalf. In cases seen by the Inland Revenue, £1,000 is sufficient to exempt them. Land registries have agreed to the concession because it does not impose an unnecessary burden on them.

In certain circumstances, a large company will buy a leasehold and sell it back to individual tenants for a few hundred pounds. They are unrepresented: they do not employ a solicitor to conduct the transaction. It is in the light of that that we have made the concession.

Amendment No. 15 would raise the limit to £5,000. That is unnecessary to deal with the specific situation that I have outlined. I think that we have different policy intentions. The Government's policy intention is to relieve that category of people—

Mr. Laws: I can understand the specific concern that has caused the Financial Secretary to introduce clause 283, but what is her argument against amendment No. 15? Is it a cost argument, or does she believe that it will complicate the administrative job of the Government? What is the argument against that modest amendment?

Ruth Kelly: The argument against an increase in the limit is basically the difficulty that it would cause for land registries, which would have to decide whether a self-certificate is appropriate, or whether a full Inland Revenue certificate should be issued on each occasion. They have suggested to us that a £1,000 limit would be acceptable to them, but that the risk is that the burden would increase were that limit to increase.

Mr. Prisk: I may have missed a point but I am unclear as to why, in issuing a certificate, there is a difficulty in distinguishing between £1,000 and £5,000. I am not quite clear. Can the Financial Secretary expand on that? It seems hazy.

Ruth Kelly: The fact is that a lot fewer transactions will be covered with a £1,000 limit, which is appropriate to exempt the transactions that we are concerned with in this case. Clearly, we will keep that limit under review. If representations are made in due course, we may consider whether it is still appropriate, but I am convinced that it is.

Mr. Prisk: I think that the Financial Secretary is saying not that it is difficult to distinguish between the two categories, but that a much greater number of cases will be applicable under the £5,000 limit, and that it is the administrative burden for the Land Registry that we are talking about. Will she confirm that?

Ruth Kelly: As far as I understand it, the land registries are telling us that it would put a much greater burden on them if the limit were increased, because the scope of the exemption would greatly increase. We think that a £1,000 limit is appropriate for the policy aim of excluding that particular category of unrepresented person, although, as I say, if different situations are put to us, we will consider them in due course, always with the aim of improving the Bill as and when we can. However, there is a case that that group of people, who are unrepresented, should not have to fill in the full stamp duty land tax form, of which I know the hon. Gentleman is a great fan. For that reason, I ask the Committee to reject both amendments.

Mr. Prisk: I am unconvinced on the question of the number. It seems entirely acceptable to apply the ridiculous compliance burdens under schedule 37 of a six-step, three-formula, two-page application in respect of abnormal rents, but when the Land Registry is asked to distinguish between a £1,000 set of certificates and an owner who will perhaps try £5,000, it is insurmountable. It is a peculiar argument.

It is a disappointment that the Government's arguments are remarkably weak. That is unusual. Usually, the Financial Secretary is far more robust and persuasive. On these two amendments, she has not been.

My purpose in tabling the amendments was to put on record the genuine worry of those in the real world whom we are here to represent. I have done that. It is important that we continue to do that. However, on balance, I shall withdraw amendment No. 16. I believe that you will wish me, Sir Nicholas, formally to present amendment No. 15 in due course.

The Temporary Chairman: The hon. Gentleman is seeking leave to withdraw amendment No. 16.

Mr. Prisk: I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

The Temporary Chairman: Does the hon. Gentleman wish to press amendment No. 15?

Mr. Prisk: I think that this is an example of that awkward situation where I need formally to present an amendment, only in due course to have to withdraw it. We have debated the whole issue. The amendments are interrelated; therefore, I would wish, having formally presented the amendment, formally to withdraw it.

The Temporary Chairman: I am extremely grateful to the hon. Gentleman, who has saved me the trouble of explaining that to the Committee.

Clause 283 ordered to stand part of the Bill.

Clause 284

CLAIMS NOT INCLUDED IN RETURNS

4.15 pm

Mr. Prisk: I beg to move amendment No. 17, in clause 284, page 238, line 26, after 'for "', insert 'for'.

The Temporary Chairman: With this it will be convenient to discuss amendment No. 18, in clause 284, page 238, line 30, after 'for "', insert 'for'.

Mr. Prisk: The amendments are small but not unimportant. They are designed to correct the meaning of the clause. I am grateful to the Law Society for highlighting the errors. My only anxiety about the amendments is that I suspect they will reinforce to friends and colleagues alike my reputation as a parliamentary pedant when it comes to stamp duty land tax. These are none the less matters of substance, so I hope that the Minister will accept the amendments.

Ruth Kelly: To be brief, I urge the Committee to accept the amendments.

Amendment agreed to.

Amendment made: No. 18, in page 238, line 30, after 'for "', insert 'for'.—*[Mr. Prisk.]*

Clause 284, as amended, ordered to stand part of the Bill.

Schedule 38 agreed to.

Clause 285 ordered to stand part of the Bill.

Clause 286

CHARITABLE TRUSTS

Question proposed, That the clause stand part of the Bill.

Mr. Laws: Hard on the heels of the great triumph of the hon. Member for Hertford and Stortford (Mr. Prisk), I hope to induce the Financial Secretary to make further changes in this important area, but on this occasion I invite her to come up with her own proposals.

The clause extends charities relief to charitable trusts, and relief is available when the charity intends to hold the property acquired either for use in furtherance of its charitable purposes or as an investment. I understand that the Inland Revenue interprets that as denying relief when a property or part of the property acquired is to be sold off by the charity, on the basis that the purchase for resale is not an investment.

[Mr. Laws]

Furthermore, we understand that when a property is acquired partly for use by the charity for its own purposes and partly to be sold off, the latter part causes relief to be denied on the whole acquisition, on the basis that an acquisition is either entirely chargeable or exempt. Clearly, there are circumstances in which a charity has to acquire a particular site or building in its entirety, but then has to sell on the part that is surplus to requirements. In those circumstances, the apparent current interpretation could produce a capricious result. If there is a delay before resale, that might indicate an investment activity, but it would not be possible to foresee that at the time of the acquisition by the charity. It would seem particularly unfair for the charity to bear the whole 4 per cent. stamp duty land tax on the entire acquisition where only a small part had to be resold.

We understand that the principle underlying the Revenue's interpretation is to deny relief for trading transactions by charities that would enjoy an unfair advantage in competing with commercial organisations. However, I suggest that the condition on which the Government are basing clause 286 should be reversed so that relief would be denied where the main purpose of the acquisition was dealing in property, but it would still be possible to have the relief where the main purpose was investment and a portion of the property was being sold on.

I do not know whether the Financial Secretary can offer us any reassurances on that point now, but at the very least I hope that she might consider it during the course of the Bill, and consider coming back with clarifications or Government amendments.

Ruth Kelly: I am grateful to the hon. Gentleman for the way in which he has raised this issue today and for giving me some notice of his point. I hope that I can give him some reassurance, if not the full reassurance that he seeks.

Charities certainly will not lose relief if they dispose of properties. Provided that they have used a property for charitable purposes, its disposal should not cause any clawback of relief. However, the hon. Gentleman is right to point to the fact that relief is not available if a charity acquires property intending to dispose of it—in other words, when it is in effect speculating on the property. I think that he will agree that it would not be right for a charity to be exempt from the tax if it were to engage in pure speculation.

The hon. Gentleman raised the case of a property that is bought and part sold on. That could cause a degree of difficulty, but I should like to think that in practice it is possible to distinguish between the two parts of the transaction, so that one part of it, which is concerned with the charity, benefits from the relief, and the other part is charged to stamp duty. I would be willing to discuss that with him further during the later stages of the Committee, or to discuss it with charitable bodies if they feel that that is not a reasonable solution. However, it strikes me that what I have suggested is probably a fair compromise.

Mr. Laws: I understand the Financial Secretary's intention to consider the point. Will she clarify whether amendments to existing legislation are required to achieve the desired effect that duty will be payable only on the part of the property that is sold on? Is that currently her interpretation of the law as it would be if the Bill was passed unamended, or does she believe that it is necessary for us to discuss the matter further and to table amendments to achieve that effect?

Ruth Kelly: I understand that that is the current intent of the legislation, but I shall write to the hon. Gentleman to make that point clear. If further amendments are needed, he will of course have an opportunity to put those to the Committee. In the light of that clarification, I hope that he will support the clause.

Question put and agreed to.

Clause 286 ordered to stand part of the Bill.

Clauses 287 and 288 ordered to stand part of the Bill.

Schedule 39

STAMP DUTY LAND TAX: APPLICATION TO CERTAIN PARTNERSHIP TRANSACTIONS

Mr. Prisk: I beg to move amendment No. 19, in schedule 39, page 548, line 36, at end add

'which constitutes a chargeable interest'.

Amendment No. 19 applies to new paragraph 12 in schedule 39. Under the provision as drafted, stamp duty land tax will be applied to the transfer of a partnership interest that holds land; however, it should be limited to partnerships holding United Kingdom land. The amendment would restrict the charge to UK property held by partnerships, and it assumes that UK land interests held by a partnership that are not subject to stamp duty land tax—I am thinking probably of licences or mortgages—are not caught.

Paragraph 12 could affect "every interest in land", presumably anywhere in the world. I suspect that that cannot be the intention, and the amendment seeks to correct what is probably an oversight. If it is not, will the Financial Secretary explain the reasoning and how the law could be enforced?

Ruth Kelly: I understand the reasoning behind the amendment—that the charge should apply only to UK land—and I emphasise that at no point has anyone sought to claim that stamp duty land tax will apply to land other than that in the UK. However, parliamentary counsel are aware of this issue and we are currently debating whether the definition is sufficient. We will fully consider it while the Bill is in Committee, and if an amendment is needed I shall certainly table one. On that basis, I hope that the hon. Gentleman will withdraw his amendment.

Mr. Prisk: I am grateful to the Financial Secretary for her very positive response. This is an important issue and although a degree of pedantry can be involved in these matters, it is important to ensure that the primary legislation is crystal clear. We are dealing with a very complex area, and the danger of—dare I say it?—avoidance, loopholes and so on exists, particularly where international partnerships are concerned. In the

light of what the Financial Secretary has said, I hope that she will ensure that such an amendment is tabled. On the basis of that assertion, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 20, in page 549, line 7, at end insert—

'(c) any interest in land wholly or partly situated in disadvantaged areas which would be exempt from charge if disposed of at market value'.

Amendment No. 20 again refers to paragraph 12 of schedule 39, into which it seeks to insert a sub-paragraph (c). I understand from a wide range of professionals—including organisations such as the British Property Federation—that the Inland Revenue said during the consultation process that where land held by a partnership is situated in a disadvantaged area, disadvantaged area relief will apply to the transfer of an interest in a partnership, to the same extent that the underlying land would attract DAR if the land itself were transferred.

I suspect that the tax authorities feel that paragraph 22 achieves that purpose, but I and many professionals in the marketplace are concerned that the argument is not clearly accepted by legal opinion in the United Kingdom and, therefore, by those who advise our enterprises.

Mr. Eric Forth (Bromley and Chislehurst) (Con): I admire greatly my hon. Friend's desire, as shown in the previous amendment, to establish these matters beyond doubt; that is very important in a Bill such as this. In that spirit, is he satisfied that the term "disadvantaged", as used in his amendment, is a sufficient term of art to be accurate? Does it not require a capital D? As it stands, could it not be more widely interpreted than my hon. Friend intends? I should be grateful if he enlightened me on that point, and I shall keep my other question in reserve for just a moment.

Mr. Prisk: I am very grateful to my right hon. Friend for making that intervention, because in doing so he highlights a particular problem. We have to use the language of the legislation, and, of course, the term "disadvantaged" is embedded in it and does not necessarily have the wider meaning about which my right hon. Friend is perhaps concerned. It is specific to the Bill, and my right hon. Friend may decide whether that is a good or a bad thing.

Mr. Forth: I shall ponder my hon. Friend's reply. Will he help me further, because I am even more concerned about the "wholly or partly situated" provision in his amendment? That strikes me, if I may say so, as strikingly and alarmingly vague. Let us suppose for the sake of argument that the land in question was 1 per cent. situated in the so-called "disadvantaged" area and 99 per cent. outside it. In those circumstances, would my hon. Friend be satisfied that it should still be covered by the terms of his amendment?

4.30 pm

Mr. Prisk: I am grateful to my right hon. Friend for helping me and, indeed, the Committee to identify weaknesses not only in the Bill but in the amendments tabled to it. It is always important that more recent arrivals in the House should listen with due care to their elders and betters. I am certainly happy to do so on this occasion.

There is a danger that a corner of an office block, for example, could be caught within the Government's definition of a disadvantaged area and be appropriate for relief. However, I understand that it is the whole address rather than any part of the hereditament that counts. I am therefore reasonably convinced that the concerns expressed by my right hon. Friend are needless. I am, of course, grateful to him for his contribution.

Will the Financial Secretary confirm that disadvantaged relief would be available in respect of a transfer of a partnership interest to the same extent as it would be if there were a transfer of the underlying property by the partnership? This is a probing amendment, with all the strengths and weaknesses rightly identified by the Committee, and I hope that the Financial Secretary will be able to provide sufficient clarification.

Mr. Forth: I accept the spirit of the amendment tabled by my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) and which stands in the name of many other eminent colleagues; I hope that they all read it before they signed it. Probing amendments are an honourable part of our proceedings—long may that remain so—but I hope that, as well as probing, they help to tease out the original intention of the provisions.

I must admit that I always worry when I see the word "disadvantaged". It may now be well established for all I know, but I worry that we should be giving such apparently wholehearted support to that concept in a Bill as important as this one. I am very much an even playing field sort of man and I have always had the gravest doubts about the philosophy that lies behind discrimination of almost any kind—whether it be in regional policy, local policy or whatever.

It is my hope that this great Conservative party, believing in—as I hope, in the 21st century, it still does—the virtues of capitalism, the ebb and flow of capital and other economic factors, would have at least some doubts about concepts such as "disadvantaged". Instead of accepting and embracing such a concept and building it into a probing amendment, I would hope that, even at this stage, we would be in the business of challenging it from time to time. For every plus to that sort of policy, there may be even more minuses or negatives. Has my hon. Friend given any thought to that? My first worry about the amendment is that we seem all too readily to be accepting the philosophy behind the term "disadvantaged", and then going even further by building it into our own amendments.

My second worry, as I implied in my earlier intervention, which my hon. Friend graciously accepted, is the rather loose terminology of "wholly or partly situated". I know that, in an attempt to satisfy me, my hon. Friend made a brave attempt at explaining it. However, you, Sir Nicholas, and I both know—and my hon. Friend also knows it—that, when we are dealing with amendments to something as important as the Finance Bill, words matter. Were this amendment to be accepted—the flaws that have already been identified

[Mr. Forth]

leave me unconvinced that it should be—I should be worried about the interpretation of the phrase "wholly or partly", which seems to me to be loose in the extreme.

There is a risk, to put it no more strongly, that accepting the amendment into statute would lead to a beanfeast for the tax lawyers. The members of that group in society need little help from the House, as they get enough help as it is. I need to be convinced that the use of the phrase "wholly or partly" would do more than provide ample scope for endless arguments and disputes that would require expensive legal opinion and might even end up in our courts.

I came here full of good will for my hon. Friend, but it has ebbed away rather more quickly than either of us would have wished. Whether or not the amendment is a probing one, if there were the slightest risk that it might be accepted we could find ourselves in very dangerous territory. I look to the Financial Secretary to help the House and say whether the amendment holds water. If she persuades me that it does not, I hope that my hon. Friend will have a stiff word with those other Conservative Members who put their names to the amendment, and ask them to do better next time.

Ruth Kelly: I shall endeavour to help the House at the end of what has been a surprisingly entertaining debate on disadvantaged area relief.

The amendment would mean that interests in land that is wholly or partly in a disadvantaged area would not form part of the partnership property for the purpose of the charge on a transfer of interest within a partnership. The effect would be that a transaction undertaken by an individual to obtain a part-interest in several land interests, and a similar transaction undertaken through the vehicle of a partnership, would be treated differently for stamp duty land tax purposes. That could arise because the amendment takes land in a disadvantaged area fully out of consideration for a partnership, even though it is not taken out of consideration for an individual. That could mean that land that is partly in a disadvantaged area could be chargeable on an individual, or that it could change the rate of tax applicable to a composite transaction, but that there would be no effect in a partnership.

As the hon. Member for Hertford and Stortford (Mr. Prisk) will understand, our proposals on partnerships are an attempt to increase transparency: we want to bring the treatment of tax for partnerships more into line with that for individuals. I am sure that the hon. Gentleman has also taken note of the comments from the right hon. Member for Bromley and Chislehurst (Mr. Forth), who pointed out the extraordinary possibility that the amendment could mean that an entire property might be exempt from tax even if only 1 per cent. of it was situated in a disadvantaged area. However, the hon. Gentleman asked a specific question about transfers of an interest within a partnership. I can assure him, and the Committee, that disadvantaged area relief will apply to such transfers.

I hope that that assurance, and the wise words of the right hon. Gentleman, will cause the hon. Gentleman to see fit to withdraw the amendment.

Mr. Prisk: As the Financial Secretary pointed out, this has been an extended debate—

Mr. Forth: Extended? We have hardly started.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Do not provoke him.

Mr. Prisk: I will not provoke my right hon. Friend, as there have been refreshingly open and supportive comments from both sides of the House to ensure that we get the right legislation. However, I must say that, in terms of Back-Bench support, I feel wholly disadvantaged.

I listened to what the Financial Secretary said about partnerships and property. She made a fair point, but I hope that she will bear in mind the underlying thesis of the amendment—which will certainly be emblazoned on my memory, as the comments of my right hon. Friend are still ringing in my ears.

I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 21, in schedule 39, page 549, leave out lines 8 to 16.

The Temporary Chairman: With this it will be convenient to discuss amendment No. 23, page 549, line 23, after 'no', insert 'chargeable'.

Mr. Prisk: These amendments affect paragraph 12 of schedule 39 and they have the aim of making the chargeable consideration equal to the actual consideration. Paragraph 12 makes the transfer of an interest in a partnership a chargeable transaction for stamp duty land tax purposes if the partnership property includes an interest in land. Without the specific provision, the acquisition of an interest in a partnership would not constitute a land transaction and so would not be within the scope of the tax.

Paragraph 12(4) and (5) would fix the amount of the chargeable consideration for the transfer of an interest in a partnership by reference to a proportion of the market value of the underlying land held by the partnership. During the consultation that has underscored the Bill and other elements related to it, a wide range of property experts have referred a specific problem to me. They have argued that an interest in a limited partnership should be equated to shares in a company or to shares in other collective investment vehicles. The purchaser or investor would be acquiring an interest in an investment vehicle rather than a direct interest in the underlying assets of the partnership. That would mean that tax should be levied on the consideration given for the partnership share and not a deemed consideration fixed by reference to the market value of the gross assets of the partnership. That of course ignores any loans taken out by the partnership for acquiring property. The official Opposition believe

that amendment No. 21 would probably make the Bill not only clearer but fairer, and suspect that it better reflects real commercial practice.

In our view, amendment No. 23, which would amend paragraph 13(2) of the schedule, is required because otherwise it might be argued that, to take the best example, ordinary tenants' covenants contained in a lease could be deemed consideration and therefore could be deemed to be liable to tax.

Ruth Kelly: During the debate on amendment No. 20 there was some discussion of the principle of transparency, which I believe applies equally to this amendment. Amendment No. 21 would apply stamp duty land tax to the consideration paid for the transfer of an interest in a partnership rather than the market value of the underlying land forming that interest. To return to the principle of transparency for a moment, that, I would argue, dictates that the market value is the correct measure to use because that looks through to the underlying substance of the transaction. The price paid by a partner for a share or an increased share also takes account of any loans or other assets in a partnership and cannot be taken to be a suitable measure of any transaction involving land. Were we to move from a definition based on the substance of the transaction to one based on the price paid, we would, I believe, be issuing an invitation to people to structure quite ordinary transactions through a partnership vehicle and thus pay stamp duty land tax on a lower consideration than would have been used.

Mr. Prisk: The Financial Secretary referred to market value. Would she clarify that for the Committee's benefit? Does she mean open market value and if so, what is the basis of that valuation?

Ruth Kelly: I can indeed clarify that I do mean open market value and, as the hon. Gentleman knows, that will be valued in the same way as any other market value.

Amendment No. 23 alters the first condition for a lease to be excluded from the definition of partnership property as a market rent lease. It achieves this by amending the definition of consideration paid for a lease to make it only chargeable consideration that would exclude the lease from the definition of market rent lease. It is again easy to conceive of circumstances where consideration had been given for the grant of a lease that was not chargeable consideration. The market rent of such a lease may well then be below that which would be payable, had the other consideration not been given. For these reasons, I request that the hon. Gentleman withdraws his amendments.

Mr. Prisk: I am glad we have clarified the meaning of market value. The Financial Secretary seemed to assume that open market value was taken to be the same as market value, but hon. Members who have been engaged in the market will understand that a market value with a number of covenants on it that may restrict the value is not the same as open market value. I am grateful that the Minister has put the matter clearly on the record. It is a small but important point. I am therefore willing to beg to ask leave to withdraw the amendment, which was, after all, a probing amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 22, in schedule 39, page 549, line 20, leave out 'three' and insert 'two'.

4.45 pm

The Temporary Chairman: With this it will be convenient to discuss the following amendments: No. 24, page 549, leave out lines 30 to 40.

No. 25, page 549, leave out lines 44 and 45.

Mr. Prisk: The three amendments are closely related. Their aim is to reduce the compliance burden by amending paragraph 13, which is designed to ensure that leases that were granted to a partnership and which had no capital value at the time of the grant are excluded from being partnership property. That would typically include premises in which a partnership carried on a business. The purpose of the Government's provision is to reduce the compliance burden for trading and professional partnerships that may otherwise have to carry out lease valuations whenever a partner retires or a new partner is admitted.

The concept is welcome, but one of the concerns is that the detail is unduly restrictive. Amendment No. 22 would amend the language of the paragraph in order to allow amendments Nos. 24 and 25 to take effect. Paragraph 13(4) would mean that only leases that have a rent review mechanism could be excluded from partnership property. Therefore fixed price leases, leases of less than five years and leases where the rent is increased in line with the retail prices index would not be excluded. It is unclear that there is a good policy reason for this. The purpose of amendment No. 24 is to delete that sub-paragraph.

Paragraph 13(3) requires the rent payable under the lease to be a market rent—meaning an open market rent—at the time of grant, which ought to be the only concern of the Revenue. A lease with no provision for the rent to be reviewed would tend to carry a higher initial rent. Amendment No. 25 would delete sub-paragraph (6). I am grateful to a number of experts in the field, which I confess was not one with which I was professionally familiar beforehand. These are important matters, and I hope the Minister will clarify the Government's purpose and intent.

Ruth Kelly: Market rent leases are excluded from the definition of what is partnership property for the purposes of determining the land interests that are chargeable to stamp duty land tax on transfers of partnership interest. Amendments Nos. 22, 24 and 25 seek to remove one of the conditions for a lease to be identified as a market rent lease. Taken together, they would substantially change the definition of market rent lease, and could be used to take out of account leases that were not at market rent. I am sure the hon. Gentleman did not have that intention.

The exclusion of market rent leases in paragraph 13 is, as he recognises, a deregulatory measure, ensuring that such leases do not have to be valued when there is a transfer of partnership interest. The amendments remove the condition that such leases should have a rent review to market rent within five years of the start of the

[Ruth Kelly]

term of the lease. From the consultation on taxation of leases, it became apparent that most commercial market rent leases have rent reviews every five years, and a relaxation was requested by industry representatives. Removing the condition would allow leases that were initially granted at market rent, but on which rent was subsequently reduced, to be excluded from land interests included in the partnership property for stamp duty land tax charge purposes. Such leases could have a very substantial market value, and I think that the hon. Gentleman would agree that it would be anomalous to exclude from consideration any leases that genuinely have a market value. He raised the particular case of fixed-rent leases. A fixed-rent lease would acquire a market value over time, so it should not be ignored.

I believe that this is a deregulatory measure. It is intended only to reduce the compliance burden for genuine market rent leases, so I recommend to the hon. Gentleman that he seek to withdraw his amendment.

Mr. Prisk: I am intrigued by the Financial Secretary's response on fixed rents. I am not entirely sure whether it concurs with what I admit is a somewhat hazy recollection of my land management course at Reading university some 20-odd years ago, but I understand the underlying point that she makes, although I think that there is a genuine worry that the way in which the legislation is affecting the market is not entirely as the Government and the industry anticipated. I hope that the Government will closely monitor the situation. In those circumstances, I would consider seeking to withdraw the amendment, but perhaps she could confirm on record that they will do so.

Ruth Kelly: I can of course confirm to the hon. Gentleman and to the Committee that we will continue to monitor the stamp duty land tax measures very closely over coming months and years.

Mr. Prisk: Having received that gracious response, it is only right and proper that I should not press the amendment. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 31, in schedule 39, page 550, line 12, at end add—

'(4) The provisions of sub-paragraph (1) do not apply where the provisions of paragraph 10 apply'.

The amendment relates directly to the question of provisions about exchanges. Paragraph 14(1) of the schedule has been designed to apply where A—this is the usual terminology in such cases—transfers an interest in the partnership to C, who is not a partner, in return for their having transferred land to A. Paragraph 5 of schedule 4 of the Finance Act 2003 would ensure that A and C each paid stamp duty land tax at 4 per cent. on the open market value of the interest received. However, as currently drafted, paragraph 14 of schedule 39 would also apply where A contributes the property to the partnership. Paragraph 10 sets out special rules that apply in those circumstances. Stamp duty land tax is charged on the acquisition of the land transferred to the partnership by reference to the open market value of the proportion of the interest transferred to the other partners. The incoming partner does not pay stamp duty land tax on the proportion of the market value of the underlying land represented by an interest in the partnership that is acquired.

It therefore appears that paragraph 14 does not fulfil what I understand to be the Government's stated aim. The purpose of the amendment is to correct that error. I am aware that the matter is open for discussion, so my principal purpose is to tease out the detail from the Financial Secretary so that those seeking to implement the legislation can do so properly.

Ruth Kelly: I understand that the amendment is inquisitorial and has been tabled to probe the Government's intention.

The amendment would disapply the exchange provisions where land was transferred into a partnership in exchange for the acquisition of an interest in a partnership from an existing partner. If a partnership interest so acquired included an interest in land, the acquisition of the interest in the partnership would not be treated as the acquisition of a major interest in land, so the market value rules for such acquisitions would not apply.

We recently debated the principle of transparency, which also applies in this situation. It dictates that, for transactions in partnerships, stamp duty land tax is paid on the land interest acquired. As partners are connected to each other, market value must be imposed to ensure that the transaction undertaken is subject to similar duty as a transaction undertaken by an individual, otherwise partnerships would be an attractive vehicle to reduce stamp duty land tax on transactions.

Mr. Prisk: Does the Financial Secretary not see the peculiarity that individuals who engage in that activity are treated one way by the tax system, while those in partnerships are treated entirely differently?

Ruth Kelly: Let me put a different anomaly to the hon. Gentleman: it would be particularly invidious to penalise a person who enters into a transaction whereby they obtain a partnership share for cash and pay stamp duty land tax on the market value of the underlying land in the partnership, but to exempt a person who enters into the same transaction but who, instead of paying cash, transfers land to the partner from whom they receive the partnership interest. It is more sensible to treat each transaction similarly. We are, after all, trying to identify the substance of the transaction, and to treat partnerships in essentially the same way as we treat individuals who are not in partnerships.

The amendment also allows for the possibility of avoidance when the interest in the partnership does not itself constitute a major interest in land. That would disapply the market value rule for transfer of partnership interest where the land under consideration is given for that interest. I therefore ask the hon. Gentleman to withdraw the amendment.

Mr. Prisk: We are beginning to get to the heart of the problem, which is that the tax system treats individuals in one way and partnerships in another, and I am sure

that we will re-examine the issues on both sides of that argument very shortly. I am particularly grateful for the Financial Secretary's comments on the application of market value, because some professionals are unclear about the true applicability of market value. In the light of those comments, and given that the amendment is, indeed, inquisitorial and probing, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 26, in page 552, line 19, leave out "20th October 2003" and insert "8th April 2004".

The Temporary Chairman: With this it will be convenient to discuss the following amendments: No. 27, in page 552, line 28, leave out "20th October 2003" and insert "8th April 2004".

No. 28, in page 553, line 2, leave out "19th October 2003" and insert "7th April 2004".

No. 29, in page 553, line 3, leave out "19th October 2003" and insert "7th April 2004".

No. 30, in page 553, line 39, leave out "19th October 2003" and insert "7th April 2004".

Mr. Prisk: The five amendments concern paragraph 18 of schedule 39 and the potentially retrospective character of the legislation. Paragraph 16 deals with a transfer of land from a partnership to a partner, an outgoing partner or, for that matter, a person who is connected with either such person. Paragraph 16(3) states:

"The chargeable consideration ... shall ... be equal to the chargeable proportion of the market value of the interest transferred."

Paragraph 18, with which we are principally concerned, provides for how the chargeable proportion is then calculated.

Broadly speaking, paragraph 18 operates to fix the chargeable proportion as 100 minus the purchaser's partnership share. For example, if A, B and C are equal partners, and a property with a market value of 100 is transferred to C, C would pay stamp duty land tax on 67—in other words, 100 minus 33. However, the benefit of those provisions is obtained only where the transfer of land into the partnership occurred before 20 October 2003.

If the land was transferred after 20 October 2003, the instrument of transfer would have been stamped with an ad valorem stamp duty or stamp duty land tax would have been paid on the transaction.

5 pm

Most people accept that the concept of excluding from tax the proportion of the market value of the underlying land represented by the purchaser's interest in the partnership is fair. However, excluding from the benefit of those rules land that was transferred into the partnership on or before 20 October 2003 unless stamp duty is paid is objectionable, because it introduces an element of retrospectivity.

Mr. Forth: I am sure that we will want to explore retrospectivity in some detail and at some length. It always merits that treatment.

I am grateful to my hon. Friend for citing a simple example, because I was just about able to follow it, but has he considered what would happen in a complicated case involving the transfer of land with considerable variations in value among a large number of partners?

Mr. Prisk: I am grateful to my right hon. Friend. I tried to interest the Committee in a simple example, but he is right that matters may be more complex. Particularly in larger partnerships of 500 or 600 members, there is a danger that a very complicated series of transactions might be taking place before 20 October, on 20 October, in the period after 20 October or after Royal Assent. As it is necessary to deal with a series of periods, retrospectivity is the crucial issue. Some people suspect that the date was selected because it is the publication date of the original draft legislation. However, these provisions did not form part of that original draft, certainly not during the consultation process. Many experts in the field believe that a better reference date would have been the publication date of the Finance Bill.

The amendment would remove the element of retrospectivity. I do not claim that the date that it specifies is ideal—it is primarily a probing amendment—but it would be useful for us to hear the Financial Secretary's views on the matter.

Mr. Forth: I am left wondering whether my hon. Friend has gone remotely far enough. If I followed his argument, as I hope that I did, his amendment leaves an element of retrospectivity that I would have hoped to challenge. As it stands, the Bill is clearly retrospective in that the relevant date is 20 October 2003, but am I not right in supposing that if my hon. Friend's amendment were accepted and we ended up with the date of 8 April 2004, that would still be retrospective by the time the Bill received Royal Assent? We must always strike a balance between preventing individuals from being tempted to pre-empt the provisions of such a Bill by conducting certain transactions as it goes through Parliament and introducing an element of retrospection.

In the 21 years since I came to this place, Sir Alan—of course, I am a mere newcomer compared with yourself—I have always been led to believe that retrospection in legislation is to be avoided. That is the political milk of my elders and betters on which I was raised. Here we have a double example of that, because not only is there retrospection in the original draft of the Bill, but blow me down if there is not retrospection in my hon. Friend's amendment. I am therefore trying to probe my hon. Friend—and, by implication, the Minister—in trying to establish whether, by seeking to introduce this element into the Bill or to reinforce it or alter it, we would be materially better off using my hon. Friend's date of 8 April 2004 than we would be if we used 20 October 2003.

I am grateful to my hon. Friend for pointing out that he speculates that the original date was in the provisions because that was when the Bill first saw the light of day. I hope that that is a reasonable interpretation of what he said. He went on to suggest that a better reference point would be the publication date of the Bill. That leaves me mystified, because I am not sure that I can see a material or helpful distinction between what he described as the date of the "original draft legislation"—I altered that

[Mr. Forth]

slightly when I described it as the Bill's first seeing the light of day, because that is a more comfortable phrase for me—and the date in his amendment.

The reason that I make this distinction is that, if we are concerning ourselves with people who might wish to pre-empt the legislation, either of those dates is invalid. If I became aware of the Bill on the date of the original draft's publication, that would be one thing, but I would also become aware of it on its publication date. In either case, by the time that we reached Royal Assent, I would have been able to avoid its provisions. I do not see how the amendment materially alters the retrospective element in the Bill, with which I thought we were taking issue. All that I am saying is that I need my hon. Friend to help me by explaining why the amendment makes a material difference.

In case the Minister thinks that my hon. Friend is bearing the brunt of my critical remarks, I am not leaving her out of this. I hope that she, too, will seek to justify to the Committee why the date on the Bill was chosen. What was the justification for that date among all other dates? Is it tied to anything in particular? Has it been conjured out of thin air with no apparent rationale, as are so many dates that appear before us? I would have thought that most unlikely, but it is incumbent on the Minister to share with the Committee the provenance of her preferred date of 20 October 2003. Similarly, I remain unconvinced of the validity of the date suggested in my hon. Friend's amendment.

I am left in a cloud of uncertainty and I am sure that the massed ranks of the Committee will want to be reassured that the rationale behind the dates before us is beyond doubt, so that those who are to suffer the penalties or advantages of the provision will be able to do so with certainty and confidence. That is all I ask and it is not an unreasonable request. I hope that the Minister, and perhaps my hon. Friend, will be able to set my mind at rest.

Ruth Kelly: The amendments change the dates in paragraphs 18 and 19 of schedule 39. Those dates determine when ad valorem stamp duty or stamp duty land tax, rather than just the £5 fixed stamp duty, has to have been paid to benefit from a reduced charge on a transfer of land from a partnership to a partner or former partner. The amendments seek to move the date from 20 October 2003 to 8 April 2004. I do not accept that the use of 20 October 2003 introduces an element of retrospectivity, as the right hon. Member for Bromley and Chislehurst (Mr. Forth) suggested. It will not affect any partnership transactions undertaken before the Bill receives Royal Assent. What it may affect is the stamp duty land tax paid when land is transferred from a partnership to a partner after Royal Assent. The date of 20 October 2003 is well chosen as the date when the public consultation on application of stamp duty land tax to partnerships was announced.

At that time, the Inland Revenue published draft legislation for consultation, and clauses similar in nature to clauses 18 and 19 were included in that draft legislation. That was considered expedient to forestall the £5 fixed stamp duty being used to frank land transactions in partnerships after the draft legislation was announced, thereby reducing any stamp duty land tax on an eventual transfer of that land out of the partnership to a partner.

I would consider changing the date now to 8 April 2004, or indeed any other date, a retrograde step. It would be seen as penalising those taxpayers who, having a choice as to how to structure a transaction, chose to structure it in such a way that they paid ad valorem stamp duty in the expectation that they would then benefit from the reduced charge when that land was transferred out of the partnership. Retrospectively to give the same benefit to those partners who chose to pay £5 fixed duty on or after 20 October 2003 would be seen as grossly unfair.

As this date has been in the public domain since 20 October, I see no valid reason for changing it and therefore recommend that the hon. Member for Hertford and Stortford (Mr. Prisk) withdraw his amendment.

Mr. Prisk: We have had another surprisingly eventful and positive debate. One of our concerns in tabling probing amendments of this character is teasing out the answer to questions such as why the Government chose a particular date. Fortunately, we have had that answer in the debate, yet it was not clarified before.

I am extremely grateful to my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), who has added to the debate in many respects. Although I appreciate that his mind was not at rest at the beginning of these deliberations, the cloud may have lifted an inch or two, but no more—I am but a modest man, so I would not hope to achieve more than that—in clarifying the Government's thinking in terms of the date chosen.

Our amendments are by no means perfect; I wish that they were, Sir Alan, as how easy things would be then. I hope that we have been able to establish exactly the thinking behind the Government's principles. Our purpose in choosing the date that we did relates to the final publication of the Bill, the essence of which is before us. We felt, rightly I think, that the draft Bill was indeed merely a draft. However, I am encouraged in many ways by what the Minister has said. On that modest basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Prisk: I beg to move amendment No. 32, in page 554, leave out from beginning of line 31 to end of line 44.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss amendment No. 33, in page 555, leave out from beginning of line 1 to end of line 38.

Mr. Prisk: These amendments would delete paragraphs 23 and 24 of the schedule, which retain the stamp duty charge on instruments transferring interests in partnerships. That is in addition to the imposition of stamp duty land tax in relation to landowning partnerships. Further to that, paragraph 24 modifies the calculation of any stamp duty charge to remove from charge any land value also taken into account in arriving at the stamp duty land tax liability.

All the professional bodies involved in the consultations with the Revenue and the Treasury have reported to me considerable concern about those two paragraphs, especially paragraph 23. Following the introduction of stamp duty land tax, stamp duty was retained as a temporary measure in relation to partnership transactions. It was understood by all those concerned that once the partnership provisions were implemented, stamp duty would apply only to transactions of stock or, for that matter, marketable securities.

All the professional bodies involved have therefore expressed surprise to me that the old rules are being retained with no warning or signal from the Revenue that that would be the case. I have done my best to ensure that this is indeed the view of the whole profession. I have to say to the Minister that it is and that there is a genuine feeling that the proposal has come forward without warning. I am sure that Ministers appreciate that that can be damaging to the process involved in the relationship between the Government and business.

5.15 pm

Retaining the stamp duty charge in this way has been described adversely by many professionals, but I shall quote just one, Kevin Griffin of Ernst and Young, who uses the phrase

"unheralded, unreasonable and ultimately unproductive".

There is much merit in that point. I shall briefly explain why.

Retention is unheralded because the businesses involved were given no warning, and no indication during the consultation process that it would happen. Paragraph 2.6 of the Government's consultation document stated:

"The Government's intention is to apply stamp duty only to transactions related to UK land, and to transfers of shares and securities".

Nothing has been said since that document was issued to suggest any change of heart. No warning was given, and no information provided. By acting in this way, the Government are undermining what remaining confidence business has in engaging in a dialogue with the Treasury.

Last year, we had the fiasco of the business lease consultation. Now we have this about-face. I appreciate that it is U-turn season for the Government, but surely the Financial Secretary will recognise how this kind of approach undermines people's confidence in any consultation in the future.

The policy is unreasonable because it is difficult to see a real policy reason for charging duty on transfer of non-landowning partnerships. The main assets of such partnerships are likely to consist, for example, of good will, stock in trade or receivables. Such assets are inherently outside the charge to stamp duty on transfer. An interest in a business comprising such assets could therefore be purchased from an individual free of stamp duty. If it was transferred in the form of a partnership interest, however, a charge could arise. The charge to stamp duty land tax on underlying assets, on the transfer of an interest in a partnership, effectively treats the partnership as transparent. Charging stamp duty on the transfer of an interest in a partnership effectively treats it as opaque—we return to the issue of transparency on which we touched in earlier debates. Surely it is unreasonable to tax the same entity twice by treating it in two contradictory manners.

In practical terms, there are some potentially serious impacts for family partnerships. The Law Society has highlighted one example whereby a father might enter into a partnership with his son on a 50:50 basis. If it were a farming family, he might contribute, say, farmland worth £500,000 to that partnership, so a charge to stamp duty land tax would arise on his half, £250,000. If the partnership is subsequently dissolved, and the land is distributed in equal shares to father and son, it appears that a further charge will arise on £500,000 after the paragraphs in the schedule are applied. The aggregate amount charged to would therefore be £750,000. As I said, that is not simply my view or the view of my party, but the view of the Law Society experts in the field. If, however, the father had merely gifted half interest in the land to his son, outside of a partnership, there would be no stamp duty land tax to be paid. The Committee, and all Members of the House, will realise that that gives an absurd result, and it will be a severe disincentive to farming businesses and any other business with a significant land asset to engage in or carry on within a partnership.

Thirdly, and perhaps most importantly, the result could well prove unproductive because the amount of stamp duty land tax currently collected on transfers of partnership interests is, by all professional accounts, tiny. That is because it is often possible to avoid the need to pay significant stamp duty, perhaps by transferring interests without the need for a stampable document, or by minimising the value of partnership interests through debt finance.

We fully understand, from all the information that has come through, that this has been retained at the last minute to clamp down on avoidance. Tackling avoidance is the watchword of this Bill. But the original purpose of the tax—as the then Economic Secretary, now the Financial Secretary, told us—was to reflect modern commercial practice. This arrangement does nothing of the sort. Retaining what is basically a fruitless stamp duty charge makes it necessary to retain a whole raft of pages of legislation that would otherwise come close to being redundant. The decision to retain the charge has dismayed a large number of professionals. It undermines confidence both in future consultations and in the commitment of the Government to modernising the duty.

We believe that neither paragraph should be included, particularly paragraph 23. That is the view of the outside experts, of the thousands of professionals in partnerships affected by it, and of Conservative Members. It would be wrong to proceed with the paragraphs as they stand, and I hope the Minister will accept that we should vote against including them.

Mr. Laws: We support the amendments. The hon. Member for Hertford and Stortford (Mr. Prisk) explained very clearly why the two paragraphs had caused so much concern to all the professional bodies, and I shall not repeat all that he said. However, I should like to quote from the Law Society's representations to the Treasury. Like many other professional bodies, it

[Mr. Laws]

pointed out that the Government seemed to be treating certain assets inequitably, depending on whether they were in or outside partnerships. It said of paragraph 23

"This could have the absurd result that in the case of a partnership holding assets the transfer of none of which would be subject to stamp duty, SDLT or stamp duty reserve tax, the transfer of a share in that partnership would be subject to stamp duty at rates of up to 4 per cent. whereas the transfer of the underlying assets of the partnership would have given rise to no charge to stamp duty whatsoever."

PricewaterhouseCoopers has raised a point made by the hon. Member for Hertford and Stortford—that whereas business goodwill, for example, would normally be exempted from stamp duty altogether, it would appear to be charged stamp duty if it is in a partnership. The Financial Secretary smiles warmly: perhaps she is going to reassure us that we have misunderstood, and that the Government do not intend that the same assets should be treated differently depending on whether they are in or outside a partnership. That, however, seems to be the effect of the legislation as it stands, not just in our view but in that of the professional bodies. We believe that stamp duty on the transfer of partnership interests should be abolished with effect from the operative date of the SDLT partnership provisions.

I hope that the Financial Secretary will either accept the amendments or tell us that she intends to table amendments of her own.

Ruth Kelly: The amendments would remove clauses 23 and 24—

Mr. Laws: Paragraphs 23 and 24.

Ruth Kelly: Clauses 23 and 24, I believe, although the hon. Gentleman may be right. They retain stamp duty on partnership transactions and modify the consideration where that partnership has land assets. The amendments would effectively abolish stamp duty on partnership transactions.

It has been pointed out that the original draft legislation had that effect, and that that would create opportunities to structure transactions so that, through use of a partnership vehicle, stamp duty on stock and multiple securities, and stamp duty reserve tax on chargeable securities, would not be due. It became apparent that partnerships would be used to avoid stamp duty and stamp duty reserve tax on shares and securities. In view of the late stage at which we became aware of this avoidance scheme, we decided to retain stamp duty; however, we also reduced the charge to stamp duty for the SDLT charge by taking out of account land that has been taxed to SDLT.

Mr. Prisk: I think I heard the Financial Secretary say that the provision was reintroduced because of the Government's late awareness of the avoidance. That is a most peculiar statement. Could she explain it?

Ruth Kelly: The hon. Gentleman is no doubt aware that avoidance schemes in a variety of sectors come to our attention all the time. When they do so, we tend to take action in respect of that avoidance.

Mr. Prisk: I understand all that but why was there no discussion with the professions? All of them reported to me that they went through the whole process of consultation, yet suddenly the provision was reintroduced, with no word, no signal, no e-mail—and, heaven knows, e-mails formed a part of consultations on the legislation, unfortunately, as the Financial Secretary knows. It seems peculiar that suddenly we were told, "We have had to put this in because there was a last-minute tax avoidance scheme. We did not manage to mention it to the profession." Surely that undermines any hope that there can be meaningful dialogue between the profession and the Government.

Ruth Kelly: The hon. Gentleman well knows that, not these particular measures, but stamp duty land tax reform has been under discussion with the industry for many years. It is complex legislation. It completely overhauls the previous stamp duty regime to bring it up to date, and to ensure that it is compatible with e-conveyancing and that a fair share of revenue is paid by the industry. Clearly, there are always going to be teething problems with the introduction of such a major change. I should perhaps—or perhaps I should not—point out the many examples of late changes to complex tax legislation under the previous Government. He will no doubt appreciate the complexities of these issues. Of course, it would be preferable to give the industry plenty of time to examine particular issues. It has made its representations to him and he is putting those before the Committee. I argue that this is a tax-avoidance scheme and that we should ensure that that tax-avoidance opportunity is not available. We should take action.

Mr. Prisk: I have no doubt that Governments of all hues have made mistakes, or discovered information that led them to amend legislation, but we had the Budget in March. The Bill was published on Maundy Thursday. Surely the Financial Secretary, who is normally very reasonable, will recognise that it was not a good idea not to send information to those consultees, who have been playing a part in the development of the legislation, perhaps on the day or the day before the Bill was published. Does she not accept that that was a bit of a mistake and that it would have been more helpful to give them that information?

Ruth Kelly: I do not accept the hon. Gentleman's view that this is a significant change. It replicates the system under the old regime. It is regrettable if people did not interpret our intention and made such representations to him. However, because of tax-avoidance opportunities that have become apparent to us, it is necessary to retain elements of the old regime. For that reason, I recommend that the Committee resist the amendments.

Mr. Prisk: That was a disappointing response. The Financial Secretary is normally better able to provide a persuasive argument. The purpose of amendment No. 33 is primarily to probe, but amendment No. 32 is important. I have listened carefully to what the hon. Lady said. I regret, and I suspect that the industry will regret, that she was not able at least to admit that it would have been wiser for the Government to involve its consultee partners. Therefore, we wish to press amendment No. 32 to a vote.

Question put, That the amendment be made:—

The Committee divided: Ayes 182, Noes 295.

Division No. 153] **[5:28 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baker, Norman
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Chope, Christopher
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Curry, rh David
Davey, Edward *(Kingston)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Dorrell, rh Stephen
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Ewing, Annabelle
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Llwyd, Elfyn
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Oaten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Opik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Paisley, Rev. Ian
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Pugh, Dr. John
Randall, John
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Russell, Bob *(Colchester)*
Sanders, Adrian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Tonge, Dr. Jenny
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Weir, Michael
Whittingdale, John
Wiggin, Bill
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Wishart, Pete
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. David Ruffley and Gregory Barker

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atkins, Charlotte
Austin, John
Bailey, Adrian
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benn, rh Hilary
Benton, Joe *(Bootle)*
Betts, Clive
Blears, Ms Hazel
Blizzard, Bob
Blunkett, rh David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Corston, Jean
Cousins, Jim
Crausby, David
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, rh Dr. Jack *(Copeland)*
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*

Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Foster, rh Derek
Foster, Michael *(Worcester)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Jamieson, David
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kilfoyle, Peter
King, Andy *(Rugby)*
Lammy, David
Lawrence, Mrs Jackie
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Liddell, rh Mrs Helen
Linton, Martin
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prosser, Gwyn
Purchase, Ken
Quinn, Lawrie
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Rooney, Terry
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Shaw, Jonathan
Sheridan, Jim
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Southworth, Helen
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, rh Ann *(Dewsbury)*
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Tynan, Bill *(Hamilton S)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Wills, Michael
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Ms Bridget Prentice and Paul Clark

Question accordingly negatived.

Mr. Prisk: I beg to move amendment No. 34, in page 555, line 46, after the first 'the', insert

'capital profits or (if no separate allocation is made of capital profits) the residuary allocation (after prior charges and allocations)'.

Amendment No. 34, which is concerned with the treatment of income and capital in partnerships, would change paragraph 25(2) of schedule 39. It is a probing and somewhat technical amendment, but I shall endeavour to explain it to the Committee; I am sure that I shall receive its rapt attention.

The issues underlying the amendment have been brought to my attention by a number of expert solicitors and by the Country Land and Business Association. Stamp duty land tax is to be paid on the land value of transfers into or out of partnership, and in respect of changes in partnership share. The problem is that the legislation provides that in ascertaining that share, regard should be had only to the income-sharing proportions. That ignores two problems, as Members are doubtless particularly interested to learn.

First, the division of income between partners is rarely done by reference to a predetermining percentage, as Members will appreciate, let alone by reference to one that is then linked to capital subscription. Furthermore, a prior charge on trading profits frequently arises in the case of most family businesses. That is especially so when one partner devotes his full time to the business while the others do not, or when one partner has an expertise or qualification that the others do not. In both circumstances, which are certainly very common in family firms, it would not be appropriate for other than super-profit-sharing ratios to be taken into account.

The second problem occurs when certain partners have contributed most of the assets, which then have to be segregated on an event such as death. In that case, the appropriate measure of the partnership share would be the capital-profit-sharing ratios. It is thought by many legal experts, who are far more knowledgeable about these matters than me, that as drafted the Bill will produce a stamp duty land tax charge on 90 per cent. of the land value. That applies where a farmer has put in 90 per cent. of the assets and is entitled to only 10 per cent. of the income. He may then decide to withdraw from the partnership. The question to which the Financial Secretary should respond is whether, in those circumstances, he should pay on the 10 per cent. rather than the 90 per cent.

5.45 pm

The problem seems to be compounded where the land is either put into partnership after Royal Assent or injected into the partnership between 20 October and Royal Assent, where paragraph 18(2)(b)(i) asserts that the injecting partner has not thereby increased his share "in" the partnership, whatever the income entitlement.

To conclude this technical but important point, the danger is that parallel partnerships might then have to be formed in order to own the land. That is not simply my view, but that of many of the leading professionals in the field, and of the Country Land and Business Association, which advises many people on such matters. It is an important issue, if somewhat technical and remote to the uninitiated. I do not profess to be an expert on the specific matters, but the concerns seem legitimate. This is a probing amendment and I hope that the Financial Secretary will provide some assurance that the issue either has been or will be dealt with either during the passage of the Bill or immediately thereafter.

Mr. Forth: I am most grateful to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) for giving the Committee time to dwell on this matter, which has the potential to create some problems. We are always reluctant in this place to embark on even a brief analysis of matters as complex as those he has brought to our attention, particularly when the provenance is outside expertise. Having said that, it must be beyond dispute that it is our duty to do so. After all, that is why we are here—the experts on these matters do not have the same privileges as we have. It must be our duty to seek to draw out and elucidate any problems.

As I followed my hon. Friend's argument, I saw that it stemmed from the fact that the basis on which the benefits within partnership arrangements are distributed is not always as clear as it should or could be. I deliberately use the word "benefits" in a generic and rather general sense. It is those benefits of the partnership that may be shared from time to time. That is where my hon. Friend started his argument.

One has only to glance at the original words in the Bill and then the wording of my hon. Friend's amendment to see immediately that the Bill refers to the "income profits" of the partnership, whereas the amendment refers not only to the "capital profits", but to

"the residuary allocation (after prior charges and allocations)".

Even I as a layman can see immediately the difficulties that might arise from that.

One has to distinguish within a partnership between the concept of income profits as opposed to capital profits—and there is the added complication of residuary allocations. That is further complicated when the timing of the different elements in schedule 39 is introduced. We see the potential for considerable complexity. I am not sure from the wording of paragraph 25(2) on page 555—and nor is my hon. Friend—whether a rather simple reference to share in the "income profits" could be adequate to cover all the different possibilities that might arise from the complexity of partnerships.

My hon. Friend mentioned another element that needs to be taken into account. We are not talking only about large, professional partnerships, but about family partnerships. They can sometimes be relatively simple, but the ramifications of any given family can also make them more complicated, as the relationships inside a family can be laid on top of the partnership relationship. That is not true of more conventional professional partnerships.

The amendment could improve the Bill, and it would certainly make clear the different possibilities that could arise. The Financial Secretary faces a problem if the Government's case rests on the very simple concept of a partnership's income profits, as that appears to be inadequate for the purpose of the schedule. The amendment could therefore be of considerable help, as the aim is to clarify the Government's intention. It will also ascertain whether the words used in the Bill fulfil that intention, and whether the schedule can be implemented properly.

I hope that the Financial Secretary will say whether she thinks the distinction between income profits and capital profits is relevant. The same applies to the allocation—explicit or not—of those profits. Moreover, does she agree that the time factor must be relevant as well? I confess that I am not totally familiar with the concept of residuary allocation, but I can see that it could become crucial in some circumstances.

This apparently straightforward and innocent provision could contain a large number of traps and complications. We would not want to leave them unchallenged, and I hope that the Committee will be grateful to my hon. Friend for tabling the amendment, which seeks to clarify matters. I shall be interested to see whether the Minister can give us that clarification, or whether the matter will remain an unsatisfactory element in the Bill that requires much more examination at a later stage.

Ruth Kelly: This probing amendment is interesting. It attempts to clarify the economics of a transaction, and I emphasise that the Bill's underlying principle is that the treatment of a transaction should be as transparent as possible. Moreover, our aim is to ensure that the treatment of taxation and stamp duty land tax follows as closely as possible the substance of the underlying transaction, and that it reflects the transaction's economic or commercial reality.

The correct taxable measure reflects the economics of the underlying transaction—in this case, the right to receive income from the land. When the land, and the right to receive income from it, is transferred, the tax follows that transfer of right. That is an example of the

[Ruth Kelly]

transparency principle at work. When the right, as shown by income, has been sold to the partnership, buying it back is another taxable transaction.

Therefore, I believe that the correct principle is enshrined in the schedule. An entitlement to capital profits does not reflect participation in the use of those land assets in the business of a partnership. In any event, arrangements could be entered into that meant that the capital profits of a partnership might never be realised. Although I understand that representations have been made on these issues, I would recommend to the hon. Gentleman that he withdraws his amendment.

Mr. Prisk: Unfortunately, the Minister might have inadvertently forgotten a couple of elements. I mentioned the transitional aspect—the question whether the land was put into partnership after Royal Assent, or was injected into the partnership between 20 October and Royal Assent—in the distinction between income and capital profits, which my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) accurately highlighted. It is a crucial part of the issue, and I hope that the Minister will feel able to clarify that, either by intervening or by making a speech. I hope that she can enlighten us, if not today then shortly.

I take it from the Minister's reply that the Government have no plans to make adjustments or reflect the concerns expressed. Is that the case? She remains in her seat, so we take it that the Government have no plans to adjust the paragraph. The representations of the Country Land and Business Association and many others have much sense, so I am disappointed that she has not chosen to respond more positively. I hear from my right hon. Friend and a number of others a concern that not only have we ignored the question of income and capital, but the mix of the two is awkward. Surely the Minister will understand that in a family business—the obvious example is farming—the interplay between the capital assets and the profits from income must be recognised more clearly. At the moment, paragraph 25(2) does not achieve that.

I am fully aware that my amendment is by no means perfect. It has many elements that might create confusion if they appeared in the Bill. The purpose of this probing amendment was to draw from the Minister a clearer answer, but so far, unless she wishes to respond further, I have been very disappointed by her response. That is a great shame and unfortunately it suggests that the Government are deaf to reason. Given that there are, as I am well aware, a number of legal problems with my amendment, I shall withdraw it, by leave of the Committee, but I do so with the deepest disappointment that the Minister has not chosen to be more positive and more helpful in dealing with the issue. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Question proposed, that the schedule be the Thirty-ninth schedule to the Bill.

Mr. Prisk: We have had some very strong and useful interventions and discussions on the schedule as a whole—it is a very significant schedule—and I wish to consider the broader implications of the Government's tax policies on partnerships. The schedule covers transfers of land to partnerships, transfers of partnership interests and transfers of land out of partnerships, all of which are to be charged with stamp duty land tax.

First, we accept that stamp duty land tax should be charged where the relevant partnership is a property investment partnership, but trading partnerships should not be treated as though they were the same. The compliance burden on trading partnerships—particularly professional partnerships, which regularly change partners on introduction and on retirement—would be disproportionate to the tax collected.

Secondly, many professionals are concerned that consultations on partnerships have not accurately reflected the concerns of business. I have received many representations from professional bodies, and from professional practices and partnerships. Let me briefly quote but one from the practice, Grant Thornton, which says:

"We are particularly disappointed that the measures to introduce stamp duty land tax on partnership transactions have not been substantially revised. We understand that there is an anti-avoidance motive behind these measures, but a commerciality test could have dealt with this issue."

It concludes:

"Our view is that it is unacceptable for 'grapeshot' legislation to be introduced which penalises innocent gifts and commercially driven transactions, under the guise of preventing tax avoidance."

6 pm

Our third concern is that the stamp duty land tax provisions have been introduced since last year's Finance Bill, and in a way that confirms the need for a single piece of legislation for stamp duty. Instead, the Government have adopted a piecemeal, ad hoc approach to their legislative programme. I shall quote but one organisation, of which I am a professional member—the Royal Institution of Chartered Surveyors. Its comments provide for me and for many organisations the best summary of the way in which the tax has been implemented. It states:

"If the Government had not hurried the implementation of stamp duty land tax, then the need for extensive, further SDLT legislation in three concurrent Finance Bills would have been mitigated and the tax law would have been better shaped, more transparent and less burdensome to the taxpayer."

That is the view of the professionals affected by the provisions, and it is shared by the Opposition and the country at large.

Mr. Forth: I recognise that, where a measure brought before the House is aimed at tax avoidance or evasion, a difficult balance must be struck between consultation and a pre-emptive strike. Listening to my hon. Friend the Member for Hertford and Stortford (Mr. Prisk), and hearing what so many respectable and legitimate bodies and organisations have said, it strikes me that the Government have probably got the balance completely wrong; today's debates have reflected that.

Of course the Government must take a view. As the primary collector and dispenser of taxpayers' funds, they bear the main responsibility, but we in the House share that responsibility—a responsibility that I hope

we have been discharging today and will continue to discharge by examining whether the Government are acting properly. When the Government have such a large majority, and in a unicameral environment—which is what we are in matters of tax and finance, because we do not have the safety net of the other place—we are responsible for ensuring that taxes are properly and fairly levied, and properly and fairly collected, and that evasion does not occur. I hope that that would be unarguable.

It is equally incumbent on the Government, especially one with such a large majority in this place, to make sure that what they do is reasonable and based on a knowledge and understanding of the circumstances. In today's debate—my hon. Friend the Member for Hertford and Stortford (Mr. Prisk) should take the credit for this—we have tried to identify whether that process has properly been observed. From my brief and superficial participation in events today, I remain to be convinced of that. Indeed, I would go further and say that it does not appear to me that the Government have properly discharged their responsibilities. Surely they would want to make sure that their tax policies are seen to be fair and viable.

Mr. Prisk: As usual, my right hon. Friend is giving a powerful exposition of the Government's weaknesses. Does he share my bemusement at the fact that the Government fill a 574-page Finance Bill with the aim of trying to close down tax avoidance, yet they make it so complex that it must encourage further such activity?

Mr. Forth: That is always a difficult judgment for the Government of the day to make, and it was an argument about tax rates—if he can, my hon. Friend will have to cast his mind back to when we had penal rates of taxation—that encouraged the tax avoidance industry and caused many upper income people to flee the country or to employ expensive experts to avoid tax. We brilliantly found the answer by cutting tax to what was regarded as a fair and reasonable level, and, lo and behold, tax revenues went up. Of course, that argument is an eternal verity, and it still applies now.

Mr. Prisk: We are getting to the heart of the point. The problem is a pincer movement. The Government are not only stealthily increasing the tax burden, but adding complexity. I think that it was Monsieur Colbert—I would be grateful if my right hon. Friend confirmed this—who decided that the best way of taxing a goose was to pluck the maximum number of feathers without it hissing. Am I right in saying that the current Chancellor is indeed trying to pluck the goose while generating the least possible amount of hissing?

Mr. Forth: I do not often do this, but I am prepared to pay a reluctant tribute to the current Chancellor, in this case for his skill in implementing stealth taxes. After all, that is the modern expression for the phenomenon that my hon. Friend has just described. However, we will not go into that issue in detail because, as ever, Sir Alan, your extremely expressive face and eloquent body language warn me that, if I were to attempt to say much more about it, I would get into some trouble, and you know that I will go to any lengths to avoid that.

Mr. Gummer: Will my right hon. Friend return to his point about fairness? Fairness is possible only if the tax system is clear enough for people to see why it applies to them. Is that not the fundamental explanation of why much of what is before us is so unfair?

Mr. Forth: I am grateful to my right hon. Friend. Like me, he will have studied the schedule, and he will know that it is lengthy and complex, and that it is, sadly, occasionally opaque, as has been identified in the debate.

The schedule deals with the very difficult issue of partnerships, and we have considered the different sorts of partnerships that may exist, examined the complex relationship between income and capital, taken a sideways glance at implementation dates and dwelt very briefly on the rationale behind the dates set out in the Bill. My conclusion is that the Minister has been unable to satisfy us, try though she has, on many of those points.

I return to the point about fairness made by my right hon. Friend. Not only are legitimate outside interests unhappy about the direction in which we are being taken and about the fact that they feel that they have been inadequately consulted in many cases, but we are getting the sense that this very important measure is being introduced on the hoof. We get a sense of constant adjustment to the principles that are being applied in the details, and the impression that that will lead to the phenomenon on which he touched: a sense of injustice and unfairness.

Nothing could be worse in the world of taxation than that very feeling among those who are being taxed. We heard earlier from my right hon. Friend the Member for Wokingham (Mr. Redwood) that it is anticipated that the measure will yield an additional amount approaching £2 billion. That is a lot of taxpayers' money. When such moneys are involved, I do not think that we can allow the Chancellor to repeat the exercise that he carried out in 1997, when he skilfully removed £5 billion from the pensioners of this country, as he has done in every subsequent year. We do not want to see that repeated under the guise of schedule 39. We want a measure of fairness, transparency and, it is to be hoped, comprehensibility.

The other worry that has haunted this debate and that lurks behind the schedule is our old friends the tax lawyers. I use the word "friends" in the loosest possible sense. To the extent to which the Financial Secretary is unable to convince us, legitimate outside interests and the individuals from whom £1.9 billion more is apparently going to be extracted, and to the extent to which none of the arrangements is as clear as it should be or can be easily implemented, all we are doing is creating yet another opportunity for tax lawyers, whom I concede are a necessary part of our society, to grow rich on the back of schedule 39 and the £1.9 billion.

All in all, a number of points—sadly, few of them are positive, and too many of them are negative—have been raised in the debate, and we are left in an unhappy state. We are reaching the end of today's proceedings, which point the way ahead and should encourage outside interests to look even more closely at the provisions. Perhaps hon. Members on both sides of the House will take an even closer interest than they have hitherto in improving the Bill. Even if we cannot reduce the £1.9 billion extra tax burden that will be thrust on taxpayers, at least we can make the process more transparent and, if possible, fairer. That must be our objective.

[Mr. Forth]

My closing thought is that when the Conservative party is in government, we seek ways to reduce tax. I favour reducing tax evasion—avoidance is a different matter—but I hope that our aim is to reduce tax, not to increase it. I leave that thought with my hon. Friend the Member for Hertford and Stortford.

Ruth Kelly: Stamp duty land tax was successfully implemented on 1 December 2003, replacing stamp duty on land transactions within the United Kingdom. One commentator has been quoted as saying that that increased the percentage of property deals on which tax is paid at the full rate from 40 to 80 per cent.

We have had a full consultation on the clauses and schedules before the House. Indeed, to provide suitable time for consultation on how stamp duty land tax should apply to certain transactions undertaken by partnerships where interests in land form part of the partnership's assets, such transactions were specifically excluded from stamp duty land tax by part 3 of schedule 15 to the Finance Act 2003.

Mr. Prisk: On that specific point, if the consultations were so successful, why have most of the representations made to me by those self-same consultees been negative about the outcomes?

Ruth Kelly: I shall go on to discuss the principles that inform schedule 39. People do not always like paying tax, and often argue that it should be levied in a different way from that considered appropriate by the Government and Parliament.

Following the consultation announced on 20 October 2003, the transactions will be brought within stamp duty land tax by the schedule. I have heard much talk today about fairness and transparency, which is exactly what the schedule is about. The schedule ensures that the stamp duty land tax treatment of partnerships mirrors the treatment for other taxpayers, and most people would consider that fair.

The schedule will apply the principle of transparency to transactions undertaken by and within partnerships, and will therefore equalise the tax treatment of land transactions undertaken by an individual and by a partner in a partnership so that neither one enjoys a different stamp duty land tax treatment compared with the other.

The charge will be on the proportional market value of any land forming or underlying these partnership transactions, and we have listened to consultees on that point. Market value is used for partnership transactions to replicate the bargain struck by an individual with an arm's length seller. The proportion is equal to the underlying change in ownership as represented by a partner's share in partnership income for transactions moving land into or out of a partnership or on the increase in share of partnership income for those transactions involving changes in partnership share. As that reflects the underlying proportional change in ownership, it is consistent with the transparency principle.

As a result of those measures, the commentator whom I referred to earlier has been quoted as saying that the number of transactions on which full duty is paid will rise from 80 to 90 per cent.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): On the principle of transparency, paragraph 24(6) defines net market value as market value less the loan outstanding. Does, or can, the loan outstanding include accrued interest on the loan?

Ruth Kelly: I believe that the loan outstanding is treated as it generally is in tax legislation. If the hon. Gentleman wants an exact definition, I shall of course write to him with it.

For the reasons of fairness and transparency that I set out, I urge hon. Members to support the schedule.

Question put and agreed to.

Schedule 39 agreed to.

Clause 289 ordered to stand part of the Bill.

Bill (Clauses 4, 5, 20, 28, 57 to 77, 86, 111 and 282 to 289 and Schedules 1, 3, 11, 12, 21 and 37 to 39) reported, with amendments; to lie upon the Table.

SCOTTISH PARLIAMENT (CONSTITUENCIES) BILL (PROGRAMME) (NO. 2)

Motion made, and Question put forthwith, pursuant to Orders [28 June 2001 and 6 November 2003],

That the Order of 9th February 2004 (Scottish Parliament (Constituencies) Bill (Programme)) be varied by substituting for paragraph 5 the following:

"Programming Committee

5. Sessional Order B (programming committees) made on 28th June 2001 shall not apply to proceedings on the Bill."—*[Joan Ryan.]*

Question agreed to.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

RATING AND VALUATION, ENGLAND

That the draft Non-Domestic Rating (Chargeable Amounts) (Amendment) (England) Regulations 2004, which were laid before this House on 22nd March, be approved.—*[Joan Ryan.]*

Question agreed to.

Manor House (Torquay)

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

6.17 pm

Mr. Adrian Sanders (Torbay) (LD): I rise for this Adjournment debate in the knowledge that a lot of extra time is available to me, but I will not tax the patience of the House by utilising it all.

I am not here to whinge about the Government, who have a good record on improving provision for people who are visually impaired because they are blind or partially sighted. No doubt the Minister will want to mention some of the policies that they have introduced, especially on vocational training and welfare to work.

I want to talk about a particular group of people who are receiving support that is partly, but not wholly, funded through the Minister's Department. I also want to talk about Manor House, a facility in my constituency.

I begin by quoting the 2001–02 annual review published by the Royal National Institute of the Blind. It says:

"Every day over 100 more people . . . will start to lose their sight. Imagine if it was you. How would you read books or see the latest blockbuster film? How would you get around, or go on holiday? How would you do your job? Would someone be there for you to talk to? Imagine then if you did not receive the services needed to continue with everyday life.

For around 2 million people with sight problems in the UK, living with sight loss is a daily reality. In many cases, people are not getting the support and services they need. There is no immediate, comprehensive help and support should you lose your sight."

Those were the words of the RNIB's chairman, Mr. Colin Low. I should like to follow them up with a further quote from the report, because it is pertinent. It tells of the experience of a Mr. David Brown, who says:

"I'm not going to give up something I love doing just because I can't see any longer. With the help of Manor House, I mastered cooking my favourite meal, Thai curry."

Manor House is an RNIB facility that has offered services such as rehabilitation and mobility training for 60 years. The RNIB's 2001–02 report states that, in 2002,

"we opened a new accommodation block, so more people can attend the centre."

So this is a well established centre that, even in 2002, was having money invested in it by the RNIB for a good residential block to meet the needs of its client group. It is therefore very odd to hear that this centre of excellence is under threat. Finding out precisely what the RNIB's proposals are has proved extremely difficult. Throughout this period of uncertainty, staff at the centre have effectively been told not to speak out or to seek support, and have been reassured all along that they would be fully consulted and involved in any changes to the situation.

Manor House is a specialist employment and social rehabilitation centre for adults who have lost their sight or whose sight has deteriorated. The aim of the centre is to give people the skills and confidence that they need to cope independently at home, at work and outdoors. Courses are tailored to individual needs and can include assessment, work preparation, independent living skills, vocational training, job-seeking skills, low-vision training, and so on. Accommodation is available on site with 24-hour staffing.

In response to the rumours of closure and of the transfer of clients into mainstream provision, the staff at Manor House have pointed out:

"Residential provision is unique in the opportunities it provides to make positive changes to disrupted lives, in a short period of time. Here there is time and space to think about oneself and one's future without distractions, with important peer support, 24-hour ongoing assessment, support and opportunity to develop greater independence and skills from the outset. The building and grounds themselves ideally provide the initial stages of mobility and independence training in a quiet setting."

That is vital for people to help them to get to a position from which they can go into the mainstream vocational training regime. They go on to say:

"The provision includes input which is always available from a range of experienced staff—the immediate and personal as opposed to the more often than not inaccessible, slow or even no solutions available in the community. For most of the clients with whom we work, be they high-achieving visually impaired adults who require a short specialist course to update their computer skills, or the person with more complex needs working through the initial rehabilitative stage, the proposed mainstream provision that is being discussed at present is not appropriate."

So, early on, the staff—who work not only with the client group in which I am most interested but with other people with some degree of sight deficiency—have expressed their concern about moving some of the provision into the mainstream.

Why is specialist provision so important? Let us consider what would happen to someone who woke up tomorrow morning and found that they could not see. Their employer might sack them because they could no longer do their job. Their family might not be able to cope, and their life could begin to fall apart. The local social services might tell them that there was a 12-month waiting list for mobility training, and that it would be for only one hour a week. They would be referred to their disability employment adviser, who would suggest that they needed to learn to use the assisted technology that would enable them to continue to work, and who would also review their employment options.

Would that person feel more comfortable making those first steps in a further education college where people—often young people—move fast and thoughtlessly and the residential accommodation is far away, or would they prefer to be in a small, safe environment where they were treated as individuals with individual needs and where their skills could be monitored and nurtured so that they could enter the mainstream with confidence in their ability to survive?

Why is such a valued, and valuable, unique service closing? First, we must consider the context in which many charities and voluntary organisations operate today. There has been a shift since 1997, as many charities and voluntary organisations have been attracted by the opportunities that the Government have rightly made available through grant funding and contracts either to carry out duties that have replaced functions that the state used to provide or, more likely, to add value to that which the state is able to provide.

[Mr. Adrian Sanders]

There is nothing wrong with that—it was a long-standing criticism of Governments that they did not use the voluntary and charitable sector enough—but, as a side effect, some charities and some voluntary organisations start to alter their original ethos, and even to shift away from their original client group, in order to access income. That is part of the context in which the problem has arisen.

Secondly, and specific to Manor House, we must consider the RNIB's financial difficulties. The RNIB has moved recently to a super-duper new headquarters in Judd street, London, and it is running a significant deficit. The view is that there is a need to consider the asset base, realise some assets and bring down that deficit.

I want to consider the matter from the taxpayers' perspective, just for a moment. Manor House is linked to a further education establishment, South Devon college, which sits on a site just out of the centre of Torquay in an area known as Torre. It has been there since the 1930s. A great deal of taxpayers' money has gone into that college and new buildings have sprung up year after year—there is always building work going on there.

In fact, millions of pounds of taxpayers' money have been invested in the site, but this is a higgledy-piggledy, ramshackle college in the sense that it is not a uniform unit and that access for people with disabilities is extremely poor. Indeed, the people with disabilities are stuck up on the fifth floor of a building. In the event of a fire, they would have to go to a metal fire escape to wait to be rescued by the fire and emergency services. We hope that such a fire never occurs.

Practical problems exist, but because of how the Government operate their internal financing regimes the Learning and Skills Council is prepared to put money in for the college to move to a new greenfield site, rather than give it the money to bring things up to scratch. The college could bring itself up to scratch, but that would probably take 10 years of constant disruption. Quite rightly, the principal says that that would not make for a good learning environment. So, to access the money on offer, the college is going to move.

Manor House provides the link to vocational training. The RNIB realises that there is an issue: if it were to dispose of Manor House, what would it do about that link? It has found another college that is able to get another new stream of taxpayer's money to update its premises to deal with this client group. Money is therefore being spent on a brand new college in my constituency, and money is being spent to upgrade a college in Taunton to which some of the vocational training will be moved, while the RNIB realise an asset sale in Torquay. That does not make financial sense to the general taxpayer, because there is no joined-up or linked thinking as to how that impacts on the purse, partly because different bits of money are coming from different parts of government. That is not good value for money if considered in the round.

Mr. Paul Tyler (North Cornwall) (LD): I have some knowledge of the circumstances that my hon. Friend describes, because I was once a student at South Devon college. I am particularly interested to know whether the catchment area for a potential facility at Taunton would be anything like as useful to the area that he and I know so well, Devon. Incidentally, I very much appreciate the strong case that he is making for this group. I have glaucoma and I know how important it is for people to know that these facilities can still be available at a reasonable distance from their locality.

Mr. Sanders: I am grateful to my hon. Friend. First, this is not a battle between two colleges—South Devon college and the Somerset college of arts and technology, which I believe is known as SCAT. The catchment area does not matter, and that is where we could go down the wrong road. The client group in which I am most interested today comes from all over the United Kingdom, and it makes no odds whether the facility is in Taunton, Torquay or the north of Scotland. I want to emphasise that the battle is to keep Manor House open and to look after the people lost to the system if it closes, rather than being about the merits or demerits of one college or another.

The announcement that everyone dreaded came last month. The BBC report said:

"A centre in Torquay which has helped thousands of blind and visually impaired people over several decades is to close. The Royal National Institute of the Blind's Manor House Rehabilitation Centre is being relocated to Taunton."

That is not actually true. It continued:

"The centre specialises in helping people who have either lost their sight, or whose sight is deteriorating. RNIB director Eamonn Fetton said the move would let them expand and improve what they could offer."

That is highly debateable. He said:

"'What we have had in the past is a limited number of services which were seen as national, and I include Manor House in that. We are now moving towards having services in every region—that is our vision for the future. In every region we want to work in partnership with a mainstream college to provide services nearer to where people are living.'"

Manor House already has a partnership with a mainstream college. The report continued:

"The RNIB announced about 12 months ago that the Manor House centre in Middle Lincombe Road could close They blamed a lack of funding, partly caused by a drop in the amount of money being left in wills, and a falling demand for places at the centre. The Manor House has provided expertise and care for thousands of people since it opened in 1941."

The financial benefits to the RNIB appear to be twofold. Manor House is in a glorious position. It overlooks the magnificent Tor bay, which, for those who do not know, is the bit of sea that is circled by Torquay, Paignton and Brixham, which are the three towns that make up the administrative area known as Torbay. It is a prime piece of real estate, and it could well reach a price in the region of between £3 million and £3.5 million were it to be sold, subject to planning permission for, I suspect, residential apartments for the very wealthy. The RNIB would also make a revenue saving on course subsidies, to which I shall come on to refer.

In a letter to staff at Manor House, the RNIB gave the game away. Its representative wrote:

"I am sure that the underlying reasons for the current financial challenges at Manor House have already been explained to you but in case it is not clear the position is that the bulk of Manor House's current funding comes from Government contracts awarded by Jobcentre Plus and the Residential Training Unit. I understand that in recent years the number of referrals to Manor House under these contracts has significantly reduced. One reason for this is that referral into more local, community-based provision is increasingly preferred by Jobcentre Plus staff as well as by many of the clients themselves."

That is partly true, but it is not the whole story.

The letter continues:

"Essentially the Government contracts, held by Manor House, are to deliver residential work preparation and residential vocational training. Both of these contracts are designed for clients who are close to applying for jobs in the open labour market. However, in recent years, we have reached a high proportion of referrals (mainly from Disability Employment Advisers) of clients who require significantly higher levels of support than the contract funding allows us to provide."

We now come to the heart of the matter.

"Up until now we have accepted these referrals because it appears that there is no alternative referral route for such clients. In doing so, we have effectively provided an enhanced service on a financially subsidised basis and this has contributed to the financial challenges that are currently faced by Manor House."

But is that not what the RNIB is for? It uses Manor House in its fundraising material. Hundreds of thousands of pounds are raised locally.

Let me say something about the local link with Manor House. There is a low vision centre there, which is open to the public. Hundreds of people from across Devon can go and try out adaptations and receive expert advice that is not available anywhere else. Indeed, people will travel from much further afield than Devon to visit the centre.

There is also a link with the local football club. Some might say that one would need to be blind to watch Torquay United play, but since the 1960s the club has set aside seats for people who are staying in the area for 12 or 13 weeks to be rehabilitated at Manor House. They can go to the ground and listen, experience the atmosphere of a football match and receive a commentary through headphones. I think that that is wonderful and that Torquay United should be applauded. I also think that it demonstrates the strong links between the community and Manor House, and the importance that is ascribed to it.

If the RNIB wants to concentrate on those who can join vocational and pre-vocational training, having moved to Taunton, it is obviously in order to have access to Government grant. Who will offer services to the pre-pre-vocational client group that Manor House currently serves? The manager of Manor House wrote to the chief executive of the RNIB to say:

"In the last ten years the team here have used their specialist knowledge and experience to develop a way of working that is about as up to date as you can get. Equipment is as close to current as possible. Suppliers come regularly to demonstrate the most up to date technology."

The suppliers could come from anywhere in the United Kingdom. They come to Manor House, so its geographical location is clearly not a problem. The letter continues:

"The new accommodation block was opened in 2002 by HRH Prince Andrew and offers single en-suite study bedrooms of a very high standard."

One effect of the new regulations and of what is expected is that the capacity has actually been reduced. Initially, people lived in dormitories. That is not appropriate today, so now people who are there as residents have single en suite facilities. That of course increases the costs and the subsidy that the RNIB has to put in. The letter adds:

"But perhaps the most important thing is the way each customer is treated. Our customers are individuals in control of their own programme and future. Staff have a genuine, professional relationship with each one and the skills to negotiate and assist in the development of truly individually tailored programmes. Both employment and rehabilitation are woven into everything we do, in many cases, without the customer really being aware of it. What they do notice is the progress they are making in a very short space of time because RNIB's subsidy has allowed us to deliver a very intensive programme."

Even the RNIB chairman, Colin Low, has acknowledged in an e-mail to a member of staff that some clients may be abandoned. He says:

"I do appreciate that the closure of Manor House may mean that there are some potential clients whose needs we cannot meet".

It is not just the RNIB's decision but the way in which it took it that has devastated staff at the centre, whose expertise and specialist rehabilitation are second to none. The vice-chairman of the Manor House governors set out that very point in a letter to the RNIB trustees. He said:

"No financial information has been presented to Governors . . . for the suggested co-location of rehabilitation training to Further Education Establishments or other shared facilities, or for the total closure of Manor House.

No comparative data are to hand to demonstrate that work done through Manor House is any less cost effective than other job preparation and training work done by other RNIB establishments or organisations.

No strategic analysis has been made of practical regionalisation within the RNIB's total portfolio of services that could properly test whether the Manor House site could have a sustainable future as a south-west region centre.

No policy/programme is in place to meet the needs of clients who are not approaching job readiness and who require wide-ranging rehabilitation, of which Manor House, owing to its 'centre of excellence' status now receives as a large proportion of its referrals.

Without these major issues being resolved, the Governors conclude that any short-term closure of Manor House would be premature and prejudicial to the welfare of a significant group of RNIB clients.

A major RNIB public statement in May 2003 about downsizing stated that direct services to the blind and partially sighted would not be affected. With the last two significant financial cuts affecting Manor House, this is hardly so."

I come back to the question of what the RNIB is for and why anyone should donate money to it if it can cover its costs through Government grants.

Last night, unbeknown to me—it was timely given the debate—Manor House was described by Peter White, presenter of Radio 4's "In Touch" programme, as a flagship provider for over 60 years. A campaign to save Manor House has begun. On 5 May, there will be a march from Euston station to the RNIB's lavish HQ in Judd street. An alternative business plan has been drawn

[Mr. Sanders]

up by staff at Manor House involving the sale of part of the site but retaining the recently built residential block, with clear links to the new South Devon college campus, which will, of course, comply with the Disability Discrimination Act 1995 as a new building and, it is hoped, will be open in 2005.

The RNIB estimates that Manor House generates £1 million a year in charitable donations. A third of that figure would keep the home open. The local community supports Manor House, which has strong links with the local NHS, social services, the council and local people. Those people respond to Manor House's many fund-raising campaigns and raise thousands each year to help it, including at the annual "It's a Knockout" event, which I have taken part in. I got very wet.

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): Did the hon. Gentleman win?

Mr. Sanders: No. I got soap in my eyes from the foam machine. Local firms and local societies put in teams and raised enormous sums of money for the centre.

There is a real connection, right down to the fact that people in town are used to seeing people learning to cope with the loss of sight – perhaps learning to use a stick – and can point them in the right direction when they have been allowed to wander into town from the residential centre. Geographically, the area offers every obstruction and barrier that anyone who has lost their sight could wish to learn to deal with: broken pavements, busy traffic, hillsides, complicated bus routes and all the rest of it. The centre is part of our community and we do not want it to go.

People do not give the RNIB donations to match fund Government projects. They do it to help programmes that the Government do not support and we have to ask who will support those now? If the RNIB is retreating, who will come to the rescue? I think that we know the answer, but the Government could put pressure on the RNIB to think again and delay a final decision until it has properly analysed the business plan. It is not the case that all the staff at the centre who have built up specialist expertise over many years will simply transfer to Taunton, or that Taunton will be able to deal with the client group from Torbay. It is that client group who will miss out.

I hope that this debate will help the RNIB to think again. People with impaired vision in my constituency and throughout south Devon will be the losers, and the biggest losers of all will be those who, tomorrow, next week, next month and thereafter will lose their sight without warning.

Mr. David Heath (Somerton and Frome) (LD): Is not the dearth of professionals working in rehabilitation in visual impairment a concern for the future? Does my hon. Friend share my view that the Government could also do more to provide low vision aids? He talked about the advancing technology earlier. The Government have revolutionised what is available for the deaf through digital hearing aids. Could not they do the same for this client group, taking advantage of new technology that is far superior to what was available previously?

Mr. Sanders: That is an important point. I referred to the low vision centre at Manor House, which has all the latest gadgets. Perhaps the Government could indeed do more. I know that my hon. Friend speaks as the chair of the all-party parliamentary group on eye health, for which he is famed and does good work.

My late mother lost her sight and was one of the people from Devon who was able to go to the visual aid unit. Tremendous things are available to help people maintain their quality of life despite deteriorating eyesight and I cannot praise the centre enough.

Mr. Heath: The problem is that the technology is available, but at a price. Unit costs are extremely high. I spoke to the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton) about this yesterday, and I hope that the Minister here can also talk to her colleague about how the Government can tackle the problem so that more people have access to the technology.

Mr. Sanders: I am sure that the Minister heard my hon. Friend and will respond. I am also keen that something should be done about VAT on audio books, which are also highly valued by people with poor or no sight.

Imagine the position of someone who wakes up tomorrow, next week, next month or thereafter having lost their sight, without warning. If the centre closes, there will be no comparable facility anywhere in the world to help them. I cannot stress enough the uniqueness and excellence of the centre. It helps people to come to terms with those changed circumstances. I spoke last week to a member of staff who is convinced that there are people who might have committed suicide had it not been for the support available at the centre. They were not ready to go into vocational or pre-vocational training, but needed support to pick their lives up off the floor and come to terms with the trauma. Without that facility, receiving a white stick in the post might be all the support and help that some people get.

I conclude with a comment from a member of staff at Manor House who said:

"My broad view is that any future proposal that 'fixes on' Further Education as the future location for the work that has been undertaken at Manor House is flawed. I am clear that the majority of clients I see here—and the many who are not funded to come, or even know of our existence—would be negatively affected by the culture, geography and pace of FE. There is a need for a properly funded facility—along the lines of Stoke Mandeville—for clients who have been and are devastated by sight loss."

6.51 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): May I begin by congratulating the hon. Member for Torbay (Mr. Sanders) on securing this debate? Luckily for him, we have had a little more time than might have otherwise been the case, because the main business finished slightly early, which has enabled him to set out at length—

probably as fully as he would have wanted to had he had unlimited time—the points that he wanted to make on the valuable facility in his constituency.

I have also heard what the hon. Member for Somerton and Frome (Mr. Heath) had to say, and I recognise, too, the interest that the hon. Member for North Cornwall (Mr. Tyler) has in the matter. There is no doubt that those who have to deal with visual impairment are numerous and initially, particularly when sight deteriorates, have difficult problems to overcome in order to get on with their lives. Some 111,000 people of working age in Britain have difficulty in seeing as their main disability. "Difficulty in seeing", the definition used in the Disability Discrimination Act 1995, covers both people who are blind and those who are partially sighted.

In addition, more than 20 per cent. of the almost 10 million disabled people in Great Britain have a disability related in some way to seeing, so there is no doubt that the impairment is prominent and difficult to deal with for those who have to do so in their lives. It is an impairment that is of great concern to the Government, and to my Department in particular, which has some responsibility for trying to enable those with visual impairment to put their lives back together, get back to work and remain in work, and partake again of life following the trauma of losing their sight or of a sudden deterioration in their ability to see. I therefore congratulate the hon. Member for Torbay on raising the issue without in any way limiting what I have to say. We, too, are concerned about the matter.

I shall say something on the particular issue of Manor House, which the hon. Gentleman set out in great detail. We are, of course, aware of the impending closure of the Royal National Institute of the Blind's residential training centre in Torquay, which it announced in its press release of 29 March. My Department intends to take every step possible, in conjunction with the RNIB, to ensure that people currently at the centre who will need to be assisted in some other way get what they need for their particular requirements. My officials will meet the RNIB about that very matter on Friday. We very much believe that we will be able to replace the courses that those people are in the middle of, and that we will be able to deal with the needs of those currently at Manor House.

Of course, this is not a matter for the Government, and the hon. Gentleman was kind enough to make it clear at the beginning of his remarks that he was not criticising the Government. It is not for the Government to tell the RNIB how it should provide its services. It is an independent charity, and we have contracts with it to provide courses for our own visually impaired clients throughout the country. The RNIB is one of many providers, and it is not for us to tell it how and where to make such provision. Our job is to provide help and assistance to visually impaired people throughout the country.

I should make it clear, however, that in addition to not being responsible for whether Manor House stays open, we were not consulted by the RNIB on the closure. There is no particular reason why it should consult us—it has no obligation to do so, and the matter is one for itself—but I should make it clear that we had no more advance knowledge of the closure than the hon. Gentleman. In fact, he probably knew more about it than I did, given that local MPs usually hear things on the grapevine a bit sooner than Whitehall does.

The RNIB acts as a contractor for Jobcentre Plus. Of course, it is not for us to guarantee or comment on the viability of particular places or courses; our job is to ensure that the services provided by our contractors offer value for money, that they provide what we expect them to provide, and that they do the job that we expect of them.

As the hon. Gentleman mentioned, there has been some discussion about changes in the type of provision, such as mainstreaming into colleges. He expressed his own views about that so far as his local area is concerned, and it has been suggested that that was a factor in the closure. Our disability employment advisers always recommend to their clients the most suitable provider, in order to deliver the most cost-effective programme to meet the individual's employment needs. It is not true that our DEAs have gone off residential training or have suddenly become positive about a different way of providing such help. In fact, a recent survey of DEAs demonstrated that they are very positive about the quality of residential training for clients, including at Manor House.

I should also make it clear that we have other centres at which such training can continue to be provided, and that we have contracts that will enable us to continue to meet the needs of those who want residential training. There is no doubt that, these days, some of our clients prefer to stay at home and perhaps do not regard residential training as their first choice; instead, they would prefer a more local service. To the extent that our DEAs are there to meet the needs of individual clients, they will of course take that point into account when recommending the type of course that is suitable for a given individual. However, we have no preference one way or the other.

It has been said—although not by the hon. Gentleman—that falling volumes and a decline in Government money might in some way be responsible for the closure. In 1997–98, we bought spaces for six residential training places at Manor House at any given time. The total spend was £48,500, give or take a few pounds. In 2002–03 there were 10 such places, and the total spend was £148,353. So although it is true that the number of places we contract for is small—of course, that always presents a certain threat to the viability of any organisation—it is not true that the number has fallen significantly. Nor has the amount of money spent by my Department at Manor House declined.

The hon. Gentleman referred to the RNIB's suggestion that it provides far more than our Department pays for. In a way, he answered the point himself, by making it clear that the Royal National Institute of the Blind has wider charitable objectives. The money that we pay to the RNIB at Manor House is not for meeting its wider charitable objectives, but for holding the residential training courses that we contract with the organisation. It may well provide more than we pay for—

It being Seven o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That this House do now adjourn.—*[Joan Ryan.]*

Maria Eagle: Is it that late already?

The funding that we provide meets the cost of residential training, but not any of the wider charitable intentions or activities. Sometimes the work might go beyond the specification in our contracts.

Mr. Sanders: The Minister is absolutely right, but it was put to me that the contract might buy nine weeks at the centre, when the person needs 12 or 13 weeks. The additional weeks are what the RNIB is subsidising. It is perfectly possible under the contracts in force to buy nine weeks in various establishments around the country, but what about the extra weeks and the additional expertise and work necessary during those extra weeks to produce a positive outcome from Government funding?

Maria Eagle: I hear the hon. Gentleman's point, but I cannot tell him precisely how many weeks are specified in each of our various contracts or in the particular case of the RNIB. I can tell him that our contracts are intended to meet the needs of a specific individual. I am receiving information that on average nine weeks are specified, but that provision is sometimes made for a longer period. I cannot comment on individual instances, but no doubt some value is always added from a little more. In respect of our contracts, we are happy both that Manor House has done a good job and that other providers are able to do the same.

The hon. Gentleman also said that cash payments had fallen; I dealt with that when I explained that the cash spent at Manor House had not fallen. It was the RNIB that suggested that the amount of money that it received had gone down. As I explained, the number of places that we buy there is quite small and fluctuates when people do not want to take them up. We cannot force people to go there. Our spend on residential training is certainly three times what it was in 1997.

Mr. Sanders: The record will show that I did not allege that the amount of funding was going down. That makes my point. The RNIB made that allegation—obviously wrongly—to justify closure of the centre.

Maria Eagle: Yes, the hon. Gentleman was reading out what some at Manor House had said about the reasons for the closure. I was not trying to suggest that he was making the allegation; I am only trying to set the record straight by explaining that our spend there has increased.

The hon. Gentleman discussed the way in which the decision was taken and said that he and his local community were not prepared to put up with it and were undertaking various activities in order to persuade the RNIB to change its mind. All I can say is that I have heard everything that he has had to say. It is not for me to tell the RNIB what to do. As I said, my officials are to meet the RNIB on Friday, and we also meet on an ongoing basis to deal with longer-term issues of funding provision. My officials will also have heard what the hon. Gentleman had to say. I hope that he will recognise that that is about as far as I can go in that respect.

I end by saying that I am sure that the Department will continue to be able to meet the needs of people who are visually impaired. The sort of treatment and training that can be obtained at Manor House will be available at other centres around the country. We will do our absolute utmost to ensure that the people currently at Manor House will not be disadvantaged. My officials will meet RNIB representatives on Friday to make sure that that is the case, and I assure the hon. Gentleman that I and the Department will continue to look closely at what the RNIB is doing. If the closure goes ahead, our aim is to make sure that the transition for constituents—of the hon. Gentleman and of other hon. Members—who are at Manor House will be as smooth as possible.

However, I have listened to what the hon. Gentleman had to say about his ongoing campaign. We will watch with interest how that develops, but I assure him that the training and help for visually impaired people that is currently offered at Manor House will still be available in other settings.

Question put and agreed to.

Adjourned accordingly at six minutes past Seven o'clock.

House of Commons

Thursday 29 April 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

EDUCATION AND SKILLS

The Secretary of State was asked—

Construction Workers

1. **Ms Joan Walley** (Stoke-on-Trent, North) (Lab): What assessment he has made of the supply of skilled construction workers. [169204]

The Minister for School Standards (Mr. David Miliband): The statutory industrial training board for the construction industry currently forecasts an average annual requirement for 82,000 recruits into the industry in the period 2003 to 2007. The latest survey of new entrants shows around 50,000 individuals entering formal training in 2002–03. Other sources of recruitment are people re-entering the industry and foreign workers. A further group of around 28,000 people already employed in the industry is undertaking on-site assessment and training.

Ms Walley: It is important that we have a new construction college in Burslem in my constituency that will train workers from across the country. Will the Minister take a special interest in how the learning and skills council and Stoke-on-Trent college of further education take that forward, particularly on the need to retrain pottery workers who have been made redundant? Will he take a special interest, too, in how we need local employers to provide local employment if we are to deliver the Government's agenda on new investment in housing and hospitals?

Mr. Miliband: My hon. Friend spoke about the important work of the Burslem centre during the Housing Bill debate on 12 January. I shall certainly take an interest in it and ensure that the Under-Secretary of State for Education and Skills, my hon. Friend the Member for Bury, South (Mr. Lewis), looks into it. My hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) is right that the partnership between employers and the education system holds out real promise of progress.

Mr. Phil Willis (Harrogate and Knaresborough) (LD): Does the Minister agree that the roofing industry is crucial to the construction industry? Is he aware that, of the 57,000 employees working in that industry, only 8,000 have certification to construction skills certification scheme standards? Is he aware that, of the 352 people who joined modern apprenticeships for roofing last year, 40 per cent. dropped out during their first year? What is he doing to stop people dropping out of modern apprenticeships? What will he do to ensure that people who work in the roofing industry have CSCS certification? Will he hold discussions with the insurance industry to try to ensure that firms that have qualified people get discounts on their massive insurance premiums?

Mr. Miliband: I certainly agree that we cannot have a house building or construction industry without roofing specialists; I think that there will be cross-party agreement on that.

I am pleased that the hon. Gentleman mentioned modern apprenticeships and the 255,000 young people undertaking them. He rightly mentioned the importance of quality in those apprenticeships, which is being taken up through the Learning and Skills Council. It is significant that £325 million of LSC money is supporting construction industry training, in addition to £75 million from the industry itself. That is a good example of the sort of partnership the hon. Gentleman and I both want.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): What steps is the Minister taking to ensure that everyone in the construction industry receives appropriate safety training, particularly foreign workers, many of whom do not have an adequate grasp of English and for whom safety notices are therefore meaningless?

Mr. Miliband: It is obviously important that we collaborate with our colleagues in the Department of Trade and Industry on this matter, which crosses departmental boundaries. All training must include the health and safety aspects to which my hon. Friend referred and I shall take up his point about literacy and the issues related to it.

Overseas Students

2. **Huw Irranca-Davies** (Ogmore) (Lab): What measures he is taking to encourage higher education institutions to compete effectively for *(a)* the market for overseas students and *(b)* the market for students from the Gulf states. [169205]

The Secretary of State for Education and Skills (Mr. Charles Clarke): My Department has taken steps to encourage higher education institutions to compete effectively for the market for overseas students through the Prime Minister's initiative to attract more international students to the United Kingdom, including those from the Gulf states. A vigorous worldwide marketing campaign under the brand of Education UK supports that initiative. The number of non-European Union international students studying full-time in UK higher education institutions rose by 23 per cent. on that for the academic year 2001–02, to a total of 174,575 last year. The Prime Minister's initiative

recruitment target of an extra 50,000 international students in higher education by 2004–05 has been achieved well ahead of target.

Huw Irranca-Davies: Having just returned from a visit to the United Arab Emirates, I can assure my right hon. Friend of the high regard in which our higher education institutions are held. He will be aware, however, that there is an immensely competitive market that includes higher education institutions from South Africa, New Zealand and elsewhere that often undercut us on price but cannot maintain our excellent quality. Can he assure me that, in discussions with higher education institutions, he will continue to foster a proactive approach to penetrating the market in the Gulf region? We are doing excellently, but the end-of-term report might say, "Could do better."

Mr. Clarke: I am grateful for that question and I can assure my hon. Friend of our commitment to work in the area. He put his finger on the central point, which is that the quality of the higher education courses we offer gives us such a strong competitive position. He may be interested to know that only last week I had a dialogue with the Minister for the middle east about how we could better promote our universities and education more generally into the whole of the middle east region. We are completely seized of the points that my hon. Friend makes.

Mr. Andrew Turner (Isle of Wight) (Con): Non-EU students pay full fees, but every student admitted to higher education from an EU country receives a subsidy of between £6,000 and £16,000 from the British taxpayer. Today it is reported that applications are up 100 per cent. from Cyprus, 200 per cent. from Hungary, 300 per cent. from Slovenia and 365 per cent. from Poland. What will be the cost of that to the British taxpayer?

Mr. Clarke: The hon. Gentleman's attitude is truly extraordinary. The figures published by the Universities and Colleges Admissions Service today show that 406,000 applications have been received—that is a 3.1 per cent. increase in applications which, given all the controversy and discussion about our reforms, is a testament to the position—and that there have been increases from applicant countries. I shall set out the figures in the context of the 406,000: Slovakia increased from 23 to 95, the Czech Republic from 54 to 149, Estonia from 17 to 56, Hungary from 37 to 112, Latvia from 19 to 51, Slovenia from 12 to 49, Lithuania from 23 to 60, Cyprus from 712 to 1,458, Malta from 17 to 41 and Poland, the largest of the acceding states, from 95 to 442. Those are tiny figures. The hon. Gentleman's narrow nationalism is deeply appalling. We should be proud of the contribution that our higher education institutions are making to the whole of education throughout the European Union. The hon. Gentleman should be ashamed of himself.

Mr. Barry Sheerman (Huddersfield) (Lab/Co-op): Does my right hon. Friend agree that the British Council report shows the enormous potential for our country of earning enormous sums, with another 1 million students wanting to come here by 2020, most of them from outside the EU? Is he aware that most people in the higher education sector believe that we should make plans now to invest more heavily in infrastructure and well-paid academics to make sure that we make the best of it? Even students from within the EU make a profit for the UK, as well as those from outside. Should we not act now to invest in the future and perhaps do more about private-public partnerships?

Mr. Clarke: My hon. Friend is absolutely correct. As an illustration, just today the figures published show a 50 per cent. increase in applications from the United States. There is a massive interest in this country to have students coming and studying here and a massive opportunity for our students to go and study in other countries throughout the world. We should take pride in the fact that our higher education institutions and the English language give us a competitive advantage and we should seek to build on that for all the economic reasons that my hon. Friend described. The petty nationalism of the Tory party is utterly deplorable.

Mr. Patrick McLoughlin (West Derbyshire) (Con): Of the 175,000 students to whom the Secretary of State referred, how many go to the Russell group?

Mr. Clarke: I do not have the figures to hand, but a lot do. Many universities right across the range are substantially developing their work internationally. The hon. Gentleman may have read recent reports about the university of Nottingham, which is part of the Russell group, establishing a campus in China precisely to support work of this kind. Throughout our university sector there is a strong commitment to achieve that. It is something to be applauded—as most rational Tory Members will do—not denigrated.

David Cairns (Greenock and Inverclyde) (Lab): May I tell my right hon. Friend about the success of James Watt college in my constituency in attracting large numbers of students from the middle east and the Gulf states, primarily by focusing on engineering-based courses which are in great demand there? Given that he has mentioned the British Council and the Foreign Office, can he ensure that his Department works closely with the relevant Scottish Education Ministers and the Scottish Executive so that every university and higher education college throughout the United Kingdom can benefit from the competitive advantages that he mentioned.

Mr. Clarke: I can absolutely give that assurance, and I can add that many Scottish universities are outstanding in that field. Their reputation is strong for reasons of history and academic quality. Some of the marketing that they have pursued in working with the Scottish Executive achieves that end, but I believe—and I have discussed the matter with colleagues on the Executive—that a joint effort can maximise our impact internationally. That is what we are very keen to do.

Further Education Funding

3. **Tony Baldry** (Banbury) (Con): If he will make a statement on funding for local colleges. [169206]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): In November 2002, we announced an extra £1.2 billion of investment in

further education colleges over the three years to 2005 06. That record investment means that total funding for further education is set to rise by 19 per cent. in real terms when compared with 2002 03. That is the largest ever investment in further education to support a radical and ambitious reform strategy that links funding to college performance.

Tony Baldry: People often think that Banbury is a very prosperous town, but in at least two wards, more than half the adults have no further or higher education qualifications. Given the Minister's answer, I do not understand why the Association of Colleges has expressed concern that colleges have had to dip into their reserves to the tune of £62 million for skills and vocational training this year, because they have received only some £20 million from the Department. How is it that every Member has heard concerns from local college principals and the Association of Colleges that they have been short-changed on money for skills and vocational training?

Alan Johnson: I am also puzzled by those remarks by the AOC. We meet that organisation regularly and it is appreciative of the additional investment, although—like any lobby group—it continues to seek more funding. Perhaps some of the problems have been with how the allocation of funding reaches the colleges through the learning and skills councils. The new chief executive, Mark Haysom, is aware of some of those problems, but I am willing to investigate specific problems in the hon. Gentleman's constituency to see whether I can do anything to help.

Linda Perham (Ilford, North) (Lab): My local college—Redbridge college, of which I am an external governor—is very pleased with the extra investment from the Government, but it is having problems obtaining the payment in full of £250,000 of funding from last year. It received 30 per cent. in April, having been promised 60 per cent. in March, and it has been promised the rest by the end of May. Will my right hon. Friend investigate the delay in that funding?

Alan Johnson: I certainly will investigate the point raised by my hon. Friend, which might relate to the point that I made to the hon. Member for Banbury (Tony Baldry). To put the issue in context again, we have increased funding for teaching and learning in FE colleges by 17 per cent. and funded a 60 per cent. real increase in capital spending in colleges. Almost anyone one speaks to in the FE sector will agree that, with 4 million students and a further 2 million reached in the workplace, it has been somewhat undervalued in the past. The sector would like the increased funding to continue, but it appreciates that funding for FE colleges has turned a significant corner.

Mr. Mark Simmonds (Boston and Skegness) (Con): One of the interesting things about the answers that the Minister gave to both the previous questions on this topic is the disparity between his view and what is actually happening. It is clear that one of the essential roles of—and an apparent Government priority for—the FE sector and local colleges is the provision of basic skills and level 2 courses. Why then are the Government enabling cuts to take place in the FE sector, just as adults needing help are being turned away from literacy and numeracy classes—*[Interruption.]*

Mr. Speaker: Order. The hon. Member for Bexhill and Battle (Gregory Barker) seems very annoyed that I have not called him. It is my right to decide whom to call, and he must not stare at me as if he has been deeply hurt by my decision. That is the last thing that he should do.

Mr. Simmonds: Basic skills provision is also being axed. As I am sure the Minister would agree, such courses are essential for people who are trying to escape socio-economic deprivation. Will he assure the House that the threatened cuts in places of more than 70,000 that the Association of Colleges predicts this year will not materialise? Will he assure us that he will endeavour to deliver basic skills to all who need them?

Alan Johnson: I was in the hon. Gentleman's constituency at a very exciting and well attended initiative. He received many plaudits, and I am pleased that he did. His local college was extremely appreciative of the extra funding provided.

I think that we are talking about two different things. The Association of Colleges is concerned that, in the next financial year when the level 2 entitlement kicks in, we will not be able to meet every claim for every piece of further education training in the country in the way that we did last year. Last year, every bid made to the Learning and Skills Council was accepted. The reason for the concern is that we have to have priorities and the 4 million adults who do not even have a basic level 2 qualification must be our priority. That is why we are going to give them financial help and an adult learning grant to meet that priority. If that we means that we cannot meet every single claim, we will have to accept that in the interests of meeting that priority. Nevertheless, literary and numeracy are what the issue is all about. We will strive, as always, to ensure that all the claims are met.

Mr. Dennis Skinner (Bolsover) (Lab): Socialism is the language of priorities.

Alan Johnson: As my hon. Friend the Member for Bolsover (Mr. Skinner) suggests, new Labour is the language of priorities.

Lawrie Quinn (Scarborough and Whitby) (Lab): I congratulate my right hon. Friend on his answer to the initial question. On Monday, I spent the morning at Scarborough sixth-form college and saw at first hand the excellent work that is being done. However, the college stands alone and it competes with many sixth forms in the surrounding local education authority area. Students and staff alike asserted to me that there was a gap in terms of the money that was being spent in the college. May I tempt my right hon. Friend to make the short trip from Hull to Scarborough to see the excellent work that the college is doing and perhaps persuade him that we need to give greater consideration to the inequalities between LEA sixth forms and stand-alone sixth forms such as at Scarborough sixth-form college?

Alan Johnson: I will gladly make the short trip to Scarborough to see my hon. Friend. We are aware of

those issues and, in this funding round, the funding gap between sixth forms and further education colleges has closed considerably. It is always a delight to see him, particularly in his delightful constituency.

Schools (Appropriate Relations Guidance)

4. **Miss Anne McIntosh** (Vale of York) (Con): What guidance he provides to schools on maintaining appropriate relations between pupils and staff. [169207]

The Minister for Children (Margaret Hodge): We have worked with the teachers unions and with the National Employers Organisation of School Teachers to produce a document entitled "Joint NEOST/Teacher Union Guidance on Preventing Abuse of Trust for Teachers, Education Staff and Volunteers". We have also funded further work to produce further advice entitled "Developing Safe Working Practices for the Protection of Children and Staff in Educational Settings".

Miss McIntosh: Is the right hon. Lady aware of the number of disturbing cases that I have raised with the Secretary of State about bullying between pupils and inappropriate relationships between staff and pupils in certain schools that are in or serve the Vale of York? Has the guidance to which she refers been published and, if schools have similar guidance, is it not appropriate for parents to have sight of it?

Margaret Hodge: It is certainly appropriate for parents to have sight of it. The hon. Lady raised the issue of bullying between pupils and I hope that she appreciates the concentrated work that we—in particular, the Under-Secretary of State for Education and Skills, my hon. Friend the Member for Bury, South (Mr. Lewis)—have been doing to try to tackle the problem and to create zero tolerance for bullying in our schools. If she wishes to raise further issues with us in relation to bullying between pupils and teachers, I would warmly welcome further consideration of those issues so that we can take any further action that she would deem appropriate.

Mr. Bob Blizzard (Waveney) (Lab): Is it not essential that the relationship between pupils and staff involves good order and discipline in the classroom? Because good discipline and learning can be disrupted by a small number of highly disruptive pupils, is it not essential that we have good provision of pupil referral units throughout the country for children of all ages? Will she undertake an audit of pupil referral unit provision and take action to fill the gaps? At the moment, there appears to be a bit of a postcode lottery and, surely, we do not want postcode disruption in our schools.

Margaret Hodge: I agree entirely with my hon. Friend's comments about the importance of good order in the classroom so that effective teaching and learning can take place. How that is developed is down to each local authority and the schools within it. The use made of pupil referral units must be decided locally. There are good pupil referral units around the country. I visited a project yesterday in Oxford that is run by a voluntary organisation called Parent-School Links, which takes sound action to improve the behaviour of children in schools and to tackle the behaviour between children and parents and between children and teachers. Such small initiatives, run by valuable voluntary organisations, should be spread across the country. That is the key to improving behaviour in the classroom.

Sir Patrick Cormack (South Staffordshire) (Con): Taking on the valid point made by the hon. Member for Waveney (Mr. Blizzard), is not the real problem the fact that there are no longer proper sanctions in schools and that, when teachers try to exercise reasonable discipline, they are frequently pursued by litigious parents who have a perverted idea of human rights?

Margaret Hodge: I do not agree. We have strengthened the power of head teachers to apply appropriate sanctions in schools. The hon. Gentleman would probably agree that we live in more litigious times and people exercise their rights, rightly or wrongly, in all sorts of situations. I do not agree with his premise that we have weakened the power of heads. We have gone in quite the opposite direction.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Does the Minister agree that, with reference to appropriate relations between pupils and staff, the overwhelming majority of teachers get it right 100 per cent. of the time, and they deserve both our thanks and a presumption of trust? Will she confirm that more than 80 per cent. of teachers who are accused of having behaved inappropriately are subsequently entirely cleared and vindicated? Will she therefore accept that now is the time to act on the NASUWT campaign for legislation to preserve teacher anonymity up until the point of a conviction? Will she undertake to accept the offer from the Opposition to speed the passage of such legislation through both Houses of Parliament, or will it take the election of a Conservative Government to give teachers that essential protection?

Margaret Hodge: I am not sure that there is a single child or parent with an interest in the education service who would welcome the transfer of power to the Tory party. Its record in government on education was abysmal and our record in government has been second to none, with increased investment, rising standards and a massive extension of opportunity. On the specific issues raised by the hon. Gentleman, we believe there must be a conversation with the NASUWT and my right hon. Friend the Secretary of State is engaged in those discussions. We will look further at the issues that the union has legitimately raised and take the action that we deem appropriate.

University Salaries

5. **Mr. Ben Chapman** (Wirral, South) (Lab): If he will make a statement on university staff salaries. [169208]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): Universities are autonomous, independent bodies and are responsible for determining their own affairs, including pay for their staff. The Government play no part in setting the levels of pay or conditions of service for higher education staff. However, we recognise that Government funding plays

a part in what institutions can pay their staff. The Higher Education Funding Council for England will allocate almost £6 billion of grants for 2004–05, a 9.3 per cent. increase on 2003–04. Within that, funding for teaching is increasing by 5.6 per cent.

Mr. Chapman: In recent times, I have had a great deal of correspondence from academics expressing their concern about the relative long-term decline in academic salaries. I share that concern. Does my right hon. Friend accept that, if we are to have world-class academic institutions, we need to attract and retain quality staff? Does he agree that as the Government have a role to play in the funding of higher education, they have an influence on salaries? Does he have a long-term plan to solve the problem?

Alan Johnson: I entirely accept the point that my hon. Friend makes. Indeed, the Prime Minister, in a speech late last year, said:

"The shortfall of teaching funding has badly hit the salaries of academic staff, which have shown practically no increase in real terms over two decades."

That is one of the reasons why we are pursuing the controversial measures in the Higher Education Bill. Not only are we putting in an extra £3 billion from the taxpayer, but an extra £2 billion will come through existing fees and through the increase. University vice-chancellors tell us that, in general, at least a third of that money will be put back into the salaries and conditions of their staff. That will make an enormous contribution in tackling a very serious and deep-seated problem.

Mr. Tim Yeo (South Suffolk) (Con): Has the Minister seen the survey by the Association of University Teachers that confirms that higher education was better off under the last Conservative Government than it is today under Labour? Will he confirm that Labour's only answer to the growing funding crisis in universities is to force students to run up bigger and bigger debts? While that will almost certainly deter many young people from poorer backgrounds from applying for university at all, it will do nothing to address the problem mentioned by the hon. Member for Wirral, South (Mr. Chapman) with regard to universities attracting and retaining top-calibre staff.

Alan Johnson: The hon. Gentleman always does a good turn at the Dispatch Box; it is always amusing.

The problem with the AUT study, which I have seen, is that it does not compare like with like. There was a change in the way in which student support funding is measured and reported, as we moved to economic cost rather than cash outlay, and that has distorted its figures. The independent statistical first release, which takes into account that change, shows a level of student support that was higher in 2002–03 than 10 years before. If one takes the AUT's own statistics and report and strips away student support, one sees that they show an increase in higher education funding of more than 25 per cent. above inflation between 1994 and 2003–04.

I find it incredible that, during the most important debate on higher education since the early 1960s and the publication of the Robbins report, the Opposition still do not tell us how they plan to tackle these difficult issues. While our proposals are controversial, they are the right thing to do, as many of the hon. Gentleman's own party members will be telling him from the other place as we take the Bill through the Lords.

Valerie Davey (Bristol, West) (Lab): While I obviously accept the Minister's initial response with regard to the independence of universities, given the Government's input into the funding, may I ask him to confirm that he continues to raise in dialogue with universities the fact that there remains among academic staff a differential between women and men?

Alan Johnson: Yes, I will raise that issue. Actually, it does not need to be raised, because vice-chancellors are very aware of it. Indeed, as my hon. Friend will know, the latest pay deal, which is a two-year deal, seeks to address some deep-seated issues, including inequality in pay and an 8.1 per cent. increase for the lowest pay grades in universities. She makes a very important point that I shall reiterate on every occasion I can.

Rev. Martin Smyth (Belfast, South) (UUP): May I share with the Minister my concern in support of the hon. Member for Wirral, South (Mr. Chapman)? As the representative of a university constituency, I know that there is great concern about a brain drain in which our academic staff go abroad because we cannot pay them proper salaries. Will the Minister therefore consult his colleagues in Northern Ireland to see whether what is happening in England can also happen in universities there?

Alan Johnson: I will certainly speak to my colleagues in Northern Ireland. As the Higher Education Bill progressed through the Commons, I spoke to many Northern Ireland Members and to the vice-chancellors of both universities in Northern Ireland, who are aware of the problems. I assure the hon. Gentleman that, although we think that the issue should be devolved — we are keen to see a devolved Administration pick it up again—universities in Northern Ireland must face up to the controversial issues surrounding higher education funding that we are trying to face up to in England.

School Transport Bill

6. **Mr. Roger Williams** (Brecon and Radnorshire) (LD): What assessment he has made of the impact of the draft School Transport Bill on traffic congestion.

[169210]

The Secretary of State for Education and Skills (Mr. Charles Clarke): The purpose of the draft School Transport Bill is to reduce congestion and to enable pilot authorities to provide improved home-to-school transport. We will expect all pilot authorities to have plans that will cut car use on the school run, which will reduce traffic and congestion.

Mr. Williams: Hon. Members who represent rural areas, as I do, view a number of the proposals with great concern. Does the Secretary of State agree that if the draft Bill were rolled out across the whole of Wales, 80,000 children would lose the right to free school transport, which must result in more private cars being used for the school run? Will he join me in urging the

Welsh Assembly not to adopt any proposals that would result in increased congestion and children from rural and remote areas losing the right to free school transport?

Mr. Clarke: I do not accept the hon. Gentleman's figures. The whole of local government, which includes all parties, the Churches and schools say that the current school transport arrangements are not sustainable. That is why, in consultation with those bodies, we laid the draft School Transport Bill, which is designed to free local authorities to make decisions—if they want to make them. I will not impose such decisions: local authorities must decide how best to address congestion in their localities, which is an intelligent way to proceed.

In considering a proposal from an authority, the criterion that I, as Secretary of State, would set—the National Assembly for Wales will apply the criterion in Wales—is that it must increase children's ability to travel to school and reduce congestion. I am well aware that it is possible to make a brouhaha about the matter, in which case I admit that the Bill will not be necessary, but it would be a mistake not to seize this opportunity to address a serious problem that concerns local government, Churches and everyone else, and to surrender to the bandying about of misleading and inaccurate figures.

Mr. David Chaytor (Bury, North) (Lab): In respect of school transport, does my right hon. Friend agree that the preferences of parents who believe passionately that their children should be educated in faith schools should be given equal priority to the preferences of parents who believe passionately that their children should be educated in secular schools?

Mr. Clarke: My hon. Friend, who is a member of the Select Committee, raises an important issue of principle, which lies at the heart of the proposals to permit local education authorities to take those considerations into account. School transport is controversial and involves many difficulties, which is why there has not been legislation on the matter for decades—since 1944. We should not allow the current system to decay, and we should introduce a system that allows local education authorities to address such issues on a regulated basis to try to take us forward.

Mr. Mark Hoban (Fareham) (Con): In an earlier answer, the Secretary of State gave the impression of urgency, when he said, "we should seize this opportunity." However, the Transport Committee report on school transport states:

> "The Government's leisurely approach is an indulgence . . . An experiment which does not end until 2011 is not addressing this problem with the urgency it needs."

How does he square the Committee's criticism with his own comments about urgency and seizing the initiative?

Mr. Clarke: I gave evidence to the Transport Committee, and think that the report, in which the Committee rightly gives us credit for taking up the issue, is good. I urge the hon. Gentleman to talk to the hon. Member for South Suffolk (Mr. Yeo), who, on the day when the draft Bill was announced in the Queen's Speech, launched a vigorous attack in the media, saying that the draft Bill is wrong and that we should not take this course. As I said at the time, the hon. Member for South Suffolk can stop the argument. In line with the question from the hon. Member for Fareham, the hon. Member for South Suffolk should work with us on the legislation, which his Conservative friends in local government want, to take the matter forward properly.

Education Maintenance Allowance

7. **Mr. Adrian Bailey** (West Bromwich, West) (Lab/Co-op): What assessment he has made of the effectiveness of the education maintenance allowance in raising levels of participation in post-16 education.

[169211]

The Minister for School Standards (Mr. David Miliband): In the pilots, education maintenance allowances increased participation by 16-year-olds in education by nearly six percentage points. Evaluation findings of the national scheme show that we are expected to ensure that, by 2006–07, 72,000 more young people will be participating in post-16 education thanks to education maintenance allowances.

Mr. Bailey: I thank the Minister for his reply. In my local authority, Sandwell, which is one of the more deprived boroughs in the country, experience of the pilot scheme reflects the figures that he gave. As the grants are linked not only to attendance but to performance, will he give an assessment of improvements in academic performance at this level and assurances on long-term funding to sustain them?

Mr. Miliband: My hon. Friend is absolutely right. The English problem, post-16, concerns not only participation but progression. The key aspect of education maintenance allowances is that they are tied to achievement, as well as attendance. I will write to my hon. Friend with the precise figures, but I can assure him that the programmes have had a significant and positive impact on achievement.

Mr. Andrew Robathan (Blaby) (Con): To use a phrase of the Home Secretary's, is it not bonkers that we should pay children who presumably do not see the value of education to go to school? Is it not equally perverse that this Government, who introduced fees, and are introducing top-up fees for universities, should say on the one hand, "We'll pay you to go to school", and on the other, "We'll saddle you with debt to go to university"?

Mr. Miliband: I will tell the hon. Gentleman what is bonkers. It is bonkers when young people who have the motivation and qualifications to stay on in the educational system have to leave it because they do not have the necessary financial support. We hope over time to teach Conservative Members that, as my hon. Friend the Member for Bolsover (Mr. Skinner) said, socialism is the language of priorities; and this is a priority.

Colin Burgon (Elmet) (Lab): May I bring back a brief report from the chalk face? Last week, I was lucky enough to speak to 16-year-olds at Brigshaw high school. I got a better reception as an MP than I used to

get as a school teacher, as those young people listened with rapt attention to the Government's proposals on the education maintenance allowance. This Labour Government have introduced these proposals precisely because young people from such former mining areas did not, for a number of social and cultural reasons, stay on to fulfil their true potential. May I tell my hon. Friend the Minister that when a Labour Government carry on like this, they are doing a brilliant job?

Mr. Miliband: These occasions are the time for asking Ministers searching questions to test Government policy. I am happy to reiterate that in mining areas such as mine and my hon. Friend's, education maintenance allowances can plug a significant gap in the system. We all know that the best investment that we can make is in education, and anything that helps young people to participate and progress in their studies must be good.

Science Education

8. **Dr. Brian Iddon** (Bolton, South-East) (Lab): What resources are available to support innovative projects that bring nine to 19-year-olds closer to an understanding of science, engineering and technology in industry. [169212]

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): The Department makes available £25 million a year through local learning and skills councils to promote closer links between schools and businesses. The new programme of study for key stage 4 and vocational GCSEs in applied science and engineering aims to give a broader understanding of science and engineering. Science learning centres and science and engineering specialist colleges encourage teachers to make links with local businesses and universities.

Dr. Iddon: The Northwest Development Agency has provided £2.3 million to build Bolton technical innovation centre, which is the first junior incubator in the United Kingdom. The local education authority will ensure that all nine to 19-year-olds have access to the building, which will be open in the evenings, at the weekends and throughout the school holidays. Industry also has access to the building and is providing state-of-the-art equipment and seconding staff to show pupils how to use it. Does my hon. Friend agree that, to ensure the success of innovative projects such as the Bolton TIC, we must ensure a steady stream of revenue funding instead of expecting them continually to rely on the bid culture?

Mr. Twigg: I am grateful to my hon. Friend for highlighting an excellent example of innovation. He was too modest to mention the fact that he chairs the board of Bolton TIC, but I pay tribute to his personal role in doing that. I know that he has written to the Secretary of State on this matter, and we shall consider his suggestions. He rightly highlights the great challenge that we face to encourage more young people to study science and engineering, and Bolton TIC plays a very important role in that regard.

Sir Nicholas Winterton (Macclesfield) (Con): The Minister will know that the corporation of Macclesfield college was very disappointed that the Macclesfield learning zone was not successful in the first tranche of learning zone projects, bearing in mind the fact that a successful application would have resulted in a new college on the same site as a new secondary school, which would have enabled the college to provide the facilities and expertise for engineering, technology and science. If the college makes proposals for improvement, will the Department give them favourable and sympathetic consideration?

Mr. Twigg: Both my right hon. Friend the Secretary of State and the Minister for Lifelong Learning, Further and Higher Education are whispering in my ear that this is a very exciting and positive project, and I am delighted to take their word, and that of the hon. Gentleman, for that. Initially, this is a matter for the local education authority and the LSC, but when proposals are made we will give them sympathetic consideration.

Mrs. Anne Campbell (Cambridge) (Lab): Does my hon. Friend agree that one way of increasing the number of young people going into science, engineering and technology is to increase the number of girls and young women taking scientific subjects at school and going on to study them in further and higher education? What efforts is his Department making specifically to encourage young women to take up those subjects at school?

Mr. Twigg: I absolutely agree with my hon. Friend; there is a big challenge both to increase the number of girls studying those subjects and to stem the long-term fall in the number of students continuing to study science subjects after the age of 16. An important part of our strategy for dealing with that is via science and engineering specialist colleges, and I am delighted that there is a record, and growing, number of such colleges, the role of which is not only to enhance science learning and teaching in their own schools but to give support to primary and secondary schools. Part of that work involves ensuring that the options are available on an equal basis, and that there is a positive approach to encouraging more girls and women to study sciences up to the age of 16 and beyond.

Higher Education

9. **Mr. Alistair Carmichael** (Orkney and Shetland) (LD): What progress has been made in reaching a 50 per cent. participation rate in higher education. [169213]

The Minister for Lifelong Learning, Further and Higher Education (Alan Johnson): The provisional higher education initial participation rate for 2002-03, released earlier this month, is 44 per cent. This represents a rise of one percentage point on the 2001-02 figure of 43 per cent.

Mr. Carmichael: I am grateful to the Minister for that answer. He will be aware that the 50 per cent. target has been met north of the border, where his Labour colleagues in the Scottish Executive, with a little help and encouragement from my colleagues, have already abolished tuition fees and reintroduced student grants. In fact, in the first year following the abolition and

reintroduction, the increase in applications to Scottish universities was some 10 per cent., compared with 1 per cent. in England and Wales. In the light of that evidence, does the Minister believe that trebling student tuition fees in England and Wales will help the Government to meet their 50 per cent. target?

Alan Johnson: There are many excellent things about Scottish higher education, one of which is that is has always had a higher participation rate. Another is that there has always been very good collaboration between higher and further education. There is a myth that, after the Cubie report, Scotland abolished up-front fees. Every student in Scotland—barring certain categories—will pay about £2,100 after they have graduated, on an income-contingent basis—

Mr. Carmichael: That is a contribution.

Alan Johnson: The contribution is apparently towards the grant. We provide the grant free; the contribution is towards the teaching, so I do not accept that argument.

My final point is that the Universities and Colleges Admissions Service figures released yesterday showed a 66 per cent. increase in the number of UK applications for foundation degrees. A large part of our expansion up to 50 per cent. participation will come from two-year vocational foundation degrees, and there has already been a very healthy increase in applications for such courses, so I do not believe that our proposals will affect our drive towards the 50 per cent. rate.

Jeff Ennis (Barnsley, East and Mexborough) (Lab): My question is on the very point that we need to expand the base of foundation degrees to achieve that target of 50 per cent. Will the Minister say a little more about the response that he is getting from local universities and industry to achieve that massive expansion in foundation degrees?

Alan Johnson: I welcome my hon. Friend's long-standing interest in this issue. We are getting a good response from employers and from higher education institutions—I refer to higher education institutions rather than universities because it is FE colleges that in the main provide foundation degrees accredited by universities. The response is very good, and particularly good when one considers the fact that these degrees are very new—the first batch of graduates came through only last summer. The UCAS figures show that interest will expand, and our role is to make sure that people, particularly youngsters, are aware of this route into an accredited degree. We all have a role, however, to support one of the most exciting initiatives that we have seen in this country, and to end the strange prejudice that there has always been in favour of academic qualifications over vocational ones, which has dogged British academia for too long.

SOLICITOR-GENERAL

The Solicitor General was asked—

Domestic Violence

20. **Julie Morgan** (Cardiff, North) (Lab): What plans she has to introduce statutory reviews of domestic violence murders. [169197]

The Solicitor-General (Ms Harriet Harman): The Domestic Violence, Crime and Victims Bill, which I hope will be introduced to the House in June, will contain a clause establishing reviews after domestic homicides. Most domestic homicides—one in three of all killings—are not single, isolated events but the culmination of mounting violence. We must learn lessons from these deaths so that we can intervene earlier. Subject to the approval of the House, that is what the multi-agency domestic homicide reviews will do.

Julie Morgan: I thank my right hon. and learned Friend for that reply. I know that she is aware of the domestic violence homicide review conducted in the south Wales area, which produced the tragic evidence that there had been approximately 40 referrals to the health service before a particular murder took place. Is she aware that the review was jointly led by the National Society for the Prevention of Cruelty to Children and South Wales police, and that this joint approach was very successful in drawing all the different agencies into the process? Can she think of any situation in which it would not be appropriate to carry out a review when a domestic violence homicide had taken place?

The Solicitor-General: I am aware of the case to which my hon. Friend refers. I am grateful to the people in Wales who allowed me to see a copy of the full case report. It shows that on probably 40 occasions the woman had told her GP, her friends and her employer and had been in A and E. The criminal justice system missed many opportunities to step in and stop the violent assaults, which, because they were not stopped, culminated in her being killed. It is important that all those who worked together on the review continue to work together to ensure that practice is such that such a case does not happen again.

My hon. Friend asked about cases in which it would not be appropriate to conduct a review. There are some exceptional cases in which a killing is a bolt out of the blue. In most cases, however, somebody—a child's teachers, a GP or the police—will have known about the violence. In cases where a death has resulted, local agencies will need to have a review, so that they can learn lessons and introduce better practice.

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): May I urge my right hon. and learned Friend to ensure that included within the definition of domestic violence are people with learning disabilities who are living in a more domestic situation? She will be aware that great changes have been made whereby many people are now

supported within domestic situations, and as such they can be particularly vulnerable to abuse from either relatives or carers, including paid carers.

The Solicitor-General: The definition of domestic violence, in circumstances in which it will give rise to a review after a homicide, is in the Bill. We recognise that when violence takes place in a domestic setting, either between a husband and wife or a former husband and wife or boyfriend and girlfriend, or when it involves a young child, it is particularly difficult to make sure that there is early intervention. The cases that my hon. Friend mentioned will certainly fall within that review.

Witnesses (Trial Attendance)

21. **Mr. Ben Chapman** (Wirral, South) (Lab): If she will make a statement on measures taken by the Crown Prosecution Service to prevent non-attendance by witnesses at trials. [169198]

The Solicitor-General: The Crown Prosecution Service works closely with the police, courts and other agencies to do everything possible to ensure that witnesses attend court, so that when a crime has been committed justice can be done. That includes extra police protection for frightened witnesses, extra support for victims, telling witnesses what is going on in their cases and looking after them when they get to court and afterwards.

Mr. Chapman: Many witnesses, because of victimisation and the fact that they are very frightened, do not turn up and trials fail as a result. They will turn up, however, if they are supported and encouraged, and the system should allow for that. I welcomed yesterday's "big victim event", but things are still difficult on the ground. Merseyside in particular still has a high level of failed trials because of this problem. Will my right hon. and learned Friend assure me that in magistrates courts in Wirral and in Crown courts on Merseyside, appropriate support mechanisms are in place and will be developed?

The Solicitor-General: My hon. Friend makes an important point. It is bad enough to have been a victim of crime without feeling that one has become a victim of the criminal justice system. People are prepared to come forward, give evidence and ensure that offenders are brought to justice, but they need help and support in a system that is all too familiar to the professionals, but baffling and often frightening for lay people.

As my hon. Friend says, a big conference took place yesterday. All the criminal justice partners and members of the voluntary sector came together to talk about better support for victims and witnesses. That must be provided on the ground. I know that one in three cases in the magistrates court in my hon. Friend's area does not proceed. We must ensure that there are as few unnecessary hearings as possible, and that everyone works together to make things run smoothly.

Mr. Dominic Grieve (Beaconsfield) (Con): I am sure that the Solicitor-General agrees that another reason for the non-attendance of witnesses may well be a sense of dismay or dissatisfaction at the length of time they must wait before giving evidence. Will she reassure us about the role played by the Attorney-General in attempts to resolve the dispute, in high-cost criminal cases, between the Bar and the Legal Services Commission in relation to scrutiny that the commission wishes to apply to the individual reading of documents in court cases? I understand that it is threatening to disrupt criminal trials to a serious extent.

The Solicitor-General: The matters relating to barristers' fees are being actively discussed by the Lord Chancellor and his Ministers and the Bar Council. We have delivered our commitment to ensure that pay levels are the same for prosecution and defence counsel.

The Attorney-General is leading the "no witness, no justice" project, which is intended to ensure that all the support services needed by victims and witnesses are provided on the ground.

Vera Baird (Redcar) (Lab): I strongly agree that it is important to support frightened witnesses, but is it not equally important to look after willing ones? Will my right hon. and learned Friend consider the case of a nightclub doorman in my constituency—the kind of person who is likely to be a prosecution witness more than once—who was dismayed to find that the trial fell on the date of his holiday? He could not be compensated because he had lost no earnings, but he had lost a day with his children. Will my right hon. and learned Friend ensure that discretion is used to ensure that such events do not occur?

The Solicitor-General: I shall certainly look at that case, and examine the rules governing payment for witnesses. I shall try to establish whether more could have been done to ensure that the trial fell on a convenient date. We must all make an effort to work around those who help to bring offenders to justice, rather than allowing them to be inconvenienced or even out of pocket, or to lose time with their families.

Mr. John Burnett (Torridge and West Devon) (LD): Consultation on the Government paper "Securing the attendance of witnesses in court" closed on 2 January this year. What was the thrust of the consultees' views on the protection of witnesses in personal jeopardy, and what are the Government's proposals to secure their safety?

The Solicitor-General: There are two points that I would like to make, which arise from the concerns that have been brought fully to our attention for victims and witnesses who feel in personal jeopardy, the first of which is that that should be a consideration in every case. All the agencies should consider who the witnesses are and what support they might need. That should be a routine consideration.

Secondly, we are bringing in another power next month, which I think will help with the point that the hon. Gentleman makes. That will enable the court to order the name of the victim or witness to be withheld and not reported, so there will be anonymity. Some people fear that if they give evidence and their name is then in the local or even national newspapers, they will be subject to intimidation and pressure. We need to ensure that the court proceedings are as open as

possible, but on some limited occasions we will need to make sure that there is anonymity for those who are prepared to come forward, sometimes risking their personal circumstances.

Anti-Semitism

22. **Mr. Andrew Dismore** (Hendon) (Lab): If she will make a statement on her policy towards prosecution of anti-Semitic hate crimes. [169199]

The Solicitor-General: In July last year, the Crown Prosecution Service published its new policy and guidance for prosecutors on cases of racist and religious crime.

Mr. Dismore: First, I thank you, Mr. Speaker, for your good sense in lifting the sub judice rule to allow me to ask a question about Abu Hamza. For once, we have some good sense on that issue.

Why, when there is such overwhelming evidence of incitement to race hatred, violence and support for terrorism by such people as Abu Hamza and Omar Bakri Mohamed, has no prosecution taken place? If newspapers such as *The Sun* can mount highly effective investigations to produce the evidence that would justify prosecution—and, I believe, conviction—why cannot the police and the CPS do the same?

The Solicitor-General: A file from the police is with the Crown Prosecution Service at the moment. I cannot say more about that case at this stage, although I appreciate what my hon. Friend says about Mr. Speaker having lifted the sub judice rule. My hon. Friend will be aware that the CPS is independent, and when it is actively considering a case such as this, it would be wrong of me to pre-empt or prejudice any decision about to be made. I do not think that the House would thank me for that.

Business of the House

12.32 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 3 MAY—The House will not be sitting.

TUESDAY 4 MAY—Consideration in Committee and remaining stages of the Scottish Parliament (Constituencies) Bill.

WEDNESDAY 5 MAY—Opposition half-day [10th Allotted Day] (Part One). There will be a half-day debate entitled "The Government's Failure to Solve the UK Housing Crisis" on an Opposition motion, followed by a motion to approve a money resolution on the Christmas Day (Trading) Bill, followed by a debate on genetically modified crops on a motion for the Adjournment of the House.

THURSDAY 6 MAY—Remaining stages of the Armed Forces (Pensions and Compensation) Bill.

FRIDAY 7 MAY—The House will not be sitting.

The provisional business for the following week will be:

MONDAY 10 MAY—Second Reading of the Energy Bill [*Lords*].

TUESDAY 11 MAY—Remaining stages of the Housing Bill.

WEDNESDAY 12 MAY—Second Reading of the Age-Related Payments Bill, followed by a motion to approve the first report of the Procedure Committee on estimates and appropriation procedure.

THURSDAY 13 MAY—If necessary, consideration of Lords amendments, followed by a debate on armed forces personnel on a motion for the Adjournment of the House.

FRIDAY 14 MAY—Private Members' Bills.

The House may wish to be reminded that, subject to the progress of business, the House will rise for the Whitsun recess at the end of business on Thursday 27 May and return on Monday 7 June.

Mr. Heald: I thank the Leader of the House for the business. May we have two days on Report for the Pensions Bill, and will he ensure that that debate does not fall on 18 May, when the National Pensioners Convention has its parliament in Blackpool? The Leader of the House will understand how important it is for the Minister for Pensions to be present there to hear the robust views of the pensioners. My hon. Friend the Member for Eastbourne (Mr. Waterson) will also be there on that day.

When can we expect to receive the Home Secretary's Bill to prevent courts from releasing psychopathic terrorists who have been detained while sane?

What has happened to the statutory instrument denying welfare benefits to non-working east European migrants, which is due before 1 May? Can we expect it tomorrow?

The Leader of the House will be aware that on this morning's "Today" programme, Giscard d'Estaing, president of the Convention on the Future of Europe and architect of the EU constitution, confirmed that Britain could reject the constitution and still remain a full member of the European Union. Is there any reason why the Leader of the House should not now consult the Electoral Commission about the question to be asked in the referendum and swiftly introduce the necessary paving Bill, and will he tell us about the timetable today?

Finally, why is it that everything that the Government touch seems to go wrong? We are told this morning that Royal Mail is losing 1 million letters a year—particularly in London—through theft, incompetence, cannabis on the job and a chaotic culture. Does the Leader of the House understand the sheer bloomin' misery caused to pensioners when their money does not arrive, or to the person whose credit card is stolen? What is the response of Ministers? Apparently, they say, "Oh, we intend to watch tonight's television programme." Should they not have controls in place, and when will they explain to the House what they are doing about this scandal?

Mr. Hain: I was intrigued to discover which questions the shadow Leader of the House would ask. The polling organisation ICM has refused to work for the Tories on the ground that they are doctoring its questions. This is the first known case of a pollster sacking a client to protect its integrity. I am not sure whether the hon. Gentleman is in the same boat.

I shall certainly give very serious consideration to the hon. Gentleman's request for two days on Report for the Pensions Bill. He makes a fair point about the parliamentary time needed to debate it, particularly given the large number of Government amendments to it. He will appreciate that it is a very important Bill that protects workers from being robbed of their pensions. We have seen such tragic cases recently, but of course it was under the Tories that such circumstances were created and allowed to continue.

On the Home Secretary's preventing courts from releasing psychopathic terrorists, he of course keeps this issue under constant review. If extra powers are needed—*[Interruption.]* There are very tough powers in existence, for which we are constantly criticised, including by Conservative Members. The statutory instrument to which the hon. Gentleman refers will be laid tomorrow, so he can rest content on that point.

I have a transcript of Giscard d'Estaing's remarks on the "Today" programme about the European Union constitution. His point was that Britain would be pushed to "the edge" of the European Union if ours was the only country that did not sign up to the new constitutional treaty. If the other 24 countries agreed to it and Britain did not, we would be left behind and there would be consequences. One consequence of being on the edge would be precisely the kind of Tory incompetence that we saw during European negotiations on BSE. The Tories failed to create the circumstances in which we could work with our colleagues to solve the problem.

On the working time directive, the problems that we have sought to unravel in recent months are precisely those that the Conservatives foisted on us when in

[Mr. Hain]

government by not negotiating the directive properly to protect British interests. We do not want to be on the edge of Europe; we want to be in the middle of Europe, influencing its direction, and that is where this Government will place us.

In a quaint remark at the end of his questions, the hon. Gentleman asked why everything that this Government touch goes wrong. What about the record number of jobs in the economy, and the lowest inflation and mortgage rates for a generation? These are the things that people really care about, not the antics of Conservative Front Benchers at Prime Minister's questions and business questions.

On the substantive issue of the allegations made against Royal Mail staff, they are very serious and Royal Mail's investigations unit will look into them. That process will continue. The unit has a record of conducting investigations over a number of years. We as Members of Parliament depend on our local Royal Mail service—on our local postie—and have a good relationship with the staff, who are admired throughout the country for the fantastic job that they do. I do not think that we should attack them willy-nilly, in the disgraceful way that the hon. Gentleman did.

Jeremy Corbyn (Islington, North) (Lab): In view of the continuing fighting in Fallujah and Najaf and the death last night of American servicemen, as well as the death of a large number of Iraqi civilians over the past few days and weeks, and the very serious statement made by the Secretary-General of the United Nations, calling for a political rather than a military solution, will the Leader of the House ensure that we have a statement from either the Prime Minister or the Foreign Secretary at the earliest possible opportunity, and a full debate on the whole desperate situation in Iraq, where we are increasingly seeing the Vietnamisation of a war that the Americans simply cannot win? We need a political solution brought about by the international community, with the Iraqi people.

Mr. Hain: Like my hon. Friend, no doubt, I marched against the Vietnam war. I see absolutely no comparison with the situation in Iraq—on the contrary. It is a very difficult situation, with terrorist groups and others seeking to destabilise the operations of the coalition forces. I agree, however, that a political solution is needed, and that is precisely what the Government are backing, with power due to be handed over to the interim Iraqi governing council in June, as part of creating a free and democratic Iraq and solving the political problem that existed for a generation under Saddam Hussein's undemocratic dictatorship.

Mr. Andrew Stunell (Hazel Grove) (LD): I thank the Leader of the House for his hint that there will indeed be two days for the Pensions Bill. May I encourage him to change that hint to a firm promise? I draw his attention to the publication of two recent written statements by the Department for Environment, Food and Rural Affairs, one on sustainable development and the other on energy efficiency, with the latter running to 116 pages and incorporating a 16 per cent. reduction in the Government's CO_2 emissions policy targets. Does he agree that it is not really satisfactory for the Secretary of State to have made only one statement to the House on environmental matters since the general election, and will he ask her to put in a rather more diligent performance?

We welcome the statements that have been made, but is it not time for the House to have a proper debate on Iraq, where we appear to be in a descending spiral of more disorder, more troops, more casualties, and, according to senior diplomats, no plan B? Will the Leader of the House assure us that we will have an opportunity to debate the Government's strategy on Iraq thoroughly in the near future?

Mr. Hain: Iraq is debated at the highest level in the House almost daily, and certainly weekly. Only last week, the Prime Minister made a statement to the House on Iraq, and the hon. Gentleman and others were able to question him. Despite the difficulties and the attempts being made to destabilise Iraq and prevent it from going down the democratic path favoured by the Government, we will get through in the end.

The hon. Gentleman may be surprised at the amount of time given to debate the Pensions Bill on Report. His point has been well registered, as has that of the shadow Leader of the House.

The hon. Gentleman's point on energy efficiency is an important one, but I disagree fundamentally with his allegation about the Secretary of State, who is widely admired throughout the world for her leadership on environmental issues and on tackling climate change and rising CO_2 emissions. She has done more than any other Environment Minister in the world to drive forward that agenda, and she should be praised for that, not criticised.

David Taylor (North-West Leicestershire) (Lab/Co-op): Has the Leader of the House seen early-day motion 1059, tabled by the hon. Member for Colchester (Bob Russell) and signed by many other Members, on international noise awareness day?

[That this House places on record its appreciation to the UK Noise Association, a coalition of key organisations lobbying on different aspects of noise, for the work it undertakes in seeking to tackle the increasing nuisances and problems caused by unnecessary noise, particularly by anti-social neighbours; is alarmed that Britain's cities are up to 10 times noisier than a decade ago and that tranquil areas in the countryside are fast disappearing; is further alarmed that 32 million people in the UK are exposed to high levels of noise and that an estimated 2.5 million live in homes with bad sound insulation; notes that 28th April is the ninth international noise awareness day; congratulates the UK Noise Association for supporting the event and assisting honourable and Right honourable Members in the formation of the All Party Parliamentary Group for Noise Reduction in Society; and calls on the Government to introduce further measures to make the country a quieter place.]

International noise awareness day was yesterday. The early-day motion draws attention to the work of the UK Noise Association and the fact that 32 million people in this country are now subjected to excessive levels of

noise, with 2.5 million homes having either no or very little noise insulation. Tranquil areas of Britain have virtually disappeared. When my right hon. Friend is making bids for the Queen's Speech—fewer than six months away, and I believe that the process is under way now—will he ensure that appropriate legislation is entered in the pipeline? Our Government have been quiet about noise for far too long.

Mr. Hain: I am grateful to my hon. Friend for his noisy question. He raises an important issue for all Members of Parliament. We all know that our constituents are increasingly worried about the problem and I am sure that the Secretary of State will want carefully and closely to consider the points that my hon. Friend made. We are implementing an EU directive requiring compliance with noise maps and the production of action plans to manage noise from the transport industry in particular. We are also tackling night noise through antisocial behaviour legislation. We are on the case, but I am sure that my hon. Friend will make any additional points to the Secretary of State.

Sir George Young (North-West Hampshire) (Con): On the same issue of noise and antisocial behaviour, when can we have a debate on the report of the Procedure Committee on Sessional Orders, which would allow the House to deal with the unsightly cacophony on Parliament Square? Does the Leader of the House recall telling me last November that that problem would have to be dealt with sooner rather than later; and does he recall telling my hon. Friend the Member for Macclesfield (Sir Nicholas Winterton) a month ago that there would shortly be some good news on the matter? Does he also remember that, the last time I raised the matter with him, you, Mr. Speaker, also expressed interest in the debate?

Mr. Hain: I think that pretty well all the points that the right hon. Gentleman made in those questions are true. We are on the case, but I am sure that, with his long parliamentary and governmental experience, he will appreciate that it is not a straightforward matter. We are examining whether existing procedures and measures can be utilised more efficiently. That, rather than relying on potentially time-consuming legislation, is my preferred course. We will see how it goes and I hope to report back to the right hon. Gentleman when I can.

Keith Vaz (Leicester, East) (Lab): As my right hon. Friend will know, the enlargement of the European Union will take place on Saturday 1 May. Will he arrange an urgent debate next week so that the House can examine the benefits of enlargement? That is particularly important in view of the scare stories that Conservative Members have put about over the last three months—for example, that millions of people will be getting on easyJet flights from Warsaw and Prague. We need to argue that that will not materialise on Saturday. Will he also arrange, through the Secretary of State for Transport, for the Leader of the Opposition to go to Luton airport to find out whether that actually happens?

Mr. Hain: It would be valuable for the Leader of the Opposition to do so, because he was in power as Home Secretary when the accession treaty was signed and these measures first started on their road. As regards my hon. Friend's wider point, we heard the same scare stories when Greece, Portugal and Spain joined the European Union. They were all poor countries—

The Deputy Leader of the House of Commons (Mr. Phil Woolas): Ireland.

Mr. Hain: As my hon. Friend reminds me, Ireland as well. Exactly the same scaremongering took place then. We have put measures in place to stop any abuses of the benefits system. Enlargement will take place, and I assume that both sides of the House support the enlargement of the EU as an important reunification of Europe, which will create greater stability, greater prosperity and protect our environmental standards.

Mr. Douglas Hogg (Sleaford and North Hykeham) (Con): May I join other hon. Members who have pressed for a full two-day debate on Iraq? Those who voted against the war could then restate their view that the war was unnecessary, unjustified, unwise and probably unlawful. We could also express our deep concern at the fact that we are so closely linked in strategy and tactics to the policy of the present United States Administration.

Mr. Hain: I disagree with almost everything that the right hon. and learned Gentleman said. I notice that he made no reference to the despotic and tyrannical rule of Saddam Hussein, which we must remember was responsible for the deaths of 1 million Muslims. I do not know of anyone in history who bears a similar responsibility.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): Would the Leader of the House consider a debate on the conduct of the media? Such a debate would deal not with the gratuitous insults that you and I, Mr. Speaker, receive from the snooty scribblers in their sketches, but with the serious misrepresentations and falsehoods that regularly appear now. It would also cover the unjustified personal attacks on Members of the House, especially Ministers, which cause great distress to families. Those attacks are beyond belief, and existing voluntary arrangements are no longer sufficient to deal with them.

Mr. Hain: If the snooty scribblers are here, I think that my right hon. Friend has guaranteed himself a slot in their sketches tomorrow. He has made his point very eloquently.

Mr. Michael Jack (Fylde) (Con): During the Easter recess, BAE Systems announced 1,000 redundancies at their plants in Lancashire. In part, that reflects the fact that the Government have yet to conclude discussions with the company over the ordering of tranche 2 of Eurofighter. This week, we learned that the company is considering selling its military shipbuilding capability, and that relationships between the company's senior management and the Government are at rock bottom. Given the company's strategic and industrial

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importance, will the Leader of the House find time for an early statement by the Secretary of State for Defence on the Government's relationship with BAE Systems?

Mr. Hain: I agree with the right hon. Gentleman about the company's strategic and industrial importance, which the Government have consistently recognised as crucial. His constituency interest means that the right hon. Gentleman, understandably and rightly, has championed the company's cause, but he will understand that there has been a huge investment of public money—as much as £1 billion—in the company in respect of defence technology. The rise in defence spending means that there are great opportunities for the defence industry right across Britain.

Mrs. Alice Mahon (Halifax) (Lab): May I add my voice to those calling for a debate on Iraq? The seriousness of the security situation there makes such a debate essential. However, I want to draw the Leader of the House's attention to the plight of Refreshment Department employees, many of whom face redundancy because of the new hours of the House. One employee—of 30 years' standing, and a trade union representative—was given half an hour's notice of redundancy and then escorted from the premises. That is no way to treat longstanding and loyal members of staff, and it is time the House discussed the matter.

Mr. Hain: If that were true, it would indeed be outrageous. Those responsible for such matters, including the members of the Catering Committee, will want to look into what happened. However, I must correct my hon. Friend in one respect: the reforms and changes taking place in Refreshment Department staffing stem from the House's decision to reduce the level of subsidy for hon. Members' catering services, and are not to do with the hours that the House sits. Indeed, catering income has risen since the hours changed. My hon. Friend may have legitimate concerns about the change in the House's hours, but that is not responsible for what is happening in catering.

Pete Wishart (North Tayside) (SNP): Does the Leader of the House agree with Scotland's First Minister, who has said that Scotland's falling population is perhaps the single biggest challenge facing Scotland in the 21st century? He has identified the fact that Scotland has the fastest falling population of any nation in Europe. May we have a debate to examine the differing immigration requirements of the UK's constituent parts? The UK's difficulties with immigration mean that it may be sensible to devolve the immigration policy to the Scottish Parliament.

Mr. Hain: I must acknowledge the hon. Gentleman's ingenuity in taking any opportunity to press his case for Scottish independence. The problem is that no one in Scotland—apart from members of the Scottish National party—agrees with him.

Dr. Alan Whitehead (Southampton, Test) (Lab): Will my right hon. Friend find time for a debate on the recently announced increase in the numbers of teachers and classroom assistants? The House needs to consider how it can be maintained, and the possible effect on that increase of proposals to passport pupils from schools to the private education sector. Another factor that needs to be debated is that the passports could be funded by a two-year freeze on public expenditure.

Mr. Hain: If any Government were to adopt those policies, the result would be devastating for schools. Tens of thousands of teachers and classroom assistants have been recruited, but their numbers would be savagely cut. The policy is therefore very mistaken, and the Conservatives, who advocate it, will find themselves in the dock at the next general election.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Reports in the national press today reveal the serious reservations of business leaders, and especially of the director general of the CBI, about the now-notorious £10 million bung for the trade unions that the Government have included in the Employment Relations Bill. Will the Leader of the House ensure additional time to discuss that specific measure? That is needed because of the sneaky way in which the Government introduced it, and because of the widespread belief that it is an outrageous abuse of taxpayers' money by a political party.

Mr. Hain: I do not know how the hon. Gentleman can accuse the Government of being sneaky, when the provision was put before the House of Commons as part of proposals for employment reform. Is he seriously suggesting that a modernisation fund to encourage trade unions to be more strategic in the way that they tackle the problems of skills and investment faced by our economy and industry is not a good thing? Surely he wants members of the work force, including those who organise in trade unions, and of management to be forward looking? They should be looking to drive up our skills and our ability to add value so that we can compete in the modern world.

Mr. Wayne David (Caerphilly) (Lab): The Leader of the House will be aware that some opponents of the constitutional treaty favour Britain having associate membership of the EU. Can we have a debate on the Floor of the House so that some of us can point out that associate membership of the EU is not full membership?

Mr. Hain: Indeed it is not, although some Conservative Members have argued otherwise. Associate membership would be devastating for Britain. It would do more than put us on the edge of the EU, as Giscard said on the "Today" programme this morning; it would cause us to be right out of the picture as far as Europe is concerned. It would threaten British jobs, more than 3 million of which are based in companies that trade with the EU. It would also threaten our ability to be at the heart of what is the world's biggest and richest market, and one of its most important political blocs. *[Interruption.]* That may be Conservative policy, and their excited chatter underlines that. It will not be the policy of this Labour Government.

Mr. Eric Forth (Bromley and Chislehurst) (Con): Will the Leader of the House say more about the mysterious

statutory instrument on benefits for migrants? I suppose that we should be grateful for tiny crumbs, as he has told us that it will be discussed tomorrow. However, will he give more details about the parliamentary timetable for this very important measure, so that we all know what is going to happen, and when? What is his assessment of our vulnerability in the period when it is subject to parliamentary scrutiny? What might happen if it is rejected because of its inequity?

Mr. Hain: The order is the same as any other, including the one that was discussed on Tuesday night. However, in the meantime, I want to congratulate the right hon. Gentleman on his wonderful tie, which is dazzling everyone in the Chamber.

Julie Morgan (Cardiff, North) (Lab): Will my right hon. Friend agree to an early debate on women's participation in politics? Is he aware of the report from the Electoral Commission this week, which shows that women are turned off by the macho style of politics in Westminster, and that they are much more likely to vote and to engage in politics if they have a female MP? Also, the Labour party's policy of having all-women short lists was specifically cited as a way forward.

Mr. Hain: Yes, I am aware of that report. I join my hon. Friend in welcoming the large number of women now being selected by the Labour party in vacant seats. That compares with the dismal record of the Conservatives—and, I am sorry to say, of the Liberal Democrats and other minority parties. We want more women in Parliament, as women represent more than half the population. *[Interruption.]* Conservative Members want to know why—that is the authentic voice of the old, male chauvinist, traditional Tory party, barking at me from the benches opposite. We want a Parliament that reflects the country. We do not have that at the moment. As my hon. Friend noted, the Electoral Commission report shows that, on the whole, women candidates tend to do better than men, as women—who are disinclined to vote in the current climate—feel a much greater identification with female MPs.

Rev. Martin Smyth (Belfast, South) (UUP): I draw the attention of the Leader of the House to early-day motion 1051, the main sponsors of which are six of his colleagues.

[That this House is shocked by reports from the United Nations of a looming major humanitarian catastrophe in the Darfur region of Sudan where 665,000 people have been internally displaced, 453,000 others have been affected and more than 100,000 refugees have fled to Chad; notes with alarm that the top UN official in the Sudan has described the situation as being comparable to the Rwandan genocide; and calls on the UN Security Council to address the situation urgently.]

What steps are the Government taking to make their views known to the Government of Sudan and through the United Nations to see whether action can be taken? A militia, apparently backed by the National Islamic Front Government, is persecuting Muslims because of their colour.

Mr. Hain: I thank the hon. Gentleman for raising the situation in Darfur, which is indeed dire. The civilian population is in a precarious state, and civilian protection is a serious concern. We have committed more than £9.5 million in humanitarian assistance in response to the crisis, and we are providing key personnel to reinforce the United Nations presence. We will continue to monitor the situation to make sure that we avoid the even worse catastrophe that the hon. Gentleman foresees.

Mr. Michael Connarty (Falkirk, East) (Lab): Will my right hon. Friend find time for a debate on the corporate social responsibility of companies such as BP, which announced its largest ever profit last year but which has also announced, with a cavalier attitude, that it is going to dispose of its weaker businesses, which will include the olefins and plastics plant—the company's only one in the UK—at Grangemouth in my constituency? Some 500 workers there rely on the company for their livelihood, and it seems to me that, in spite of all the whitewash in BP's corporate responsibility documents, it forgets that it made its wealth from the people of the United Kingdom and used our assets, particularly in the North sea, to boost its profits for 30 years. Surely we need a debate to try to align the responsibility such companies have to their shareholders with a responsibility to the work force, to UK plc and to the people of Scotland.

Mr. Hain: I am sure that Lord Browne, the chairman of BP, will take careful note of what my hon. Friend has said. Obviously, BP is one of our national champions and one of our most important industries, not least in my hon. Friend's community. It is important that it should continue to enjoy the confidence of its work force and the communities that it serves.

Mr. John Taylor (Solihull) (Con): Will the Leader of the House arrange a debate about residential blight caused by prospective airport development and the necessary compensation schemes for which we wait and which must be brought forward by the airports themselves? Can we have such a debate soon to end uncertainty for those of my constituents who are affected by that blight?

Mr. Hain: I understand the hon. Gentleman's concern, and uncertainty is in no one's interests. The Secretary of State for Transport will want to take careful note of the points raised and to respond to the hon. Gentleman to ensure that his constituents enjoy the certainty to which they are entitled.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Surely we must have a debate on Fallujah, Iraq and the chaos and mayhem there, not so that those of us who opposed the occupation may say "We told you so," but so that we can offer constructive suggestions about the way forward in the difficult circumstances that exist there. One such suggestion would be the greater development of the wider labour and trade union movement in Iraq, which supports neither terrorism nor oppression.

Mr. Hain: I am very much in favour of the greater development of the trade union and labour movement in Iraq. Of course, that was not allowed, and was

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specifically prevented, under Saddam Hussein, who is now, mercifully, not ruling the country in his despotic way. My hon. Friend has many opportunities to raise the situation in Iraq, and I am sure that he will take every one of them.

Bob Russell (Colchester) (LD): A few minutes ago, the Leader of the House drew attention to the importance of a strong, democratic, well established trade union movement to this country's social and economic well-being. I endorse the thrust of his point, but, bearing in mind that a rotten financial institution is terrible for all other financial institutions, does he agree that a rogue trade union, such as ASLEF, also brings the entire trade union movement into disrepute? Will he arrange for the Minister who will be responsible for the good news that he mentioned earlier to tell the House why the trade union movement allows ASLEF to behave as it has under its current executive and former general secretary? Together, they are damaging the good name of all trade unions.

Mr. Hain: ASLEF is an independent trade union, governed by the law and the rules, and, as a member of the Trades Union Congress, it accepts its obligations. All sorts of things are going on in the union at present, but I do not think that they justify the hon. Gentleman's over-the-top question.

Mr. David Chaytor (Bury, North) (Lab): This week, the Prime Minister announced his wish that the G8 would give the highest priority to climate change and terrorism in its discussions next year. In view of the chief scientific adviser's recent remark that climate change is a greater threat to civilisation than terrorism, in view of the Government's energy White Paper's argument that energy efficiency is the key way to reduce our carbon dioxide emissions, and in view of the long-awaited publication this week of the energy efficiency action plan, will my right hon. Friend find time in the very near future for a debate on the contribution of energy efficiency and productivity to combating the threat of climate change?

Mr. Hain: If I could find time for such a debate soon, I would readily do so. I agree that this is one of the central challenges facing the world. Governments such as ours have a proud record in signing up to the Kyoto protocol, leading the way in energy efficiency and pressing for more renewable energy, which will assist with this task, and of protecting the environment in every way. If my hon. Friend applied for a debate and had the opportunity to hold one, it would give us an opportunity to display that record to the whole House.

Mr. Adrian Flook (Taunton) (Con): Tomorrow, the unelected south-west regional assembly meets to choose whether to upgrade the A358 in my constituency or to build a new road across the beautiful black downs. The decision will then be conveyed to the Secretary of State for Transport, putting the ball very much in the Government's court. May we have a debate so that those of us who are elected to this place and believe in the A358 option can influence the Government's decision on a matter of vital interest to the west country?

Mr. Hain: The hon. Gentleman has many opportunities to press the Secretary of State on that matter, and I am sure that, in the interests of his constituency, he will take them all. I was intrigued to hear him refer to the unelected south-west regional assembly. Does that mean that he is in favour of an elected one?

Mr. Gordon Prentice (Pendle) (Lab): Thousands of foreign women are trapped in domestic slavery. We read in the papers about mail-order brides and so on. It is a mystery to me why holding another person's passport cannot be made a criminal offence. Will the Leader of the House urge the Home Secretary to make a statement on that pernicious form of exploitation.

Mr. Hain: I agree that it is indeed pernicious. The Home Secretary and his Ministers take a close interest in the matter, and I am sure that further information will be sought from my hon. Friend about the precise circumstances that he has properly raised.

Bob Spink (Castle Point) (Con): The Independent Monitoring Commission's report of 20 April recommended action against Sinn Fein in response to continued high levels of violence and terrorism. The £120,000 fine imposed is entirely inadequate. When will the Leader of the House give the House the opportunity to consider withdrawing facilities in the House from Sinn Fein as a result of the IMC's recommendations?

Mr. Hain: I understand the hon. Gentleman's wish to raise these matters, and I recognise that he regularly attends business questions. The Secretary of State for Northern Ireland made a full statement on the matter and answered questions for nearly an hour.

Jim Sheridan (West Renfrewshire) (Lab): My right hon. Friend today announced a debate on Tuesday 4 May on the Scottish Parliament (Constituencies) Bill. I am sure that the strongly held feelings about the Bill on both sides of the House are not lost on him. Will he use his good offices to ensure that—notwithstanding an emergency—no ministerial or other statements will be made on that day that would eat into the already limited time that Back Benchers will have?

Mr. Hain: I am aware of the many strong feelings among hon. Members on the matter. I can assure my hon. Friend that more than adequate time will be provided for a full debate in which all the issues can be raised. There are no plans for a statement at the moment, but in politics one can never anticipate what may arise. I will certainly bear in mind what my hon. Friend has said.

Richard Younger-Ross (Teignbridge) (LD): Will the Leader of the House make a statement on the working of Prime Minister's Question Time and will he consider extending it to 40 minutes? As I am sure the Leader of the House is aware, yesterday out of 535 lines in *Hansard*, 216 were taken up in an exchange between the

Prime Minister and the leader of the Conservative party. Last week, of 652 lines in *Hansard*, 246 were taken up by that exchange. Some 650-odd other right hon. and hon. Members might wish to catch the Speaker's eye and if the time were extended to 40 minutes, it would give us a better chance.

Mr. Hain: When I next need advice on Prime Minister's questions, I shall turn to the hon. Gentleman, as he has an encyclopaedic knowledge of them. For the period that it has operated—in this Parliament and the previous one—the half-hour provided for Prime Minister's questions has been very successful in enabling the House to hold the Prime Minister to account. That is what he wants, and we do not need to extend the time any further.

Kevin Brennan (Cardiff, West) (Lab): On the matter of the timing of the Report stage and Third Reading of the Pensions Bill, will my right hon. Friend pass on to my right hon. Friend the Prime Minister my thanks for the remarks that he has made in Prime Minister's questions—including this week to my hon. Friend the Member for Cardiff, North (Julie Morgan)—and for the work that has been done by my right hon. Friends the Secretary of State for Work and Pensions and the Chancellor to try to find a solution to the problem of the 60,000 people who have lost their pensions? But will my right hon. Friend the Leader of the House also convey the necessity for the Government to produce their conclusions on that work before Report, which will be the last opportunity that the House will have to influence the issue?

Mr. Hain: I pay tribute to the work that my hon. Friend has done on behalf of the Allied Steel and Wire workers in Cardiff, who—like many others—were scandalously robbed of their pensions. We are anxious to resolve the matter if we can in a way that does not read across to other areas and cost taxpayers billions of pounds in extra claims for compensation because of the collapse of private schemes across the country. I am grateful for his comments about my right hon. Friend the Prime Minister's words yesterday. If there is a way to achieve our aims, there is certainly a will to do so on the part of the Government, and we will do all that we can to secure that outcome.

Mr. Andrew Turner (Isle of Wight) (Con): Will the Leader of the House turn his attention back to what the website of *The Daily Telegraph* calls "Thieving, laziness and utter chaos in the post"? He has dealt with the thieving and laziness allegations, but in my constituency and in Hampshire there is utter chaos, with people not receiving their deliveries until well after lunch. It is not the second delivery that has been abolished, but the first delivery. Can the Minister responsible come to the House and explain how the Post Office can compete with new, electronic forms of communication, when the service now appears to be so unreliable?

Mr. Hain: I remember when I was a researcher for the Post Office workers' union, many years ago, that most union members argued that the second delivery was a protection to ensure that the first delivery arrived on time. At any rate, that has been changed. It is a matter for Royal Mail, but I will certainly ensure that my right hon. Friend the Secretary of State for Trade and Industry is aware of the point that the hon. Gentleman made, especially in respect of his constituency. If he has accurately depicted the situation there, it is obviously of great concern.

Council Tax Capping

1.14 pm

The Minister for Local and Regional Government (Mr. Nick Raynsford): With permission, Mr. Speaker, I wish to make a statement about how the Government propose to handle those local authorities that have set excessive budgets for the current year.

The average increase in council tax in England this year is 5.9 per cent. That is less than half the previous year's increase, and lower than many people predicted. It is also the lowest for the last nine years. A large number of authorities have set lower council tax increases than they originally proposed, following the Government's strong messages to local authorities that high increases were both unacceptable, and unnecessary. They are unacceptable, because people are rightly concerned about increasing council tax bills. They are unnecessary because, for two years running, the Government have provided all local authorities with above-inflation increases in general grant.

Nevertheless, some authorities' budget and council tax increases are still too high and impose unreasonable burdens on council tax payers. The Government therefore intend to take action against those authorities whose budget requirements they consider to be excessive. That is not something that we are doing lightly. The Government attach great importance to local accountability and believe that first and foremost it is for local authorities to set their council tax and justify it to their local electors. However, we also have a duty to protect council tax payers from increases that we believe to be excessive. Many people, including representatives of pensioner interests, have urged us to use our capping powers.

After this Government came to power, we replaced the previous Government's crude and universal capping regime with new reserve powers that are more discriminating and flexible. As well as the option of in-year capping, the Secretary of State now has the power to set a notional budget to be used for future comparisons or to cap the following year's budget. The experience of last year, when council tax rose by an average of 12.9 per cent., showed us that not all local authorities can be relied on to behave responsibly when setting their budgets and council tax.

Of course, it is not just the percentage increase in council tax that is relevant. We have first to decide whether an authority's budget requirement is excessive. In doing so, we have used the following principles. These are described in more detail in a report that is being placed in the Library of the House. In the case of unitary authorities, London boroughs, metropolitan districts, counties, the Greater London authority and the Isles of Scilly, our view is that budget requirements are excessive if they involve an increase of more than 6.5 per cent. over last year's budget and if council tax has increased by more than 8.5 per cent. over the same period.

Shire districts are in a different position, as this year authorities no longer have to contribute 5 per cent. towards the cost of council tax and housing benefit. While that change has also affected some other local authorities, the amount involved represents a relatively insignificant element of their budgets whereas the change to shire district councils' much smaller budgets represents a considerable saving to them. We have therefore judged their budget requirements to be excessive if they are more than 2 per cent. higher than last year and, again, if council tax has increased by more than 8.5 per cent. As those are small authorities, whose increases in council tax may be correspondingly small in absolute terms, we have introduced a further test by applying those principles only to district councils with a band D council tax for 2004–05 greater than the shire district average.

Police and fire authorities also have a duty to be efficient and to act responsibly in setting their precepts. At the same time, we recognise that those services face particular pressures. We have therefore judged their budget requirements to be excessive if their budgets are more than 7 per cent. higher than last year and if their precepts have increased by more than 13 per cent. As those are single-purpose authorities, whose precept increases may be relatively small in absolute terms, we have applied a similar de minimis principle to that for shire districts. The principles have therefore been applied only to police and fire authorities with band D precepts for 2004–05 greater than the average for the relevant category of authority—either metropolitan or shire police, and either metropolitan or combined fire authorities.

Calculations relating to the combined fire authorities and their constituent authorities are based on figures in "The Limitation of Council Tax and Precepts (Alternative Notional Amounts) Report (England) 2004/05", which was approved by the House on Monday. Those figures take account of the fact that combined fire authorities have become major precepting bodies for the first time this year. The alternative notional amounts for 2003–04 allow like-for-like comparisons to be made with this year.

As I have mentioned, the Secretary of State has a number of options for dealing with authorities that have set excessive budgets. He may either designate an authority and proceed to cap it in-year, or he may nominate it and then either set a notional budget requirement to be used for future comparisons or designate it for next year.

According to the principles I have described, four unitary authorities and two shire district councils have set excessive budgets this year. They are Herefordshire, Nottingham, Telford and Wrekin, Torbay, Fenland and Shepway. We are writing to them today informing them that the Secretary of State is designating them for 2004–05 and setting a maximum budget. The authorities have 21 days in which to respond. We will carefully consider the representations that they make and the information that we have required them to send us. We will then either make an order, to be approved by Parliament, designating them at the level of the proposed maximum budget or another level, or we will withdraw the designation and nominate them instead.

Also according to the principles I have described, three police authorities and five fire authorities have set excessive budgets this year. They are the police authorities of Cumbria, Northamptonshire and West Mercia, and the fire authorities of Bedfordshire, Durham, Essex, Hereford and Worcester and Nottinghamshire. We are writing to the police authorities and four of the five fire authorities informing them that the Secretary of State is nominating them. In

the light of the information that we have required them to send us and any information that they themselves want to provide, we will then take decisions about whether to set notional budget requirements for 2004–05 against which increases in 2005–06 will be measured, or to designate them in respect of 2005–06.

However, one of the fire authorities – Hereford and Worcester – has set very large increases in its budget and council tax precept: a 19.4 per cent. increase in budget and a 29.4 per cent. increase in precept. We are therefore writing to that authority, informing it that the Secretary of State is designating it for 2004–05. The calculation of the maximum amount and the procedure to be followed are the same as for the unitary authorities and the shire districts.

We believe that the actions that we are taking represent a measured response to the increases that we have seen this year. We are pleased that many authorities have heeded our warnings, but some have not. We will listen carefully to the cases put forward by the authorities that I have named and, where justified, we will use the greater flexibility afforded by our new capping powers. However, authorities should be in no doubt that the Government mean business.

Mr. Philip Hammond (Runnymede and Weybridge) (Con): I am grateful to the Minister for his usual courtesy in making a copy of his statement available in good time.

What we have just heard is the culmination of a sorry story of fiddled figures and broken promises ending in a finale that may make the Deputy Prime Minister feel good, but which will do nothing to address the underlying driver of soaring council taxes—fiddled local funding from Whitehall and the never-ending torrent of new burdens, targets and red tapes from his interfering Department.

In opposition, Labour pledged to end capping and in 1999, it brought in a Bill to create a new capping regime. In 2002, it pledged that no authority rated good or excellent in the comprehensive performance assessment would be subject to capping powers; today two such authorities are in the list that has just been announced, making a mockery of the whole costly CPA process and the billion pounds a year of council tax payers' money that it costs.

While the Office of the Deputy Prime Minister is posturing about keeping council tax down, a senior Treasury official disclosed yesterday to the Housing, Planning and Local Government Committee that the Treasury believes that it could more than double in future. So is it too high already, as the ODPM seems to think, or can it more than double as the Treasury apparently believes? Can the Minister clarify whether the Deputy Prime Minister or the Chancellor is now running council tax policy?

Until recently, the Government's policy was at least coherent, if grossly unfair. It changed the grant formula to channel funding away from the southern part of the country to the north and to the midlands—that is not my assessment, but that of the Audit Commission in its December 2003 report—while, at the same time, it piled on additional cost burdens and responsibilities that local authorities were required to fund. The Government made no attempt to conceal the fact that their policy would lead to higher council taxes in areas that Ministers considered could afford to pay them.

So what has changed? Ministers have been galvanised into action of a sort by polling evidence that shows that the public has not been fooled; they know that the responsibility for high council taxes and high council tax increases lies firmly with this Government. However, instead of addressing the real issue of authorities, such as my own in Runnymede, whose budgets have not increased significantly but which have had to increase council tax because of cuts in Government grant, the use of the double threshold—the increase in budget and the increase in tax—in the criteria that the Minister has used for capping means that the Government are ignoring the problems of these councils. The problem is of the Government's, not the councils', making.

After record increases last year that went unchecked, this year the Government have been panicked into a response. Herefordshire, for example—a good authority according to the Audit Commission—has by no means the largest increase over two years in its group. However, the Minister, by focusing on just one year in his criteria, has allowed local authorities such as Southampton and Portsmouth, with larger increases over the two years, to sneak through the net.

The use of arbitrary criteria and the double threshold has had perverse effects. Six uncapped unitaries have higher percentage budget increases than Telford and Wrekin and five have higher percentage band D precept increases. Yet Telford and Wrekin gets capped; others do not—fiddled capping on top of fiddled funding. Can the Minister explain why he did not apply a test of absolute council tax levels to the unitaries—distinguishing high-taxing councils from those with a relatively high single-year increase—as he has done with every other category of authority capped?

For all the authorities designated today for in-year capping, the Minister has carefully avoided detailing the maximum budgets that the Secretary of State will set for those authorities. Can the Minister confirm whether those budgets will be set to bring those authorities to the ceiling increase for their category in each case, or will increases above the ceiling be allowed to avoid drastic service cuts? Will the capping process be arm's length, or will ODPM officials be involved in defining areas for cuts within the budget?

Can the Minister also tell us what the cost of re-billing for those authorities will be in aggregate? My calculation is that well over £1 million will be spent sending out new council tax bills, necessitating further cuts in front-line services. That is just the cost of sending out the bills; there will be further substantial cash-flow and collection failure costs associated with re-billing.

The combined fire authorities, five of which are being capped, find themselves in a particularly difficult situation, facing the pressures of the Government's modernisation programme against a very tight timetable and, at the same time, precepting and building reserves for the first time this year. I can tell the Minister, if he is not already aware, that the costs of the regional structures that he has introduced to the fire service are already spiralling out of control of the fire authorities that constitute them. If he is not careful, he will have his very own Holyrood in the regional control structure. In

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the case of Hereford and Worcester fire authority, whose budget has to be cut in-year as a designated authority, deep cuts in front-line services are certain to be required.

What the Government have done is apply a sticking plaster to a gaping wound. Unless they are prepared to engage realistically with local authorities about the Government's expectations for service delivery and council tax levels in 2005–06 and beyond, and unless the Government are prepared to commit to fully funding all the additional cost pressures imposed by them, as well as changing the formula to reverse the drain of money away from the south and south east, the future for millions of council tax payers will be one of higher taxes or continuous, incremental cuts in services.

The capping process, which the Government promised would be a lifeboat for pensioners and those on fixed incomes, has ended up as a shipwreck of a policy—unfair, untransparent and ineffective, and designed to distract public attention from the real underlying problem that is wholly of the Government's making. For all the bluster and all the macho posturing, at the end of the process, council tax payers, councils and local authority service users have once again been let down by Labour.

Mr. Raynsford: I was particularly interested in the use of the words "macho posturing" by the hon. Member for Runnymede and Weybridge (Mr. Hammond). The House will have noticed that there was no indication from the official Opposition about whether they would use capping powers or not. We know very well that when they were in government, they capped—indeed, they capped repeatedly, in a crude and unfair way—but now that they are in opposition, they are trying to give a different impression, so they go and speak to local government, saying, "We're your friends. We won't cap." *[Interruption.]* Yes, indeed. They give clear indications to local government that they will not use capping powers, but in the House they do not dare say that because they know very well what the public reaction would be.

The Opposition's policy is non-credible, first because they do not come clean about their attitude towards capping, and secondly because their policy is to freeze local government—

Mr. Speaker: Order. The Minister must answer the questions. The statement is not about the Opposition's policy.

Mr. Raynsford: I will certainly respond to the questions, Mr. Speaker. I was simply pointing out the inconsistency of the position adopted by the Opposition.

The hon. Member for Runnymede and Weybridge referred to fiddled figures. The figures are not fiddled. They show generous grant increases to every authority in the country. Every single local authority had an above-inflation grant increase. That never happened when his party was in power. He referred to the capping of good and excellent authorities. Because we had given the pledge last year that we would not cap good and excellent authorities although some of them had very large increases, including Conservative Wandsworth, which led the field with the largest council tax increase last year, we did not cap those authorities. We had given a pledge and we honoured it, but we made it clear this year that, because of the irresponsible behaviour of a small number of authorities that had no regard for prudence, that pledge would no longer apply.

The hon. Gentleman spoke about posturing to keep council tax down. The Government have acted to get council tax down from the very high levels last year. It is Labour councils that have led the way, with the lowest increases, averaging 4.7 per cent., compared with increases of 5.4 per cent. from Conservative authorities. The hon. Gentleman spoke about the shift of resources. Yes, we accept that resources have been shifted to give a greater reward for deprivation, and it is right that we should do so—*[Interruption]*—but they have not been shifted in favour of one political party.

The hon. Member for South-East Cambridgeshire (Mr. Paice) would do well to look at the figures, because he will see that Conservative authorities received an average 6.1 per cent. grant increase this year, compared with only 5.9 per cent. for Labour authorities. I hope he will withdraw the entirely unjustified comment that he made from a sedentary position, implying political bias.

The hon. Member for Runnymede and Weybridge drew a veil over Runnymede's own council tax increase—more than 17 per cent. He will know that because of the criteria that we have adopted, we are not proposing to nominate or designate Runnymede, but I remind him that Runnymede got a very good grant increase from the Government and we expect it to budget prudently with that grant increase.

The hon. Gentleman asked about the decisions to cap some authorities and not others, and asked why some with ostensibly higher council tax increases were not capped. He will know from the statement, which he has seen in advance, that there are two or three criteria, and only where all the criteria apply will we exercise our powers. That is why some authorities—Runnymede is a good example, as it has a large headline council tax increase, but not a large budget increase—are not within the capping frame. That is the logic of the principles that I outlined.

The hon. Gentleman said that there would be costs associated with re-billing. There will be costs where re-billing is required, but he will recognise that there will not be re-billing in all cases. In the case of the three police authorities and four of the five fire authorities, we have not suggested re-billing because we are proposing only to nominate.

Finally, with regard to fire authorities, the Government have invested substantially and will go on investing in the fire service to ensure that it is capable of doing all the tasks that it must perform and saving more lives. That is our objective. We expect authorities to use the extra money that we are providing and to do so prudently, but we also expect them, as Sir George Bain said in his report, to make the most of the available opportunities for achieving economies. That is why we are applying exactly the same principles to fire authorities as we are to police authorities, and we cannot exempt them from capping.

The hon. Gentleman will recognise that only in the case of Hereford and Worcester, an authority that has gone for an enormously high increase both in budget and in council tax, have we proposed that it should be subject to in-year capping. I hope he will recognise that his party's position is non-credible, and that the Government are acting prudently to defend the interest of council tax payers from irresponsible decisions by some authorities.

Mr. Edward Davey (Kingston and Surbiton) (LD): I thank the Minister for his statement and for advance notice of it. I am surprised that as he read it, he did not choke on some of the words he was using.

How can the Minister impose random and heavy cuts on local services for pensioners and children when the independent Audit Commission said that it is the Government's council tax system that is "fundamentally flawed"? How can the Minister pretend to be the friend of local government and local democracy when he is reverting to the old Tory tricks that he used to vote against?

The absurdity of capping can be revealed by looking at any of the councils affected, but let us take Shepway. Will the right hon. Gentleman admit, for the record, that the 29 per cent. rise this year comes after a 10-year average rise of just 3 per cent.? Will he acknowledge that whereas the average band D council tax in England has gone up in the past 10 years by 94 per cent., in Shepway it has risen by only 37.4 per cent.? Will he admit that when the Liberal Democrats took over Shepway council from the Conservatives last May, they inherited a council that had suffered years of poor financial management and was spending more than it was raising, with no financial reserves? Why, then, has the Minister not taken account of local circumstances and given local politicians the chance to do what they were elected for, to put right the Tory mess?

My hon. Friend the Member for Torbay (Mr. Sanders) is with a parliamentary delegation meeting His Royal Highness the Prince of Wales. My hon. Friend has explained to me that Torbay has the second lowest council tax in Devon, yet is being penalised for a social services overspend from last year's budget set by a Conservative administration. Torbay's rise, whether over the past two or past three years, is still lower than that of Devon or Plymouth, which are not capped. Where is the consistency and fairness in that? Can the right hon. Gentleman explain the principles behind that decision?

Why is the Minister capping Telford and Wrekin when it was deemed an excellent council, and he previously promised "freedoms and flexibilities" to such councils? Ministers are capping councils such as Shepway, Torbay and Telford not because it makes sense for local people, as they will now be hit by Labour cuts, but because capping will get a desperate Government some short-term friendly newspaper headlines.

As for fire and police authorities, the Minister has again gone for the wrong solution. Surely he should make them more accountable to local people, not less. What discussions did he have with the Home Secretary before deciding on cuts to the police?

The Government are spinning today that they are the great white knights riding to the defence of local people. In reality, they are the ignorant classroom bully attacking the vulnerable. The Government should not be capping council tax. They should be scrapping it altogether.

Mr. Raynsford: There was nothing random about the decisions that we announced to the House today. We have made clear the principles on which we are applying the caps. The people of Shepway will not be terribly impressed by the hon. Gentleman's comments that it is absurd—that was his word—to stop that council imposing a 28.4 per cent. increase in council tax, the highest by any shire district council in the country. The people of Torbay will not think it is absurd for us to take action to save them from the largest increase proposed by any unitary authority in the country.

The Liberal Democrats do not have a good record on this. The average increase in council tax this year is 4.7 per cent. for Labour authorities, 5.4 per cent. for Tory authorities and 6 per cent. for Liberal Democrat authorities. No wonder the Liberal Democrats are trying to defend their high-spending friends. They are clearly a high-tax party. There is no justification for the hon. Gentleman's criticisms.

The hon. Gentleman is not right to claim that the Audit Commission identified the Government's policies as the largest single source of blame for council tax increases. On the contrary—James Strachan, the chair of the Audit Commission, has made it very clear that there is no single source of blame, so speaking in those terms is not helpful. I hope the hon. Gentleman will do his homework more thoroughly in future.

Mr. Gerry Steinberg (City of Durham) (Lab): Is the Minister aware that Durham fire authority has one of the best records in the whole country, but has now been one of the worst-resourced authorities for many years? Is he also aware that, on a number of occasions, my colleagues and I have met Ministers who agree that Durham has a problem, mainly because of pension payments that come from the revenue fund? We now have a situation in which the Government will not adequately fund the service in Durham and will not allow the fire authority to fund itself. If there is an unforeseen problem because of underfunding in Durham, who will take the blame? Who will be responsible—an efficient fire authority that has done its best in difficult circumstances, or Ministers who won't damn well listen?

Mr. Raynsford: The Government are funding fire authorities, including Durham, which received a 3.5 per cent. increase in grant this year. Like other fire authorities, Durham is also benefiting from the substantial investment that the Government are putting into the new dimension programme to equip fire brigades far more effectively to cope with the new dimension of terrorist threats. The fire authority has been put forward for nomination, which means that it will not be required to cut its budget in the current year. We are proposing to nominate the authority, and depending on what evidence it gives to us in the next 21 days—as I have made it clear, we are open to representations from authorities in that period—we will decide how to take things forward.

[Mr. Raynsford]

I assure my hon. Friend that we are committed to enabling all fire authorities to deliver their service effectively, and in a cost-effective way that does not impose unreasonable burdens on council tax payers.

Mr. Tim Collins (Westmorland and Lonsdale) (Con): Does the Minister accept that his decision to cap Cumbria police authority has been greeted with concern and alarm by many in the county, including senior police officers? Is he aware that Cumbria has succeeded in recruiting an extra 87 police officers in the past three years, but that if it had received all those paid for in additional council tax, it would have had another 165 officers? In other words, if we had been reliant on Home Office funding, we would have seen a cut of 78 police officers. A MORI poll showed that 79 per cent. of people in Cumbria support extra council tax to pay for extra police officers, which is also supported by all three main parties in the county. The result of his decision, on a day on which violent crime in Cumbria has been confirmed to have risen by 19 per cent. in the past year, is that there will be fewer police officers than everyone in the county believes to be necessary. Will he meet a cross-party delegation of MPs from the county, plus the police authority, in the next 21 days, so that it can explain to him why he has got this matter badly wrong?

Mr. Raynsford: Of course we will accept representations. I do not know whether it will be possible to arrange for a delegation to see us, but we will certainly accept representations from the Cumbria police authority, as from all affected authorities. The hon. Gentleman's own figures, however, demonstrated the success of the Government's policy. The substantial increase in the number of police officers in Cumbria has been the result of substantial additional investment.

It is proposed that Cumbria's council tax will increase by 15 per cent. this year. At £150, the amount will be 24 per cent. higher than the average for shire police authorities. The authority's budget has increased by 7.3 per cent., which, along with that of West Mercia police authority, is the highest increase for any police authority. Clearly, it behoves all authorities, whether they are police, fire or other authorities, to look at their costs in comparison with those of other authorities and to try to operate in the most cost-effective way. I hope that the authority will do that, but as I said, we will be happy to receive representations from it.

Mr. Eric Martlew (Carlisle) (Lab): The hon. Member for Westmorland and Lonsdale (Mr. Collins) failed to tell us that in 1996, the last year of Conservative Government, there were 1,115 police officers in Cumbria, while at the end of this year, there will be 1,231—an increase of 116.

The Minister has fallen into the trap of imposing a universal cap, whereas local people should be able to take the decision. As has been pointed out, a MORI poll says that the vast majority of people in Cumbria were in favour of increasing tax for the police. To some extent, the police authority was misled by indications that, if the increase was less than 15 per cent., it would not be capped. I should be grateful if the Minister agreed to receive an all-party delegation to discuss this matter. I do not think that what has been announced is particularly drastic for Cumbria police, but it will create a problem for us.

Mr. Raynsford: My hon. Friend is absolutely right about the increased investment to which I referred in responding to the hon. Member for Westmorland and Lonsdale (Mr. Collins). There has been a substantial increase in police numbers, and those numbers are not affected by our proposal this year. We are not proposing to cap Cumbria police authority this year; we are proposing a nomination. We will obviously listen to representations, and I shall take on board my hon. Friend's request for an all-party delegation to put forward whatever concerns it wishes to express on behalf of Cumbria police authority. When we have received the representations and considered any points that are put to us, we will reach final decisions, but I can assure him that this is not a universal cap, because it is proposed only to nominate Cumbria police authority, and not to designate it, so there would be no reduction in this year's budget.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I shall try to call every hon. Member who has been standing, but I hope that forthcoming contributions will be briefer than those that we have heard on behalf of Cumbria. That would be extremely helpful.

Mr. Kevan Jones (North Durham) (Lab): When I was in local government, I always thought that capping was both a crude and a crass way of controlling local government finance. My position has not changed, unlike that of the Minister, whose statement reinforces the reasons why. Durham fire authority has worked responsibly over the past 12 months with ODPM officials to strip out £1.3 million from the budget. As the authority is only 1.6 per cent. over the cap, why did that discussion and work not continue? Having been added to the list, Durham could face re-billing, which would cost £700,000 and do nothing to improve fire safety or good relations between local government and Whitehall in Durham.

Mr. Raynsford: My hon. Friend may have misunderstood the statement, as there is no question of Durham fire authority being required to re-bill. We are not proposing to designate Durham fire authority; we are simply proposing to nominate it. That indicates that we will either set a maximum budget for 2005–06, or make a notional budget for 2004–05 and take that into account when considering next year's budget and council tax increases. There is no question of re-billing in the current year.

My hon. Friend referred to the work that we have been doing with Durham, along with other fire authorities, to help to modernise the fire service, improve the service that is delivered to local people and save lives. We will go on doing that, but it is not possible to have individual discussions with individual authorities when dealing with an issue about using capping powers that must be applied across the board in a fair and impartial way to all authorities, according to set principles. That is what we have done.

Mr. Anthony Steen (Totnes) (Con): I congratulate the Minister on capping Torbay, a third of which is in my

constituency. Does he agree that the Torbay Liberals have been cocking a snook at the Government by increasing council tax by more than five times the rate of inflation and promising £100 cashback to every council tax payer if they got into office? Is he aware that, rather than cutting out waste, the Torbay Liberal Democrats favour surveys on tombstones, which they say it is their statutory duty to carry out on health and safety grounds, but have closed the loos in Torbay because they say that it is not their statutory duty to maintain them? What can he do to prevent Torbay council, which is facing capping, from causing council tax payers further inconvenience?

Mr. Raynsford: I cannot say that I will visit Torbay to see the local facilities, but Torbay council should operate prudently and cautiously. It received a generous 6.9 per cent. grant increase from the Government this year, and the proposed 9.9 per cent. council tax increase is excessive. This is not, however, the first time that it has made large council tax increases, because it also made them when it was under Conservative control.

Mr. Peter Luff (Mid-Worcestershire) (Con): On balance, I welcome the Minister's comments about Hereford and Worcester fire authority and West Mercia constabulary, but I am not sure whether the Labour chairman of the fire authority will see it that way. Does he understand that the consequences could be serious, because those authorities can no longer impose the Chancellor's stealth tax to make up the gap between what the Government expect them to provide and what they can provide under the rigged funding formula, which monstrously discriminates against Herefordshire and Worcestershire?

Mr. Raynsford: I welcome the hon. Gentleman's comments. He will recognise that we are trying to proceed in a measured, cautious and responsible way to ensure that authorities budget prudently. However, the figures show that the Government have given substantial additional grant to all authorities: for the past two years, every authority in England has received an above-inflation grant increase, which did not happen when the Conservative party was in power.

Alan Simpson (Nottingham, South) (Lab): Will the Minister urgently meet the local authority in Nottingham to discuss his capping proposals? The city is affected by a degree of consternation, because, prior to the authority's inclusion in *The Sunday Times* lists this week, there had been no indication either at a national level or through the Government office for the region that the budget in any way fell foul of Government guidelines on capping. If the cap is a result of a misunderstanding about the apportionment of costs previously attributable to the fire authority, will the Minister discuss the matter with the local authority and the three local Members of Parliament, which will hopefully resolve the confusion and disagreement on an amicable and constructive basis?

Mr. Raynsford: We will certainly listen to representations from Nottingham, as with any other authority, but the local authority should not be confused. My right hon. Friend the Deputy Prime Minister, the Under-Secretary of State, my hon. Friend the Member for Corby (Phil Hope), and I repeatedly said in this House that we expected authorities to budget prudently this year, and that we would use our council tax powers if authorities did not do so.

In mid to late-February, an evening paper in Nottingham carried an article speculating whether the council tax increase would actually be much higher than that suggested by the authority. Because the authority's figures implied that the increase would be low, we did not to invite it in for a meeting. The evening paper carried a comment from an ODPM spokesperson, who said that if Nottingham proceeded with its 7.8 per cent. increase, which was the figure quoted at that time, it would be in the danger zone for capping, so the evidence that Nottingham would be open to capping if it did not moderate its budget is clear. However, I am happy to receive representations from Nottingham, and I hear my hon. Friend's request for a delegation.

Mr. Paul Keetch (Hereford) (LD): As the only hon. Member from Herefordshire who is present in the Chamber, I tell the Minister that the people of Herefordshire will be triply affected by today's announcements that Herefordshire council is being capped, that the fire authority is being capped and that the police authority is being nominated. Is he aware of the attitude of the leader of Herefordshire council, who tries to blame almost everybody else for the council tax rise? The council blames the Government, the previous Administration and the police and fire authority. Indeed, the deputy leader of the council blames me for the cap because I wrote to the Deputy Prime Minister about my constituents. Will the Minister tell the House that the only people who are to blame for today's announcement are the Conservative and independent leaders of Herefordshire council? Will he assure the council and my constituents that projects that we have worked for in Herefordshire for a very long time, such as flood defence for the city of Hereford and the Rotherwas relief road, will not be affected by our council's poor management, and that the Government will listen on the campaigns that we have worked so hard for?

Mr. Raynsford: I am grateful to the hon. Gentleman for his comments, and note that his tone is rather different from that of his Front Benchers. He did not describe as "absurd" our approach to Herefordshire council, West Mercia police authority or Hereford and Worcester fire authority. Herefordshire council received an excellent 7.5 per cent. grant increase, and, given those circumstances, it is difficult to understand why it is trying to proceed with a very large council tax increase. We will obviously listen to representations from Herefordshire council and other interested parties, but the Government's action is a measured response to unreasonable pressure, which will cause considerable hardship and anger among council tax payers in the hon. Gentleman's county if it is not dealt with.

Mr. Graham Allen (Nottingham, North) (Lab): Members of Parliament from Nottingham, including my hon. Friend the Member for Nottingham, East (Mr. Heppell), who sits on the Front Bench, are surprised by the announcement. The excellent and

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improving Nottingham City council has worked closely with the Government to tackle chronic problems with education and law and order. The surprise stems from the fact that we had no letter of warning, unlike other authorities, and that we were not called in to meet Ministers or officials, unlike other authorities.

We cannot make policy on the back of what may or may not appear in the local paper. We were assured by departmental officials at the Government office for the region level that we were on course for a reasonable settlement. I hope that the Minister will concede that there has been a communications breakdown, to put it charitably, and that he will reinforce the point, which he has already expressed, that he will meet the leader of the council and the chief executive to allow Nottingham to do what it wants to do and come into compliance immediately.

Mr. Raynsford: I agree with my hon. Friend's final view, but I must say that our position was not based on newspaper reports—it was based on the figures in the council's own press releases of 3 March and 9 March, both of which referred to a 4.5 per cent. increase in council tax. If he is saying that the ODPM should have invited in the authority for a warning meeting, all I can say is that we would have done so if the authority had produced the figures. We did not receive any figures, even via the Government office for the region, indicating that a warning meeting was necessary; instead, the evidence suggested that the council was considering a much lower increase.

Mr. Mark Francois (Rayleigh) (Con): Understandably, today's announcement has caused considerable concern in Essex. In the conclusion to his statement, the Minister said, "We will listen carefully to the cases put forward by the authorities that I have named." May I take him entirely at his word? Is he prepared to accept a delegation, including the chief fire officer, from the Essex combined fire authority—I would also like to be involved—so that we can put our case to him in person? He knows that the situation is complex and that there are a number of nuances, not least the fact that, in this one-off situation, the fire authority has had to establish a sizeable reserve for a service that deals with a county containing more than 1.5 million people. Will he listen to us and allow us to put our case to him face to face, because we would be grateful?

Mr. Raynsford: I say to the hon. Gentleman, as I have said to all hon. Members who have made similar requests, that we will certainly listen carefully to any representations, and I will certainly consider his request to receive a delegation. He knows that the process must be completed within 21 days because of the statutory obligation. I do not want to fail to consider everyone simply because it is not possible to programme all meetings into that period, but I will do my best.

Ms Sally Keeble (Northampton, North) (Lab): Is my right hon. Friend aware that law and order is one of my constituents' biggest concerns? My local police authority has caused some problems, which were recently highlighted in a critical inspection report. Will he therefore carefully examine the information from Northamptonshire police on how grant decisions have impacted disproportionately on it? Will he also consider next year's position and examine the particular service difficulty problems, so that my constituents experience both reasonable council tax bills and a steady improvement in policing that is consistent with the Government's increased investment?

Mr. Raynsford: I hear my hon. Friend's comments. She is right that concerns have been expressed about Northamptonshire police authority, and my colleagues in the Home Office drew my attention to them. We will do all that we can to help the police authority improve its performance and meet the needs and expectations of the people whom it is there to serve. It has received a large budget increase—the third highest for a police authority in the country—and under the principles that I set out, it is not possible to exempt it. My hon. Friend knows that we do not propose to cap it this year, and simply propose to nominate it. I hope that that gives her some comfort, and we will certainly listen to representations from her and anyone else affected by its work.

Mr. John Maples (Stratford-on-Avon) (Con): It will come as a great disappointment to people in my constituency that he has not capped Warwickshire county council and Warwickshire police authority. The county council precept has risen by 6.5 per cent. this year on top of 8 per cent. last year and 12 per cent. the year before; and the police authority precept has gone up by 8 per cent. this year on top of 15 per cent. last year and 20 per cent. the year before. People simply cannot afford those inflation-busting increases. Surely, those authorities are either setting responsible budgets, in which case the Government are not giving them enough grant, or setting irresponsible budgets, in which case the Government should cap them.

Mr. Raynsford: I hear what the hon. Gentleman says, and I wish that he would speak more often to his Front-Bench colleagues, who take a rather different view on capping. We looked carefully at all relevant authorities, including Warwickshire county council and Warwickshire police authority. The hon. Gentleman will have heard the principles that I set out, and he will know that neither the county council nor the police authority fell within those criteria. We want all authorities to budget prudently—that is the message that the Deputy Prime Minister and I have given repeatedly in this House, and which I gave again today—and we expect them to look very carefully at reducing even further the increases that they have made in the current year. The capping principles are measured and are designed, unlike the old capping regime, not to penalise crudely all authorities. Neither Warwickshire council nor Warwickshire police authority came under those measures this year, but they should certainly keep a close watch on their budgets.

Phil Sawford (Kettering) (Lab): Is my right hon. Friend aware that Northamptonshire is currently funded below the formula funding level and that as a result it has a shortfall of some £2.2 million? To bridge

that funding gap, the police authority has introduced a precept that is perhaps higher than it otherwise would have wished. In those circumstances, does my right hon. Friend believe it reasonable or fair to penalise the police authority?

Mr. Raynsford: We are not penalising the police authority, but nominating it because its budget increase was the third highest of any in the country and involved a significant increase in the precept imposed on council taxpayers. I have to say to my hon. Friend that the record shows that Northamptonshire police authority has received above-inflation grant increases in each of the past two years. Funding will continue to go into Northamptonshire. We want to work with the police authority to meet the needs of its people and to provide the high-quality service that they expect.

Richard Younger-Ross (Teignbridge) (LD): Surely today's statement represents a failure of Government policy with regard to fire authorities. After all, the Minister was advised by fire authorities that trouble would be caused by the modernisation process and transitions to combined authorities. Under his proposals, 20 per cent. of fire authorities are to be capped. When he talks to those authorities, will he ensure that fire safety comes first, not his accountant's slide rule? As for what he said to my hon. Friend the Member for Kingston and Surbiton (Mr. Davey), I think that he is suffering from selective memory and using selective statistics. This is clearly a case of selective authorities.

Mr. Raynsford: I have to say to the hon. Gentleman, who served on the Committee that considered the Fire and Rescue Services Bill earlier this year, that the Government are absolutely committed to saving lives and to reducing the number of deaths, and we have put in place many measures to help to improve the efficiency of fire authorities all over the country. That is compatible, as the Bain report said, with making significant efficiency savings, for which there is considerable scope. I am surprised that the hon. Gentleman and his party have not been more assiduous in looking for ways in which rather outdated and expensive practices can be reformed to ensure that fire authorities provide a high-quality service that saves lives and meets the needs of their communities. That is what we are committed to doing, and nothing in today's statement is incompatible with it. All that we are doing, unlike the hon. Gentleman's party, is protecting council tax payers from unreasonable rises in council tax.

Peter Bradley (The Wrekin) (Lab): I cannot say that I welcome the statement. I am sure that my right hon. Friend shares my disappointment that such a well-regarded authority as Telford and Wrekin faces capping. There cannot be a better example of the tension between simultaneously delivering high-quality services and low council tax increases.

I welcome the opportunity for representations. Will my right hon. Friend acknowledge that Telford and Wrekin faces particular difficulties, including its historically low council tax, its low asset base, and the implications for its funding of the population undercount? Does he agree that capping for 0.1 per cent. above the limit may not be the most appropriate, constructive or proportionate way forward; and that the best outcome for the council and the community would be to avoid capping and protect services this year, while working constructively with the council towards a more sustainable council tax increase next year?

Mr. Raynsford: I welcome the constructive approach that my hon. Friend has adopted. I certainly share his disappointment, but I note that Telford and Wrekin received very generous grant increases of not only 8 per cent. this year, but 8.7 per cent. last year and 7.4 per cent. the year before that. The Government are making substantial grant increases, and we expect authorities to budget prudently to ensure that they do not impose unreasonably large council tax increases.

I take my hon. Friend's point, but he will know that in the case of any set of principles, some authorities will be just above and some will be just below. That poses questions about whether it would be appropriate to require re-billing. We will certainly listen carefully to any representations that he or Telford and Wrekin council wish to make.

David Wright (Telford) (Lab): I associate myself with the remarks of my hon. Friend the Member for The Wrekin (Peter Bradley) and express my disappointment that West Mercia police authority has been capped. It is a large, rural police authority area that is spending its additional council tax income on recruiting new police officers and community support officers. Indeed, in the past year we have seen 38 new police officers and 21 new community support officers in the constituencies of Telford and the Wrekin. Can my right hon. Friend assure me that the nomination process will not place those officers under threat and that the budget will be protected to ensure that police services for the community throughout West Mercia continue to improve?

Mr. Raynsford: My hon. Friend has taken a great interest, as has his hon. Friend the Member for The Wrekin (Peter Bradley), in the position in Telford and Wrekin. On the West Mercia police authority, he will be aware that the budget increase that it proposes is the largest, along with that of Cumbria, of any police authority. It would therefore be wrong of the Government not to consider taking action. As he will know, we are proposing to nominate West Mercia not to cap in-year. I therefore assure him that there is no reason why any changes should be made this year to what the police authority plans to do to meet the needs of the people of West Mercia.

Dr. Alan Whitehead (Southampton, Test) (Lab): Does my right hon. Friend agree that in the light of the generous increases in council tax funding that the Government have recently supplied and the abatement of council tax increases among local authorities in the past year, it is particularly disappointing that it should be necessary to introduce capping? That is a sad day for the durable nature of central-local relations in future, irrespective of whether the capping is sophisticated and selective or crude and universal.

Is my right hon. Friend satisfied with the progress of the balance of funding review that he set up a little while ago? Will he ensure that when it reaches its conclusions

[Dr. Alan Whitehead]

its report will be published? Does he agree that the genuine difficulties with several issues relating to council tax, including gearing and the balance of funding, should be given a wide airing to assist with longer-term policy considerations about a durable settlement on local government taxation and the balance of funding between central and local?

Mr. Raynsford: My hon. Friend is a great expert on these subjects and he raises some pertinent points. I agree that it is a sad day when capping becomes necessary, but he will recognise that following the substantial increases in Government grant it is unacceptable for large increases again to be imposed on council tax payers. We made it very clear that last year's increases were unacceptable, and we therefore had no option but to take action.

We are making good progress on the balance of funding review. We had a further meeting this week, and we are looking carefully at all the relevant issues. As my hon. Friend knows, local government finance is a minefield, and those who promise quick and easy solutions, as the Liberal Democrats keep doing with their promise of a problem-free local income tax, are no more than snake oil salesmen offering an entirely illusory promise. We are considering all the issues carefully and thoroughly, and I hope that we shall produce our report this summer.

Orders of the Day

Planning and Compulsory Purchase Bill

Lords Reasons for insisting on certain of their amendments to which the Commons have disagreed, considered.

New Clause

APPLICATION OF PART 1

Lords Reason: 1B

The Lords insist on their Amendment 1 to which the Commons have disagreed, for the following Reason—

Because responsibility for drawing up regional spatial strategies should lie with the elected representatives of the communities affected.

2.10 pm

The Minister for Housing and Planning (Keith Hill): I beg to move, That this House insists on its disagreement with the Lords in their amendment.

Mr. Deputy Speaker (Sir Alan Haselhurst): With this it will be convenient to discuss Government amendment (a) in lieu thereof, in page 2, line 7, at end insert—

'(2A) The Secretary of State must not give a direction under subsection (1) in relation to a body unless not less than 60% of the persons who are members of the body fall within subsection (2B).

(2B) A person falls within this subsection if he is a member of any of the following councils or authorities and any part of the area of the council or authority (as the case may be) falls within the region to which the direction (if given) will relate—

(a) a district council;

(b) a county council;

(c) a metropolitan district council;

(d) a National Park authority;

(e) the Broads authority.'.

Lords Reason 3B and the Government motion to insist on disagreement.

Keith Hill: Before we move on to the substance of the Government's proposed amendment in lieu, I would be grateful if I could detain the house for a few moments in order to draw hon. Members' attention to just how willing my colleagues and I have been to listen to genuine issues of concern during the passage of this Bill through both Houses. Hon. Members will recall that we did not get the opportunity at the previous stage of the Bill in this House to debate those issues on which the Government had listened and tabled amendments when we could see that such genuine concerns had been raised.

So let me remind the House that we have introduced amendments that guarantee a statutory role in the regional planning process for county councils and other authorities with strategic planning expertise, through changes to clause 4. These amendments followed extensive discussions with the Local Government Association and the county councils network, and those organisations have undertaken to play their full part in making the new strategic planning arrangements work.

We have also introduced amendments that give more influence to the community and other interested parties through the new clause, introduced on Third Reading in the Lords, introducing the regional public participation

statement. We have accepted the removal of statements of development principles provisions—that is in clause 41—and retained and strengthened outline planning permission in schedules 6 and 9.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Deputy Speaker. The Minister has just said that he did not get time in the earlier stages of the Bill to discuss some of the amendments that the Government have accepted, and which he is now detailing. Perhaps he did not get time because the Government had imposed a timetable on those proceedings, which meant that discussion was not allowed. Surely it is an abuse for the Minister to start going through those measures now.

Mr. Deputy Speaker: I think that the hon. Gentleman will realise that that is not a matter for the Chair. I suspect that it is more a matter for the usual channels.

Keith Hill: I am grateful to you, Mr. Deputy Speaker. Perhaps I might say to the hon. Gentleman, through you, that, as one former Deputy Chief Whip to a current one, I know exactly what game he is playing at this juncture.

We have strengthened the application of the sustainable development clause—that is clause 38—and introduced amendments to the standard application form provisions to require access and design statements in appropriate circumstances. That is in clause 42. In addition to these amendments, we have also again listened to the debate and brought forward amendments on mezzanine floors, on the requirement to give reasons for substantive decisions, to introduce provisions for temporary stop notices and for appeal on second applications, and today we are also seeking the agreement of the House to amend the major infrastructure provisions to require an economic impact report.

Against the background of this substantial package of concessions, I have to express my strong disappointment that we are here again today to debate Lords amendments Nos. 1 and 3. I find it difficult to understand the grounds on which these amendments are being pursued. The effect of amendment No. 1 would be to end any system of regional planning where there was not an elected regional assembly. I cannot believe that that is the serious intention of either the official Opposition or the Liberal Democrats, and I am particularly surprised that the Lib Dems continue to cleav' 'o this amendment. I am absolutely certain that they s..are the Government's belief in the need for strong regional planning.

Regional planning policies that form part of the development plan are essential to address the particular opportunities and challenges faced by an individual region. Effective regional planning policy is vital to tackle historic regional disparities and respond to the challenges of the modern knowledge economy. We need a system for strategic planning that is based around areas that are interdependent on the ground, not one that is constrained by administrative boundaries. County boundaries simply do not work as the basis for effective strategic planning. Many strategic planning issues cut across county boundaries and are best dealt with at regional or sub-regional level.

David Taylor (North-West Leicestershire) (Lab/Co-op): The region that produced the Minister and in which I still live, the east midlands, has no elected regional assembly. There is some merit in the amendment—although I shall not appear in the Division Lobby with those who are promoting it—in that our region has a Nottingham-Derby dominated caucus that is dumping on the northern parts of Leicestershire the adverse implications of uncontrolled airport expansion, which would be covered by this type of approach to planning. Does the Minister not see that, in the absence of an elected regional assembly, such circumstances can sometimes emerge?

Keith Hill: I share my hon. Friend's enthusiasm for an elected regional assembly for the east midlands, the region of his and my birth. In the meantime, however, before that particular utopia is secured, we are best to go forward with the existing regional planning structures, which provide precisely for the kinds of exchanges that could limit the undesirable development mentioned by my hon. Friend. As ever, he and I essentially are on the same tack: two souls with a single mind on this subject. I am grateful that he will be joining me in the Division Lobby; that has not invariably been the case, as he and I well know.

There are many examples of the existing regional planning bodies coming forward with solutions to the cross-boundary problems that have bedevilled us for years. But under the current system those solutions are hard to put into practice. The system itself is a barrier. However good the solutions are, however much work has gone into preparing them, and however much support they have, they will be only a material consideration when it comes to deciding planning applications, and structure plans can delay them or prevent them from happening.

I know that the hon. Member for Ludlow (Matthew Green), who speaks for the Lib Dems, has concerns about accountability, which I understand and appreciate. I have reflected very earnestly on a practical way to respond to these concerns, and I hope that the democratic guarantee that I offer in amendment (a) will commend itself to the hon. Gentleman. I have to say that the alternatives that one might contemplate offer a recipe for delay, obfuscation and perhaps litigation.

Most uncharacteristically, the approach of the Conservative spokesman, the hon. Member for South Holland and The Deepings (Mr. Hayes), smacks just a little of cynicism and opportunism. The Conservative party appears to combine support for regional planning for regions with elected regional assemblies with an equally avid determination that none will actually be established, and with an express intention to campaign against them in regional referendums. He and I both know that this amendment would effectively mean no regional planning. However, regional planning guidance was introduced by the Conservative Administration in 1990, with the publication of RPG15. The Conservative party is the parent of regional planning. This is a case of throwing the baby out with

[Keith Hill]

the bath water, and I invite the hon. Gentleman to reflect on the inconsistency of his position.

Lords amendment No. 3 is not acceptable because it imposes the burden and bureaucracy of blanket sub-regional planning irrespective of whether it is needed or adds value. Surely it is also defective in that it would require those plans to be drawn up by county councils and other authorities with strategic planning expertise, but would exclude others who may have an essential and valuable role to play: district councils or the regional development agencies, for example.

Our package as a whole is the right approach to sub-regional planning and gives a properly central role for county councils and other authorities with strategic planning expertise. The Bill and our draft guidance to regional planning, planning policy statement 11, in dealing with sub-regional strategies, makes it clear that those should be prepared for areas that are interdependent on the ground and that therefore need a distinct set of sub-regional policies. The Bill and our guidance guarantee that county councils and other authorities with strategic planning responsibilities will advise, and they make it clear that, where appropriate, those bodies are expected to lead on this work.

I appreciate that this is an important issue to many, and particularly to county councils. There are anxieties about decisions on which areas on the ground warrant a sub-regional strategy. There are concerns about ensuring that counties and other authorities play a full part, and I appreciate them and the fact that perhaps they have not come much to the fore in earlier debates because of the importance of other issues. I believe, however, that our approach to sub-regional planning, which is flexible and practical, is the right one for our communities and our planning system. It does not prescribe an across-the-board, universal requirement for sub-regional plans but fully supports the involvement of sub-regional partners where there is a clear case for sub-regional structures and planning. That will happen within the overall framework of advice from and consultation with local authorities and a local government-led regional planning body.

I am reasonably confident that it would be otiose, as we say in this place, to make specific provision in the Bill for an essentially flexible and locally and regionally driven arrangement. I note the concerns on the matter, however, and in the light of those, let me say that I am prepared to review the package ahead of the Bill's return to the other place.

Meanwhile, we ought to reflect on what these Lords amendments would mean. Lords amendment No. 3 would provide for sub-regional plans as part of the regional spatial strategy, with boundaries chosen by the regional planning body because the boundaries of counties do not fit for this purpose. I think that I have made it clear that the difference between us relates to how extensively this principle should be applied. I need to point out to the House, however, that that approach would simply not happen or would be considerably delayed under Lords amendment No. 1.

I shall now turn to amendment (a). The regional planning process needs to be driven forward by bodies able to represent the region and take a strategic view. Regional chambers are best placed to fulfil that role. We are not suddenly transferring powers from counties to regions. We are removing a filter that has slowed down the expression of strategic regional policies in local plans. We are clearing out a system that allows out-of-date structure plans to take precedence over up-to-date regional plans. Chambers are, of course, not directly elected, but they are representative of both local authorities and wider stakeholders in the region. Local authority members represent their local authority on the regional planning body. Equally, other stakeholder group members, such as business or the voluntary sector, will speak for the interests that they represent.

Where elected regional assemblies are established, it is right that they should take over responsibility for regional planning. But we should not conflate that with reforming the planning system—that reform needs to happen now. Of course, we need the safeguard of democratic accountability, and it needs to be the best one possible, consistent with our current governance arrangements. Local authorities speak for their communities—that is what they are elected to do. This Bill, along with its regulations and guidance, guarantees that theirs will be the loudest voice in regional planning. Local authorities are in the majority on regional chambers, which will be the regional planning bodies. Where there is consensus, the local authority's view will prevail in the RPB's work.

I recognise the views expressed, and I am willing to move, as in so many other areas, to deal with the concerns. Amendment (a) therefore highlights the leading role of local authorities and provides a statutory guarantee for the future. The Secretary of State will not be able to recognise a body as a regional planning body unless at least 60 per cent. of its members are drawn from county councils, unitary authorities, district councils, national parks authorities or the Broads Authority. I commend the proposal to the House.

Mr. John Hayes (South Holland and The Deepings) (Con): As ever, the Minister for Housing and Planning makes an eloquent and persuasive case. He started by listing the concessions that the Government have already made. I needed no convincing of what a decent man he is, or that he is prepared to listen to the Opposition's arguments, which are also persuasive, as he has acknowledged. He is moving ever closer to the position articulated by Conservatives and even by Liberal Democrats. Indeed, it is such a persuasive case that it has driven the Liberal Democrats and us—I speak personally in this respect—into a union. Members of the House who know me well will know how difficult that is to achieve, and how important these matters must therefore be.

The Minister says that his whole strategy would be destroyed if he accepted the Lords amendments. That is not true. The proposals on sub-regional strategies, as requested by Liberal Democrat and Conservative Members in the other place, would add to the Government's intent of producing a system that is coherent and consistent. He says that they will lead to obfuscation and delay. If the price is a system that is effective, truly representative, and that allows properly for the sensitivities and considerations of localities to be taken into account in drawing up these plans, it is a price that we, as democrats, are obliged to pay. Democracy is

often inconvenient and sometimes slower than systems that are less democratic, but it is none the worse for that. All Members of the House must defend the right of ordinary people to have their say in these matters, which affect the quality of their lives so directly, and I know that the Minister would be first in the vanguard of that defence. He therefore, ultimately, makes an unconvincing case.

I find—*[Interruption.]* I see that the Minister is taking advice from a senior colleague, and perhaps he is going to move even closer to our position. I cannot believe that with his good offices, and with the spirit in which he has spoken to the House today, knowing that the other place is ever willing to try to find a way through these problems, a solution cannot be found. Perhaps it will not be found until this House—or the Opposition at least—has taken the opportunity to press these matters to a vote.

2.30 pm

The Minister must, I think, acknowledge that, not for the first time, the Lords speak for the people and the Government speak merely for themselves. That is not just my view. Perhaps surprisingly, the Minister's noble Friend Lord Rooker said in the other place

"Noble Lords are much more in touch in some ways with what is happening than is sometimes the case elsewhere in this building."

He recognised that the Lords are often able to articulate a case on behalf of the common man in a way that is sometimes lost to those who have grown grand and privileged on the luxuries and benefits of office. That is not, of course, a position in which we find ourselves, but perhaps one day we shall be subject to the same temptations. I hope that we will resist them in true Tory spirit.

I note that when word goes out around the Palace that Hill and Hayes are talking again, the Tea Rooms and Restaurants empty and Members flood the Chamber. The Labour Bench is particularly well populated for this debate, by Members who knew that they would be subject to a rare treat in the form of the Minister's peroration.

The Minister accused me of cynicism, but let me say this: the Lords have properly identified the substantial democratic deficit that lies at the heart of the Government's intentions. I hold no candle for regional assemblies, but I do make a robust case for democratic legitimacy and proper accountability, and that is what we are really debating today.

Three points need to be made. To avoid repetition, for as a matter of habit I try to do that—for the sake of clarity and the record I should perhaps say that, as a matter of habit, I avoid repetition—let me say that the case that the Lords make is threefold.

First, we have the argument about democratic legitimacy, well made both here and there. The idea that we should transfer or indeed confirm powers—I know the Minister makes the case that they were originally given to regions by a Conservative Government—to bodies on which there are no elected people seems to me unacceptable, and I suspect that it is unacceptable to many Labour Members. We heard, for example, the concerns of the hon. Member for North-West Leicestershire (David Taylor), who often speaks and, as the Minister says, votes with his conscience rather than merely on the instructions of heavy-handed Government Whips. The hon. Member for Gillingham (Paul Clark) shakes his head. He is not one of those; he is one of the more human faces at the Whips Office. There must, however, be others who are altogether more heavy-handed.

The second key issue is that of effective accountability. That means having access to where decisions are made, and having faith in the process. The further we move the exercise of political power from the people, the less trust the people are likely to have in the exercise of political power. The plans must be made close to people, and people's loyalty, faith and adherence must be inspired. They must believe in the plans. For, as my noble Friend Lord Hanningfield said in the other place, this is a distinctly personal matter. That gentleman, who has a distinguished record both in the upper House and in local government, said:

"There is no more personal thing in local government than planning. The Government should not think that they can ignore the democratic processes."

Lord Marlesford, who spoke persuasively, said:

"the Government somehow believe that the higher the level at which strategic planning is done, the better."—*[Official Report, House of Lords*, 26 April 2004; Vol. 660, c. 565–9.]

In fact, the opposite is true. It is of course important for us to have a bigger view, but that bigger view must take proper account of the concerns of local communities; and the lower down the system those concerns can be expressed effectively, the better. The involvement of local communities confers legitimacy on the plans that ultimately emerge.

That brings me to the third issue: sensitivity to local people, understanding of local needs, and responsiveness from a system that, as the Minister has acknowledged on previous occasions, is often seen as esoteric, bureaucratic and excessively burdensome—one might even say Byzantine.

We remain unconvinced by the Government's case, although we welcome the Minister's spirit and tone. I do not find that surprising. I have found the right hon. Gentleman to be a receptive Minister who genuinely listens to a proper case put from any part of the Chamber. Now is his chance to show just how responsive and receptive he is by taking on board arguments that he has acknowledged to have been well made.

I know that the hon. Member for Ludlow (Matthew Green) wants to speak. I look forward—I almost said "for once", but that would have been uncharitable—to his speech, because I know he has many good and useful points to make. Let me end on this note. As I said, the Minister accused me of cynicism; but he knows that romantics like me are immune to cynicism. This is not a matter of cynicism. It is a matter of good government, good planning and good leadership. I hope that what the Minister does today and hereafter will show all three.

I recommend to my colleagues that in this instance we support the Lords. We will be voting "No", not because we do not think that there is good will, but because we feel that the time has come to stand our ground on these

[Mr. John Hayes]

important matters in defence of the common people of our country. I hope that, ultimately, the Minister will reach the same conclusion.

Matthew Green (Ludlow) (LD): I, too, congratulate the Minister on his approach, not just in the past week but since he took charge of the Bill. We could say that considerable concessions have been made; we could say, if we were being charitable, that people of like mind have reached agreement. There has been movement on the Government's part, and also on the Opposition's part, since we embarked on the Bill nearly 18 months ago. Some of us have served all 18 months, and it seems a very long time.

The hon. Member for South Holland and The Deepings (Mr. Hayes) and I agree on the fact that this is about creating a good planning system. As the Minister will know, a good planning system carries the confidence of the people who use it, and people are most confident when a system is democratic. The Minister cannot suggest in any circumstances that the Government's proposals or the amendment make this system democratic.

Rather than going over ground that we have been over many times, I want to comment on the Government's proposed amendment in lieu of Lords amendment 1B. I am afraid that, for once, the Minister has produced a smokescreen. The Bill proposes that 30 per cent. of members of the regional planning body should come from the business sectors rather than the councils. It is now being suggested that 60 per cent. should come from the councils, so there is presumably 10 per cent. of flexibility. That will mean that many councils that are losing powers—the primary tier, the county councils, the metropolitans and the unitaries—will not be represented. Indeed, the Minister's amendment includes district councils, which are not losing powers. It is an odd amendment, which for once lacks coherence and intellectual clarity.

The Minister knows that there is potential for common ground, but his amendment is not that common ground. I do not think that he will be surprised to hear me say that. He will, I believe, struggle to justify the continued removal of powers from directly elected councils, and the granting of those powers to, at best, a partly indirectly elected regional planning body, which will have a considerable influence on what happens. Democracy is not, perhaps, always the quickest form of government, but it is the best that we have, and I am surprised that the Minister is prepared to overlook democracy in the name of expediency, which is exactly what is being proposed.

There is some room for common ground, and the Minister knows that a sensible compromise could be reached. I welcome the fact that he is prepared to reconsider the other part of this group of Lords amendments, which affects the sub-regional plans, and that again shows the spirit that has been evident from him so far. If he will show the same sort of flexibility on the Lords reason, then we are very close to considerable agreement on the Bill. However, the Minister will have to move further than the amendment that the Government have tabled. That does not move; it just states what exists on the ground in regional planning bodies at the moment, and does not in any way increase their democratic involvement.

I hope that the Minister thinks again. We, too, will vote against the Government's insistence on disagreement and their amendment in lieu. I hope that he will take the opportunity before this matter returns to the Lords again to reflect on the position that has been outlined, and see whether a more sensible compromise can be reached.

Keith Hill: I feel that I need to respond briefly to the points that have been made. I first turn to the remarks of the hon. Member for South Holland and The Deepings (Mr. Hayes), who dwelt on democratic accountability. I am pretty certain that I am accurate in saying that he claimed that our proposals would mean a transfer of powers to bodies with no elected members. For reasons that I shall demonstrate, there is no transfer to the regional bodies in the proposals, because the powers are already there. I contend that we are introducing a process that is more transparent and has more community involvement. The regional spatial strategy will be tested in public by examination in public—again, evidence of the extent to which we are introducing a process that is more transparent and, I assert, more democratic than that which prevails at present.

I remind the hon. Gentleman that the existing bodies have elected members. They all have a majority of elected members. Indeed, on six of the eight regional chambers that act as regional planning bodies, the Conservative party has the largest number of members. They are hardly institutions immune to the expression of representative opinion at local level, opinion that might be not entirely sympathetic with Government views on regional development.

Matthew Green: Surely even the Minister will admit that that is a somewhat cheap jibe at the Conservatives—I say that as a Liberal Democrat—for the simple reason that we are talking about the principle of whether something is democratic, not about which party currently has the largest number of councillors on an indirectly elected body. Those members are elected to their council, but then appointed to a regional planning body, not necessarily from all the councils in turn. The Minister should admit that he is not being fair in his reflection.

Keith Hill: My comment was not intended as a jibe, and was more of a reminder of the opportunities that exist. I accept that there would be an even more compelling case if there were to be elected regional assemblies, and I certainly welcome the Conservative party's new-found enthusiasm in the amendments for elected regional assemblies. They will be aware that elected regional assemblies are not yet proposed for the entirety of England. Although we anticipate the success of the referendums for regional assemblies in the northern parts of the country, we recognise that there might be some slight delay in their introduction elsewhere, and it is in the regions without elected assemblies that it would be nonsense to scrap the regional planning function that was the child of Conservative Government policy making way back in 1990.

2.45 pm

I turn to the charge of loss of democracy in the new system made by the hon. Member for Ludlow (Matthew Green). What really matters to people is that they can have their say, and have their views listened to in the planning process. He will know that central to our reforms at regional and local level is greater community involvement, and he has welcomed that on many occasions. Our amendment would require the regional planning body, as he knows, to prepare, publish and comply with a statement of its policies for involving interested parties in preparing draft revisions of the regional spatial strategy. Draft regulations require the regional planning bodies to consult a wide range of bodies while the draft revision of the regional spatial strategy is being prepared and after it has been published.

Matthew Green: The logic of what the Minister has just said is that an autocratic regime that consults its citizens is better than a democratic one, and that consultation is a substitute for democracy. I am sure that he did not mean to say that to the House.

Keith Hill: I certainly did not mean to say that, and indeed I did not. Of course consultation is no substitute for democracy. However, greater consultation and greater community involvement, within the framework of a democratically accountable process—which is exactly what our planning reform agenda and our regional spatial strategy proposals are all about—certainly strengthens democratic and popular involvement in the process. That is not there at present, but will be introduced by these measures.

Let me remind the hon. Gentleman that clause 7 provides for independent public examination of the draft revision of the regional spatial strategy, during which people will be invited to speak. That will take place in all but exceptional circumstances. I have mentioned draft planning policy statement 11, which sets out ways in which the regional planning body can and should involve stakeholders and the wider community on an ongoing basis, as initial ideas and options are turned into firm proposals.

We are not squeezing democracy out of the system. Under the Bill's provisions, as now, it will be for the regional planning body to propose the number of new dwellings that should be provided in its region. We are simply changing the basis on which those figures can be allocated down to the next level, and instead of that being determined by county boundaries, regional planning bodies will be able to make allocations on a sub-regional basis, taking account of housing market needs.

We are at the end of an exceptionally long process with the Bill, which was first introduced to the House in December 2002, and that process has been a great pleasure. The Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Pontefract and Castleford (Yvette Cooper), is to pick up the reins and steer this great carriage forward. I regret the fact that the Opposition parties continue to oppose these measures, but I hope that the winning post is now in sight, and that, with a further burst, the endgame can be secured.

Question put, That this House insists on its disagreement with the Lords in the said amendment.

The House divided: Ayes 235, Noes 140.

Division No. 154] **[2:50 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter

King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Mr. Fraser Kemp and
Ms Bridget Prentice

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Öpik, Lembit
Osborne, George *(Tatton)*
Paice, James
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Randall and
Mr. Hugo Swire

Question accordingly agreed to.

Lords amendment disagreed to.

Government amendment (a) in lieu of Lords amendment No. 1 agreed to.

Lords Reason: No. 3B

The Lords insist on their Amendment 3 to which the Commons have disagreed, for the following Reason—

Because regional spatial strategies should be based on the views of local communities

Motion made, and Question put, That this House insists on its disagreement with the Lords in the said amendment.—*[Keith Hill.]*

The House divided: Ayes 235, Noes 141.

Division No. 155] **[3:01 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benton, Joe *(Bootle)*
Blizzard, Bob
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Cooper, Yvette
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hanson, David
Harman, rh Ms Harriet
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lepper, David
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Plaskitt, James
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Ms Bridget Prentice and
Mr. Fraser Kemp

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Browning, Mrs Angela
Burnett, John
Burns, Simon
Burstow, Paul
Butterfill, Sir John
Cable, Dr. Vincent
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Carmichael, Alistair
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Dodds, Nigel
Donaldson, Jeffrey M.
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael

Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Hague, rh William
Hammond, Philip
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Laws, David *(Yeovil)*
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Maclean, rh David
McLoughlin, Patrick
Maples, John
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Murrison, Dr. Andrew
Opik, Lembit
Osborne, George *(Tatton)*
Paice, James
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Mrs Iris *(Strangford)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. John Randall and
Mr. Hugo Swire

Question accordingly agreed to.

It being more than one hour after the commencement of proceedings on the Bill, MR. DEPUTY SPEAKER *put forthwith the Question necessary for the disposal of the business to be concluded at that hour, pursuant to Order [19 April].*

Lords amendment No. 41B agreed to.

Committee appointed to draw up a Reason to be assigned to the Lords for insisting on disagreeing to their amendment No. 3; Paul Clark, Matthew Green, Mr. John Hayes, Keith Hill and Linda Gilroy to be members of the Committee; Keith Hill to be the Chairman of the Committee; Three to be the quorum of the Committee.—*[Paul Clark.]*

To withdraw immediately.

Reasons for disagreeing to certain Lords amendments reported, and agreed to; to be communicated to the Lords.

Opposition Day

[7TH ALLOTTED DAY—SECOND PART]

Animal and Plant Diseases

Mr. Deputy Speaker (Sir Michael Lord): Mr. Speaker has selected the amendment standing in the name of the Prime Minister.

3.13 pm

Mrs. Theresa May (Maidenhead) (Con): I beg to move,

That this House recognises the potential risk posed to British agriculture and to the environment of the UK by the importation of animal and plant diseases; acknowledges the crucial importance of preventing diseases from entering the country; notes with concern the increase in the number of diseases in Britain emanating from abroad and the spread of virulent epidemics across the world; recognises the implications for biosecurity of the enlargement of the European Union; condemns the Government for failing to learn the lessons from the recent outbreak of foot and mouth disease; regrets the failure of the Government to address these problems and to instil confidence in the farming community; and calls on the Government to take urgent action to put in place the stringent measures necessary to prevent animal and plant disease from entering the UK.

This morning I received a letter from the Minister for Rural Affairs and Local Environment Quality explaining that the Secretary of State for Environment, Food and Rural Affairs was not available to respond to this debate because she was attending a meeting of the Commission on Sustainable Development in the United States. He also told me that the Minister of State was at the same conference—two Ministers and staff in America at taxpayers' expense—and that he himself would be unable to respond to the debate because he was speaking at a rural affairs conference at the invitation of the Irish Government.

The Government have had a week's notice of this debate. It is perhaps understandable for one Minister to be unavailable, but for three Ministers to fail to respond to a debate on a subject that threatens the livelihood of British farmers is not only to treat the House with contempt, but sends a clear message to farmers that the Government are not interested in them or their future. Once again, the Government are letting British farmers down. I look forward to hearing the contribution of the Under-Secretary. I doubt whether the House will want to hear from him twice in the same debate, but we will see how it unfolds.

The year 2001 was possibly the blackest period in modern history for British agriculture. Our green and pleasant land became the scene of death and destruction. Our television screens were filled with images of funeral pyres, rotting carcases and smoke-filled air. The pain and suffering caused to Britain's rural communities was etched on the faces of those farmers who saw their lifetime's work destroyed by a contiguous cull on a massive scale. As a result of foot and mouth disease, 10 million animals were slaughtered, our countryside put up closed signs and some were forced not just to the point of bankruptcy but of suicide. For our farmers, it seemed like the end of the world as they knew it: for many, it was.

The subsequent report from the National Audit Office said that the outbreak cost Britain £8 billion—a £3 billion cost to the public sector and hence the taxpayer,

and more than a £5 billion cost to the private sector. The Institute of Directors put the cost higher at £20 billion. We all understand that outbreaks of diseases such as foot and mouth affect not just our farmers, but the wider economy, the service industry and tourism. We owe it to all of them to ensure that it can never happen again. It is our duty, and the duty of any Government, to ensure that it can never happen again. Yet my colleagues and I have yet to meet a farmer who believes that we are better prepared for a future outbreak. The fact remains that the Government have lost the confidence of our farming industry in respect of their ability to prevent disease from entering Britain.

Andrew George (St. Ives) (LD): What did the farming community tell the hon. Lady about the £4 billion loss and the destruction of the livestock sector caused by the outbreak of bovine spongiform encephalopathy?

Mrs. May: There is no doubt that British farming has suffered a number of difficult periods in recent years. That is why it is all the more important that the Government put in place the action necessary to ensure that we never see such devastation happening again.

The farming community's lack of confidence in the Government is in no small part due to their decision to deny a full and independent public inquiry into foot and mouth. Of course, we have seen a number of commissions and reports into the outbreak, but Government have steadfastly refused to conduct a transparent inquiry into the events and circumstances leading up to and during the course of the outbreak. The only public inquiry into the foot and mouth outbreak was the result of pressure by Conservative Members of the European Parliament and was opposed tooth and nail by Labour MEPs.

Mr. Eric Martlew (Carlisle) (Lab): Is the hon. Lady aware that the Environment, Food and Rural Affairs Committee, under the chairmanship of the right hon. Member for Skipton and Ripon (Mr. Curry), carried out an investigation into foot and mouth disease in this country?

Mrs. May: I am grateful for that intervention, but I doubt whether the hon. Gentleman is talking about the full and independent public inquiry that the British farming industry wants the Government to call in order to get answers about why the outbreak happened.

Since it became public knowledge that we were holding this debate, my staff have fielded a stream of telephone calls, e-mails and messages from people throughout the country. Those people feel strongly about the issue: each has something to say, and is able to uncover another piece of the jigsaw in respect of what happened in the outbreak. That shows that the Government, far from reassuring people and answering their questions and concerns, have simply chosen to ignore them. However, those questions and concerns will not go away.

We have had the inquiry into lessons learned headed by Dr. Anderson, but have we really learned any lessons? Following the 1967 outbreak, we knew not only how the disease came into the country, but the very yard where the outbreak happened. However, despite all the improvements in science and forensics, and the leaps forward in DNA testing, we still do not know how the virus responsible for the 2001 outbreak came into the country, or why. The public's obvious concerns will not be allayed by the recent revelations concerning Jim Dring, the vet responsible for inspecting the premises in Heddon-on-the-Wall where the outbreak is suspected to have started.

Mr. Dring is an honourable and conscientious man. He concluded that the foot and mouth crisis would never have happened if his inspection of Bobby Waugh's Northumberland pig farm in the weeks leading up to the outbreak had been more rigorous. However, he said that he had been hamstrung by a lack of veterinary resources.

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): Oh no he did not.

Mrs. May: The Minister, from a sedentary position, says that Mr. Dring did not say that. However, in his report, Mr. Dring said, in relation to his inspection to review the Waughs' article 26 licence:

"Had this inspection been more rigorous than it was, had the licence not been renewed, or renewed only subject to radical revision of the Waughs' patently deficient feeding technique, then this awful 2001 FMD epidemic would never have come about."

Mrs. Angela Browning (Tiverton and Honiton) (Con): My hon. Friend will recall that we discussed the Dring report in Westminster Hall on 16 March. I raised with the Minister the fact that that report was not available in full at the time of the Anderson inquiry. He declined to comment on that, but merely said that he would put the papers in the Library. Does my hon. Friend agree that we deserve an answer as to why the Government withheld that information from the Anderson inquiry?

Mrs. May: I certainly echo the comments made by my hon. Friend. The report is a very important part of the evidence as to what happened during the foot and mouth outbreak. It is unfortunate that the Minister has tried to deny, from a sedentary position, what the Dring report contained.

The matter is about more than one man's mistake. It is thanks to Mr. Dring's courage and honesty that we have this vital piece of evidence. It was withheld from the Anderson inquiry, to which it should have been available. I echo the challenge to the Minister to explain why the information was not made available.

The House may not know that, when it became clear that the report existed, the Government claimed that it was an aide memoire—even though it is 26 pages long, and consists of some 11,700 words. It is an important piece of evidence that should have been available to the Anderson inquiry.

On 24 March, Lord Whitty told the other place that

"it is clear from the cover note and from what Mr. Dring has said that he wanted his personal statement to go to the inquiry in some form. The legal advice was that it could be prejudicial to the trial of what almost certainly was the starting point of foot and mouth and therefore to any judgment that that court made. In a sense, that was understandable legal advice."—[*Official Report, House of Lords*, 24 March 2004; Vol. 659, c. 701.]

[Mrs. May]

However, to say that releasing the Dring report could have prejudiced the trial does not stand up to scrutiny. Mr. Waugh's trial was over before the Anderson inquiry reported. Moreover, publication of the report could have been put back until the risk of prejudice had passed.

There is no question that anyone wants to blame Mr. Dring. We want a definitive answer as to how the 2001 FMD epidemic started, and to ensure that its lessons are fully learned. One of the issues raised in Jim Dring's report is that the state veterinary service was under pressure because of lack of resources.

It is understandable that a man under pressure might make a mistake: what is not understandable is how the Government could allow the pressures to get to that point, knowing the risks that that entailed. What cannot be forgiven is that the Government tried to hide the evidence and to keep it from people. How can members of the farming community have confidence that the Government have given them the truth, when the necessary information comes, not from Ministers or the Department, but from the pages of the farming press?

It is understandable that farmers might ask why, if one damning piece of evidence can be withheld, should not other evidence also be hidden in Ministry filing cabinets.

Mr. David Drew (Stroud) (Lab/Co-op): I am sure that the hon. Lady has read the Select Committee report on the state of the veterinary service, which does go along with some of her points. We may never know what caused foot and mouth in this country, but we certainly know that the transmission mechanism was down to the fact that we have a process based on production subsidies, which means that animals are pushed around the country to earn a few pence. The Government have had to learn a lesson from that, and we are, thankfully, moving away from production subsidies. When the Conservatives were in power, what did they do to deal with that?

David Maclean (Penrith and The Border) (Con): Markets are not the problem.

Mr. Martlew: On a point of order, Mr. Deputy Speaker. Is it right for the Opposition Chief Whip to make comments from a sedentary position?

Mr. Deputy Speaker: Comments from a sedentary position are never welcome in any debate at any time.

Mrs. May: What we certainly know is that the Government have not put in place the inquiry that is necessary to make sure that we get answers on why the outbreak occurred and the disease came into the country. The hon. Member for Stroud (Mr. Drew) implied that we would never be able to get to that answer. We did in 1967, when the inquiry not only got answers but set out lessons to be learned.

We now know, of course, that an internal DEFRA investigation has cleared Ministers and officials of any wrongdoing or attempt to mislead. I might add that the existence of that internal investigation was revealed only after it had concluded that everything was above board and squeaky clean. That will give no reassurance to the many farmers who want to get to the truth. It is, after all, only a few weeks since another internal investigation cleared another Minister of wrongdoing, only for her to be forced to resign after fresh evidence came to light a few days later.

I raised the possibility earlier that more pieces of evidence like Jim Dring's report might be sitting in Ministry filing cabinets. I would be willing to give way now to the Minister if he wanted to rise to guarantee to the House that no other information has been withheld and that Dr. Anderson received each and every piece of relevant information relating to the outbreak. I should be happy to give way if the Minister wished to do that, but I am afraid that the fact that he is not— *[Interruption.]* Oh, he is.

Mr. Bradshaw: I have asked that question of officials and have been assured that that is the case.

Mrs. May: Well, we have had a lot of Ministers standing up to talk about what officials have or have not done. It is about time Ministers took responsibility for what happens in their Departments.

Geraint Davies (Croydon, Central) (Lab) *rose—*

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab) *rose—*

Mrs. May: I shall not give way because I want to make progress. *[Interruption.]* No. I shall make some progress.

The only way to restore our farmers' confidence in the process is to have a full public inquiry. I call again on the Government to do just that. We need plain and honest answers to simple questions.

We must all realise that the threat of another outbreak of foot and mouth or other equally virulent diseases is ever increasing. The increase in air travel and hence in the flow of people and goods makes the transmission of hazardous products all the more likely. In recent times, we have suffered swine fever and foot and mouth disease. Over the past six months, we have seen a growing number of diseases crossing our shores. In the south-west, we have had the first outbreak of brucellosis in England in 10 years. The previous case in the United Kingdom was an outbreak in Scotland, caused by infected cattle from France. Yet, to date, we have no idea where the most recent outbreak came from. One thing is sure, however: this and other diseases are not native to Britain; they are foreign diseases that enter our country from overseas.

We must consider not just animal diseases. In recent months, we have had outbreaks of brown rot and ring rot, the most contagious disease to affect potatoes, which recently caused devastation when it took hold in the United States of America.

Mrs. Lawrence: The hon. Lady may or may not be aware that the potato ring rot outbreak in Wales was contained entirely efficiently and did not spread to other farms. Would she like to congratulate the Welsh

Assembly Government and the Westminster Government on their efforts to ensure that it did not spread?

Mrs. May: It is interesting that when there is a problem it is the officials, not the Minister, who take the blame, yet when there are congratulations to be made it is the politicians, not the officials, who are congratulated. I am happy to say "Well done" to those on the ground who were responsible for containing that disease, but the fact that it arrived in this country and that other diseases are being found is a cause for concern and we should look into why that his happening.

Another example of a plant disease is sudden oak death syndrome or phytophthora ramorum, as it is known. *[Laughter.]* I may not have pronounced that right and I hesitate to do so again. It may sound more like a spell from a Harry Potter book, but it is a serious disease that has taken hold in some parts of the country. It threatens our oak and beech tree populations.

Mr. David Heath (Somerton and Frome) (LD): It has been endemic in rhododendrons for years.

Mrs. May: Yes, indeed, it starts from rhododendrons but it then passes to oak and other trees. There is evidence of that in certain parts. *[Interruption.]*

Mr. Deputy Speaker: Order. If the hon. Gentleman wishes to take part in the debate or to intervene, I should be grateful if he would rise in the usual way. Interventions from a sedentary position are extremely disruptive.

Mrs. May: Thank you, Mr. Deputy Speaker. The hon. Gentleman's sedentary intervention was wrong as well as unhelpful.

The important point raised by diseases such as sudden oak death syndrome, which has caused the destruction of rhododendron plants of up to 150 years old, is that people feel free to bring back plants from abroad. They do not realise the dangers of that to species in the United Kingdom. It is time that people were made more aware of the risks of importing plants. We must bear in mind the fact that with the enlargement of the EU on Saturday our borders will be wider and more difficult to control.

We expect our farmers to be vigilant, to look out for signs of disease and to put in place necessary biosecurity measures, but we must also play our part. It is all very well to ask farmers to improve biosecurity, but the single most effective way of preventing disease from spreading across our country is by preventing it from entering the country in the first place. We need to put in place stricter measures, such as are seen in other countries. What a difference there is between our lack of import controls, and, for example, the strict import controls seen in the United States, Australia and New Zealand. I heard recently of a tourist from Somerset who was surprised on going to Australia to be fined £1,500 after being arrested at Perth airport for importing an apple, a pear and five tangerines. By comparison we are lax on import controls.

Geraint Davies: How is it that today the hon. Lady is calling for more EU regulations to bring us into line with the United States and more investment in veterinary services and protective mechanisms of security when only yesterday the Leader of the Opposition said that he would reduce EU regulations by a third and make reductions? They are completely contradictory. How much would all this cost?

Mrs. May: If the hon. Gentleman wishes to intervene in the debate, he should listen to it before he asks his question.

I welcome the Government's new campaign against meat smugglers. Posters and leaflets are being circulated at air and ferry ports to make travellers aware of the potentially devastating consequences of illegally imported products, but leaflet campaigns are superficial. The subject should not take the Government by surprise. I am sorry that the Under-Secretary of State for Northern Ireland, the hon. Member for Brent, North (Mr. Gardiner), is not present because I should like to pay tribute to him for his work on raising the issue of bush meat imports. He has raised this issue on a number of occasions. We should all recognise that illegal meat imports pose a major threat to the health and biosecurity of the nation.

We are not talking about a ham sandwich brought in by an unsuspecting tourist in their handbag or a half-eaten foreign delicacy. The trade in illegal meat is a multi-million pound a year criminal trade being run in an organised, systematic manner. I am sure that the Minister is aware of the views of the Veterinary Laboratories Agency and the independent consultants SafetyCraft, which conducted research for the Department for Environment, Food and Rural Affairs, which estimated that an average of 7,500 tonnes of illegal meat products are imported into the UK every year, a figure greater than the combined legal imports of beef into the UK from France, Uruguay and Argentina. That may amaze some hon. Members, but they should not be shocked, because the research also said that the figure could be as high as 17,500 tonnes a year. It is reported that baggage handlers at Heathrow airport have repeatedly raised concerns over personal luggage arriving on flights from Africa that are full of bush meat. Luggage has been found covered in maggots and some has left a trail of blood in the arrival halls. Often, the meat is detected by nothing more than its pungent smell.

Mr. Heath: The hon. Lady is wrong about rhododenrons, but she is right about this issue. There is a laxness about our border controls across the spectrum. It would be far better to have a single uniform border force that could cope with Customs and Excise functions, immigration functions and policing functions, as well as the intelligence work that accompanies those functions. It could provide proper interdiction of the import of illegal meats at all of our ports of entry, not just those where there happens to be a customs officer on duty.

Mrs. May: I agree with the hon. Gentleman that there is a real need for us to focus on the issue and to consider improving our import controls. However, I am not convinced that that would best be done by a single agency that would bring people together in the way that he suggests, because of the specialisms needed to make assessments across the spectrum of issues. The hon.

[Mrs. May]

Gentleman has highlighted the need to take the issue seriously, but I am sad to say that the Government do not appear to do so.

I recommend that the Minister look at the website of the Bushmeat campaign or speaks to Mr Clive Lawrence, formerly of Heathrow-based Ciel Logistics. It says on the website that Mr Lawrence has witnessed seizures of between 400 and 500 kg of illegal bush meat from just two passengers entering the country from Africa.

According to Department for Transport statistics, 64 million passengers landed at or departed from Heathrow airport in 2000 alone. Of course approximately half of those are leaving the country, rather than coming in, but nevertheless, they are massive numbers. However, according to the Customs and Excise annual report for 2002–03, 10,528 people coming in to the UK in total were searched, for all forms of smuggling. Illegal meat imports can be anything from beef, pork and chicken to exotic products such as monkey, antelope, grasscutters—which I am reliably informed are giant rats—porcupines and bush rats. Very real concerns have been raised that bush meat could potentially be infected not just with animal diseases such as foot and mouth and swine fever, but also with diseases such as Ebola and monkey pox which could have a devastating impact on human health in this country.

We should also not underestimate the dangers posed by avian flu, a highly contagious disease in poultry that has caused devastation in the far east. In the last few months, tens of millions of chickens and ducks have been slaughtered across Asia. Sadly, bird flu has also killed 22 people in Vietnam and Thailand. This is a disease threat that must not be underestimated. Nor is it a disease restricted to foreign or distant lands. Last year, 10 million chickens were culled in the Netherlands in an effort to stop the spread of an outbreak of the disease, at a cost to the Dutch industry of an estimated €200 million. It is a disease that has already struck in mainland Europe. We do not have any guarantees that it will not enter the British isles, and the implications could be far worse than foot and mouth disease. Only last week, Dr. John McCauley, of the Institute for Animal Health, said that the virus could be 20 times worse than the 1918 flu pandemic. He said that there was also a realistic chance of the current avian flu virus evolving to threaten people directly. It is important that we discuss such issues in a calm and considered manner. The last thing our farming industry needs is another food scare.

Although we must not cause a public health or food scare, we must also be sure not to take this issue lightly. As Gareth Vaughan, president of the Farmers Union of Wales, said only last month:

> "Foot and mouth devastated the British countryside. We do not want to see a repeat of those dreadful scenes because of poor important controls allowing that or some other terrible disease back into the country."

That is why I say that it is an issue that the Government should take seriously.

Mrs. Lawrence: The figures that I have show that the Government spend £22 million a year on the control and diagnosis of animal diseases and import measures. They also spend £15 million a year on research into bovine TB in badgers, making a total of £37 million on just those two points. Should the Tories get into power, will the hon. Lady give a commitment that they will not cut that expenditure in any way?

Mrs. May: If the hon. Lady is a little patient, I shall come on to the Government's spending figures shortly.

The trade in illegal meat not only threatens the risk of further disease, but poses a serious threat to highly endangered wildlife in Africa and across the globe. The world's leading scientists have stated that species such as gorillas will face extinction within a generation unless immediate international action is taken. The necessity to deal with this problem is not only economic; it is environmentally and ecologically right to put an end to this illegal trade. However, it is a lucrative and an organised trade, worth up to an estimated £1 billion per year, and it is easy to see why. A grasscutter rat can be bought in an African bush meat market for a few pounds but, in the UK, each carcass can command a price well in excess of £100.

The Veterinary Laboratories Agency calculates that roughly 85 per cent. of the bush meat entering the country illegally comes in via personal luggage, that 11 per cent. is smuggled in ship containers, that 3 per cent. comes in via transit sheds and that the remainder arrives by post and courier. Eastern Europe, west Africa, southern Africa, eastern Asia and the near and middle east account for 83 per cent. of the total flow of illegal meat into this country. Once here, it is estimated that 55 per cent. is intended for commercial use. The majority is therefore not for the personal consumption of those bringing it in, but is sold on at vast profit.

The hon. Member for Preseli Pembrokeshire (Mrs. Lawrence) referred to the figures that the Department for Environment, Food and Rural Affairs is spending. It has invested £25 million in a three-year action plan to tackle the illegal trade, and that is welcome news. The initiative includes a new frontier enforcement strategy involving Customs and Excise, four new national strike teams of Customs officers to detect meat and animal products, continuing intelligence gathering and publicity drives and—wait for it—increasing the number of sniffer dogs from two to six. There will be six sniffer dogs when the UK has 110 ports of entry. As we have heard, Heathrow alone deals with more than 64 million passengers a year, and the Minister is offering us six sniffer dogs to deal with the problem.

I do not believe that the Government have taken the threat seriously enough. We have seen a 10 per cent. nationwide reduction in front-line Customs staff, rising to 40 per cent. in some parts of the country such as Wales. That means that ports of entry are often left unmanned. Strike teams and improved intelligence gathering have replaced, rather than supplemented, the existing service.

It may be worth while to compare the figures that the Government are spending with the sums spent in other parts of the world. Some £25 million is being spent over three years to address illegal meat imports in the UK, but Australia is spending £246 million in one year alone—this year—to counter threats from exotic pests and diseases. In addition, the Australia Quarantine and

Inspection Service receives £116 million. Is it any wonder that our farming community has no confidence in the Government's commitment to disease prevention?

Mr. Russell Brown (Dumfries) (Lab): Will the hon. Lady give way?

Mrs. May: I shall not give way again.

The lack of resources is evident in one further area—prosecution rates. Only two prosecutions have been brought against people caught bringing illegal meat, including bush meat, into the UK since Customs and Excise assumed responsibility for the task a year ago. An estimated 7,500 tonnes of illegal meat is entering our country, yet there have been only two prosecutions in 12 months. Even when there are prosecutions, the courts are so lenient that prosecution acts as little deterrent. The first case involved a 48-year-old woman who was charged with illegally importing 186 lb—more than 13 stone—of fish, goat meat and snails from the Gambia through Gatwick. She was fined £150 with £140 costs at Mid-Sussex magistrates court. The second case was that of an American man who was fined £300 with £140 costs. What sort of message does the Minister think that sends out to the organised gangs involved in commercial smuggling?

I began the debate by referring to the scenes of devastation in our countryside in 2001. That was not just about pictures on the television screen. That devastation was felt by many people in their lives, as farmers watched years of painstaking work being destroyed before their eyes and many farmers and others saw their livelihoods vanish. We all have a duty to make sure that that cannot happen again.

Sadly, the Government are failing in that duty. Their failure to deal with illegal meat imports and their lack of import controls are putting British farming and potentially the health of the nation at risk. It is time the Government listened to farmers and others, including those on their own Back Benches who have been highlighting the risk. It is time the Government took the risk and the issue seriously. Their failure to act is letting all of us down.

3.46 pm

The Parliamentary Under-Secretary of State for Environment, Food and Rural Affairs (Mr. Ben Bradshaw): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"commends the action taken by this Government to eradicate exotic plant and animal disease when it occurs, and to control endemic disease; congratulates the Government on its actions that have succeeded in reducing the number of BSE clinical cases to just 184 last year; further congratulates the Government on eradicating a major outbreak of Foot and Mouth Disease in seven months and on implementing the recommendations of the Lessons Learned and Royal Society Inquiries so that Government is better prepared to tackle a future outbreak of a major livestock disease; welcomes the significant progress made to tackle illegal imports both by increasing enforcement activity at the border and by increasing public awareness; applauds the Government on its action taken against other animal and plant diseases, notably Salmonella Java and potato ring rot; and notes the Government's continuing commitment to prevent serious animal and plant disease."

I am grateful to the hon. Member for Maidenhead (Mrs. May) for initiating the debate. I am sorry that she felt it necessary to take a cheap swipe at my ministerial colleagues who cannot be present today. As the Minister responsible for animal health, I am pleased that I can be here. It gives me the opportunity to outline some of the measures that the Government have taken to protect and improve our animal and plant health record.

When Labour came to power, there were out-of-date and insufficient plans for tackling major outbreaks of exotic diseases, yet the Government managed to control and eradicate in only seven months the largest outbreak of foot and mouth disease ever, and contrary to the wording in the Opposition motion, we have learned the lessons from that outbreak. We have taken new legislation through Parliament to ensure that we have better powers to tackle not just foot and mouth, but other exotic diseases in future. We have put in place new measures to protect against the import and spread of disease, and we have consulted on and published detailed contingency plans for tackling those diseases in the event of an outbreak.

We have also set about addressing what the overall approach to animal health and welfare should be, a subject on which the hon. Lady had nothing to say. The Policy Commission on the Future of Food and Farming, known as the Curry report, was highly critical back in 2002 of Britain's animal health record under the previous Conservative Government. The present Government are committed to restoring our national reputation and we will do so by working with all interested parties. It is this approach that underpins the current development of our animal health and welfare strategy.

That will set out the roles of Government and others in protecting ourselves against the incursion or spread of animal disease. There will be incentives to good practice and a greater sharing of responsibilities and burdens between taxpayer, consumer and the agriculture industry. A key strategic aim will be to ensure that animal owners adopt a far more proactive approach to preventing disease and welfare problems and address practices that increase the likelihood of disease.

There are also some fundamental challenges for the veterinary profession. The recent Environment, Food and Rural Affairs Committee report on vets and veterinary services raises issues about the extent to which the veterinary profession will be able to deliver the aims of that strategy. We are working closely with the entire profession and with livestock farmers, and we will respond to the Committee before the summer recess.

Mrs. Browning: Does the Minister share my concern that while we rightly allow veterinarians from within the EU, which is a single market, to come and practise in this country, it is clear that the amount of work they do on farm animal husbandry during their training is miniscule compared with the amount involved in veterinary training in this country? Does that cause him concern?

Mr. Bradshaw: No, it does not. It would be wrong of the hon. Lady to decry the contribution made in this country by vets from other EU countries. Their

[Mr. Bradshaw]

contribution has been massively important, not least in the foot and mouth outbreak and since. They have a contribution to make and they would not be allowed to work in this field if they did not have the relevant qualifications. Our veterinary student numbers are at record levels, so I do not share the concern that she expresses.

Mrs. Browning: Will the Minister give way?

Mr. Bradshaw: No; I should like to make some progress.

The Government also accept that we have a key role to play in protecting public health, in protecting and promoting animal health and welfare, in helping to control or eradicate disease and in securing opportunities for international trade. We must recognise that the UK benefits enormously from that trade. In the last year for which we have figures, 2003, our livestock exports were worth £1,667 million to this country. Our export of crops was worth £825 million and exports of pig and pigmeat products alone amounted to some £107 million.

Imports are also important, because they enable us to produce a wide range of value-added products that we could not produce if we had to rely on UK materials. This is good for jobs and good for the UK economy generally. The hon. Member for Maidenhead was right to say that controls on imports from third countries are a major weapon in the fight against the introduction of disease via imported animals, animal products or plants. The vast majority of import controls are part of EU law. Where there are gaps, we apply domestic measures on the basis of a risk assessment.

Live animals and animal products may be imported only from third countries approved by the European Commission, and only from approved establishments in those countries. They must have an official veterinary certificate guaranteeing their health status and may enter the EU only via an approved border inspection post at the port or airport of entry. There, comprehensive veterinary checks are carried out to ensure that all the import conditions specified in Community law are met. Only then will they be released for import.

Imports from other EU member states will have been subject to controls before they were exported, to ensure that they meet Community rules. Where there is an outbreak of certain diseases in a member state, exports are not permitted.

Mr. David Kidney (Stafford) (Lab): My hon. Friend has just explained the legal and commercial route for livestock and foodstuffs through border import posts. As I see it, that system has worked robustly and well for a long time, but the fears articulated in the debate seemed to overlook that system completely. Does he think that paying more attention to the successes would be very helpful in reassuring people when we start to clamp down on the areas that need more attention?

Mr. Bradshaw: It is important that we draw attention to our successes, which is partly what I am trying to do, but there are also genuine concerns about the other side of these matters, including the illegal smuggling mentioned by the hon. Member for Maidenhead, to which I shall refer in a moment.

There are similar import restrictions in relation to plant health. Where there is a plant health risk, all plants and some plant products must have an official phytosanitary certificate guaranteeing their health status, and some are prohibited altogether. All consignments are liable to inspection on arrival either at the port of entry or at an inland inspection point, whether or not a certificate is required. UK checks are targeted at trades and consignments deemed to represent the highest risk. For intra-Community movements, the onus is again on control in the member state of origin, through a system of plant passporting backed up by a comprehensive system of monitoring and trace-back arrangements in the event of a problem being identified.

Following the foot and mouth outbreak in 2001, the Government have made significant strides to improve our ability to detect and prevent illegal imports of animal products from third countries. We have provided new money amounting to £25 million over three years to enhance controls. Her Majesty's Customs and Excise took over responsibility for border controls targeted against smuggled imports in 2003. A range of new measures have been introduced, including additional staff, better intelligence gathering behind the scenes and teams of detector dogs, of which there will shortly be 10. There has also been a significant increase in publicity material, and new posters and leaflets are now available to increase public awareness.

Mr. Alan Reid (Argyll and Bute) (LD): In a written answer on 23 February, the Economic Secretary referred to last year's trials of X-ray technology, which has not been put into practice. Will the Minister tell us the result of the trials and whether X-ray technology will be used?

Mr. Bradshaw: I will write to the hon. Gentleman on his specific question about X-ray technology. As a result of the measures that are in place, seizures of illegally imported meat have increased massively, and I shall give him some figures later in my speech.

Mr. George Osborne (Tatton) (Con): The Minister is talking about measures that the Government have taken. Does he agree with the Under-Secretary of State for Northern Ireland, the hon. Member for Brent, North (Mr. Gardiner), who has great independence of mind, that

> "There will be an epidemic and some form of transmission into the human population. It is a matter of mathematics. No one can say when it is going to happen, but it will happen"?

What has he got to say about those comments from a fellow Minister about the Government's regime?

Mr. Bradshaw: I hesitate to comment on quotes provided by Opposition Members that I have not read before, which may be out of context, but I will check up on that point. Yes, the threats are serious. Extra challenges arise as trade, from which we all benefit, increases, but I argue that the Government are meeting those challenges. The hon. Gentleman is right that, not

least in the hands of terrorist organisations, zoonotic diseases could be a serious threat not only to the UK but to countries throughout the world, which is why we are implementing our measures.

In my reply to the hon. Member for Argyll and Bute (Mr. Reid), I said that seizures have risen significantly. There were 2,053 seizures in 2001–02, and that figure increased almost fourfold to 7,819 in 2002–03. The latest indications are that that upward trend has continued, and the figures for 2003–04 will be published in June in our annual review of controls on imports of animal products.

I have indicated that we can never achieve 100 per cent. protection against disease entering the country. One factor that can reduce or increase the spread of livestock disease is the quality of biosecurity within the UK. Biosecurity includes the extent to which livestock are moved around the country, and standards in markets, which is contrary to the contribution from the shadow Chief Whip, who indicated that livestock markets play no role and that biosecurity at livestock markets is not important. A high level of biosecurity is vital in helping to prevent the spread of disease.

Back in 2001, livestock movements in this country were virtually unrestricted except for pigs, but foot and mouth taught us that we could not continue like that. Farmers and others in agriculture obviously want to trade when and where economic conditions encourage it, but equally, the Government have a responsibility for the protection not only of the public interest but of animal health, and we have tried to find the appropriate balance between those two potentially conflicting points of view.

Initially, we extended to all species the 20-day standstill for pigs, but we also commissioned a cost-benefit analysis of various movement standstill regimes. We concluded that the 20-day standstill should remain for pigs, but for other species we should not revert to the pre-2001 laissez-faire approach but should instead introduce a six-day standstill, which we introduced in August 2003, with the involvement and overwhelming support of stakeholders in the livestock industry.

We have made it clear that if disease threatens, we will revert to a 20-day standstill, and that if disease returns, a complete movement ban will be imposed initially. The same approach has been taken to developing controls in markets and elsewhere. Biosecurity proved paramount in the eradication of foot and mouth disease in 2001. We have learned that the livestock industry must observe higher standards than in the past in order to reduce the risk of livestock disease spreading, and that we must improve detection of those who fail to comply.

Markets and livestock shows now have to be licensed to make sure they maintain biosecurity, as the mixing of a large number of animals from different origins could allow disease to spread very quickly. The cleansing and disinfection of livestock vehicles is also key to preventing the spread of disease. Strict rules were in place for some time, but we learned from the foot and mouth disease outbreak and improved the rules so that they can be better enforced.

With regard to the measures that are being put in place to deal with any future outbreaks of exotic animal disease, contingency plans that fit within the framework of EU-approved contingency plans have been and continue to be developed. The latest version of DEFRA's foot and mouth disease contingency plan, which provides the structures, roles and responsibilities to ensure a robust framework for the response to a future exotic animal disease, was laid before Parliament at the end of March 2004.

Let me comment on what the hon. Member for Maidenhead and the hon. Member for Tiverton and Honiton (Mrs. Browning) said about the foot and mouth outbreak and the role of the state vet, Mr. Jim Dring. I accept, as do my ministerial colleagues, that it was a mistake not to pass Jim Dring's testimony—or whatever one wants to call it—on to the Anderson inquiry. We have also made it clear that, as the hon. Member for Maidenhead said, the decision was made on understandable legal advice about the possibility that it might prejudice the forthcoming trial of the Waughs. As soon as Jim Dring's testimony was drawn to my attention, I asked for it to be published and placed not only in the Library but on DEFRA's website.

I am afraid that the hon. Member for Maidenhead did what some in the media have done in quoting selectively and tendentiously from Jim Dring's very long testimony, to suggest that during the inspections immediately prior to the foot and mouth outbreak he complained about a lack of resources. He did not. The only reference that he made to the service being stretched was in connection with an earlier outbreak during the previous year. It is best to read Mr. Dring's report in full. He has said that there was no knowledge that he possessed at the time that was not passed on to the Anderson inquiry. Professor Anderson, whom I asked to read Jim Dring's report in full, has also said that nothing contained in it would have made any difference to his recommendations.

I have to tell the House that Mr. Dring is furious about the misrepresentations made in some media reports, which I am afraid were repeated by the hon. Member for Maidenhead and which seem to try to divert blame for the foot and mouth outbreak from those who were responsible on to a conscientious and hard-working vet.

Andrew George: In questioning this matter there is no attempt, certainly on my part, to put the blame on Mr. Dring. I raised the issue in the House on 11 March and wrote to the Secretary of State, who originally said that the Dring report consisted merely of "musings". When the report came out, the Minister failed to publish the covering note making it clear that it was intended for Dr. Anderson's inquiry. Does not the Minister understand that we are questioning the integrity not of the vet but of the Ministers from whom we had to drag this information out bit by bit?

Mr. Bradshaw: It did not have to be dragged out from me. As I said, as soon as I was aware of the report, I put it into the public domain. I am afraid that the hon. Gentleman, for whom I usually have quite a lot of time, falls into the same trap as the hon. Member for Maidenhead and some of the media by misquoting not only Mr. Dring's report, but quotes in this House by my ministerial colleagues. The Secretary of State did not describe the Dring report as merely "musings", and I suggest that the hon. Gentleman check his facts in *Hansard* before misquoting hon. Members.

[Mr. Bradshaw]

I want to say something about endemic diseases. Again, the Government's record shows that we can get those under control, as is illustrated by BSE, which is now in sharp decline. From a peak of more than 37,000 clinical BSE cases in 1992, there were 184 clinical cases last year. We hope that beef exports banned under the previous Conservative Government will soon be able to resume.

Brucellosis was confirmed in a suckler beef herd in Cornwall last month. The outbreak was detected early and dealt with swiftly, and has not affected our officially brucellosis-free status within the EU.

Bovine TB is perhaps the most difficult animal health issue that we face. We recognise the distress and hardship to those whose businesses are placed under restriction, but there are no easy answers. This is a complex disease, and many of the scientific issues associated with it are poorly understood. However, the Government are determined to tackle the problem by working in partnership with farmers, vets, wildlife groups and others.

There have been increasing calls by some for a policy of badger culling. The finding last year that reactive culling increased the number of TB breakdowns in cattle, compared with control areas, illustrates the need for caution. As I have said before, the Government are prepared to consider a badger-culling policy, but not in the absence of robust scientific proof that such a strategy would help.

Mrs. Browning: The Minister must be only too well aware that that work has already been done in the east Offaly projects in the Republic of Ireland.

Mr. Drew: No!

Mrs. Browning: Yes, it has. I took a briefing from the chief vet there only last year on the follow-up to the projects. Why has the Minister not gone to Ireland and listened to what the Irish have done?

Mr. Bradshaw: I have regular contact with my Irish colleagues, and if the hon. Lady had taken the trouble to ask them, she would have received the answer that the report has not yet been published. As soon as it is, we shall respond to it.

Mr. Drew: I thank my hon. Friend for giving way, and I apologise for my sedentary intervention. The problem with the Irish experiment is that it is not underwritten by any scientific rationale. That makes it highly defective, but we will learn that lesson. Given that my hon. Friend seems to have spent an awful lot of time answering questions from the hon. Member for North Shropshire (Mr. Paterson), who is unfortunately not with us today, would it not be helpful, in addition to considering the Select Committee report, to bring hon. Members in to look at the latest scientific evidence on bovine TB? I am alarmed that those on both sides of the debate seem to want to push it in a direction that is not underwritten by science. Does my hon. Friend agree that the only way to get on top of this disease is to use the science in a satisfactory way?

Mr. Bradshaw: As usual, my hon. Friend speaks very good sense, based on a wealth of experience. He might be interested to know that, on a number of occasions, I have offered a specialist briefing to the hon. Member for North Shropshire, but he has so far not taken up the invitation.

Andrew George: I am grateful for the Minister's forbearance and I entirely endorse the comments of the hon. Member for Stroud (Mr. Drew). The Minister said earlier that it was absolutely paramount that biosecurity measures should be put in place and that his Department placed a high priority on that issue. What priority does it place on fallen stock, in respect of the animal by-products order? When we debated the order in Committee on 15 September last year, he told me that he hoped that the fallen stock collection scheme that the Government were planning would be up and running in time for the new year. In a written answer to me on 12 January, he said:

"We hope to be able to make an announcement on the start date shortly."—[*Official Report*, 12 January 2004; Vol. 416, c. 495W.]

In fact, the scheme might not be in place until the autumn, at the earliest. What does that tell us about the priority being given to this important matter by the Department?

Mr. Bradshaw: I regret that the scheme is not already up and running. It is not exactly hot news that it is going to be delayed until the autumn; an announcement was made to that effect about a month ago. The hon. Gentleman will be aware that we encountered a number of problems getting the agreement of the industry on the levels of charges for the different sectors and different sized holdings, for example. We also encountered specific problems relating to sheep fleeces, among other problems, which needed ironing out. The delay that we are facing does have the support of the industry, and I am confident that the scheme will be up and running this year.

I need to say a little about plant health, because the hon. Member for Maidenhead addressed that issue in her speech. This country's record on protecting Britain from plant pests and diseases is an excellent one. The high level of UK expertise in this area, both in terms of the quality of scientific input and the effectiveness of on-the-ground inspection and enforcement is widely recognised. Indeed, that recognition has been acknowledged in the National Audit Office report, "Protecting England and Wales from plant pests and diseases", which also noted the country's good record on containing and eradicating outbreaks.

Clearly, the best first line of defence is to keep pests and diseases out, and again the UK's record is good in that regard. But without a complete ban on trade it is not possible to prevent totally the entry of pests and diseases, and even then some will make their own way here. The plant health service's ability to respond rapidly to outbreaks is therefore vital. As my hon. Friend said, the response to last year's outbreak of potato ring rot in Wales was widely acknowledged in both Government and industry circles as textbook, and was illustrative of the professionalism of DEFRA's plant health service.

Current and recent challenges, such as potato ring rot last year and the fungal disease phytophthora ramorum—sudden oak death—have highlighted the

need for close collaboration between Government and growers. The potential impact of phytophthora ramorum on some of our native and non-native trees and other ecologically important species is a particular concern. As soon as the link between the strain found in Europe and the US was established, by a Forestry Commission scientist, the UK was instrumental in securing an EU co-ordinated approach to tackling the disease. I have heard it said several times that the disease continues to be imported into this country. However, the majority of the findings confirmed so far are of UK origin. That is why, at the end of last year, in addition to the EU measures, I agreed a 50 per cent. increase in resources devoted to the detection of the disease and research.

Although it is still too early to be certain, our strategy appears to be working. Comparing the first three months of 2003 with 2004, the number of new outbreaks has dropped by 67 per cent. The first major Forestry Commission phytophthora ramorum woodland survey has also recently been concluded. The disease was not found during the survey of 1,348 sites visited across Great Britain. That is encouraging news but we still have a lot of work to do. I have seen for myself in California the devastation that this fungus can cause. It is imperative that we gain a clear understanding of the potential impact here, and in the meantime that we continue to take a precautionary approach. I am very conscious that that is creating difficulties for those affected in a number of areas. I am grateful for their continuing co-operation and understanding. For the Government's part, we will do our best to work with those concerned to ensure that the impact on their businesses of any necessary action is minimised.

The hon. Member for Maidenhead had something to say about money. I was pleased about that. I shall give her a couple of examples comparing spending on this area now with spending under the previous Government. The total DEFRA spend on veterinary research in the last year of the Conservative Government, 1996–97, was £24,240,000. In the last year for which we have figures, 2001–02, it was £37,576,000. That is a huge increase, of 54 per cent. Similarly, with regard to resource allocation to the state veterinary service, the spend back in 1995 was £1.1 million, compared with £1.445 million now. I cannot do the maths off the top of my head, but that seems to me to be a 20 per cent. or 30 per cent. increase. Again, that is a huge increase in the Government's commitment to tackling the issue.

Back in February, I wrote to the hon. Lady asking her about her financial commitment not just to this area of policy but to DEFRA as a whole. As we all know, her colleague the shadow Chancellor announced that only education and health would be protected in terms of spending in the first two years of the next Conservative Government, and that the cut that would have to be inflicted on DEFRA was equivalent to about £140 million. I sent that letter on 18 February, and I still have not received a reply. Perhaps when her colleague sums up at the end of today's debate, he might outline for the benefit of the House exactly where the Tory cuts on plant and animal health will fall.

If one goes through a list of all the potential plant and animal diseases, and their prevalence in this country, the rest of Europe and other parts of the world, one sees that we have a much better record on plant and animal health than is generally assumed because of the major problems caused by BSE, foot and mouth and bovine TB. On plant health, we have one of the best records in the world. Diseases or pests that are common or endemic elsewhere, such as Colorado beetle, potato ring rot and thrips palmi are rare or absent here.

Animal diseases such as rabies, swine fever, avian flu and brucellosis which are endemic or cause regular problems abroad are absent from this country today. In fact, contrary to what is said in the motion, there has been a positive trend despite a massive increase in trade. Activity to eradicate animal diseases has continued over the last 40 years under successive Governments, and foot and mouth, classical swine fever, brucellosis and Aujezsky's disease, for instance, are no longer endemic here. Any incursions of disease have been dealt with effectively to maintain our disease-free status.

The foot and mouth outbreak in 2001 was brought under control in record time, and measures are now being taken on the basis of recommendations made by the Anderson and Royal Society reports. We are working with the farming industry to tackle tuberculosis in cattle, a problem that we share with a number of other countries including Ireland, the United States and New Zealand. We have also developed, for the first time, an animal health and welfare strategy, so that we can learn from the problems we have experienced and from best practice abroad.

Mrs. May: Will the Minister give way?

Mr. Bradshaw: I am sorry, but I am about to finish my speech. The hon. Lady had an opportunity to intervene earlier.

The strategy will help producers to improve and protect their animals' health. It will provide incentives for good practice, and it aims to make the balance of the cost between producer, consumer and taxpayer more equitable if problems do occur.

Against that background, I urge the House to reject the motion and support our amendment.

4.16 pm

Mr. Roger Williams (Brecon and Radnorshire) (LD): First, let me draw attention to my entries in the Register of Members' Interests in relation to livestock farming.

I am pleased that we have the opportunity to debate these issues today, as too often we have been prevented from doing so. My hon. Friend the Member for St. Ives (Andrew George) has frequently chided the Secretary of State for treating the House as a notice board rather than as a debating chamber where we can scrutinise Government policy, and perhaps contribute to making it more beneficial to the British agriculture industry. I would go a little further: I think that DEFRA does treat the House as a notice board, but often it has no messages to put on the notice board.

The farming industry finds it very difficult to plan for the future when so little information is given to it. We are still waiting, for instance, for information on tenants and new entrants in the mid-term review of the common agricultural policy. They are the most vulnerable people in the industry. The over-30 month scheme seems to

[Mr. Roger Williams]

have disappeared over the political horizon, and if we had to depend on the Government for the fallen stock scheme the stock would remain fallen on the farms, which would cause a great problem for everyone.

Mr. James Gray (North Wiltshire) (Con): Thank God for the hunts.

Mr. Williams: Yes!

Bovine TB is getting out of hand. It is spreading across the country at an alarming rate. What causes farmers the most distress, though, is the Government's inactivity and lack of resolution.

Mr. Martlew: I do not disagree with the hon. Gentleman about the spread of bovine TB. In Cumbria we were exempt, but when we were "killed out" after foot and mouth we imported cattle with TB from the south-west. It was not badgers that spread the disease in our area.

Mr. Williams: I do not think we have yet resolved the question of whether TB is always spread from bovine to bovine, or from wildlife to bovine animals. Part of our concern is the need to get on and do the fundamental research that is so important. As the Minister said, we must make decisions based on sound science. If we start to base them on knee-jerk reactions, we will probably end up in a worse situation than at present. The hon. Member for Carlisle (Mr. Martlew) made a good point on the movement of cattle. We are considering the consultation document on TB and will have something to say on pre-movement and post-movement testing.

The Government seem to have no confidence in themselves to deal with a number of the issues, and as a result, the industry has no confidence in the Government. That is a poor base on which to establish a sound and realistic approach to preventing disease from entering this country, and to stop the spread of disease if it does enter the country and take hold.

Of course, I accept that the Government have had to start from a very weak base. It was the Conservative Government who closed veterinary investigation centres and presided over the closure of veterinary departments in universities. Had it not been for work done by my predecessor, they would have closed the veterinary department in my university, Cambridge, but luckily, that survives. They also centralised the state veterinary service and reduced the number of vets involved in it, and I shall come back to that. As the Minister said, when this Government took over, the contingency plans in place were often incomplete, inadequate or incomprehensible to read, and they were of no use in dealing with diseases when they occurred.

Much mention has been made of the problem with imports, which is fundamental. I am sure that farmers' and the agriculture industry's trust in the Government would be enhanced if the Government were much more open about the importance of import controls. We can hardly hear them speak about import controls without their then going on to talk about biosecurity in the farming industry. Farmers accept that, but they would also like to see a much more open, definite and strong voice when the Government talk about import controls.

Some 18 months ago, I spoke in support of a ten-minute Bill in the House that asked that import controls be put in the hands of one agency. I was therefore very encouraged when the Secretary of State for Environment, Food and Rural Affairs announced one day that that would happen, and that controls would be put into the hands of Customs and Excise. That is the right move, but I do not know if it has achieved as much success as we would have liked. The sheer quantity, as the hon. Member for Maidenhead (Mrs. May) pointed out, of illegal meat that comes into this country makes it almost certain that at some stage we will get an exotic disease that is either infective to animals, whether to domestic animals or wildlife, or is a zoonotic disease—one which spreads to human beings. All the public uproar that we had over BSE and foot and mouth would be as nothing compared with the public uproar if a disease came in that affected the human population.

Mr. Russell Brown: I thank the hon. Gentleman for giving way, because I tried to intervene on the hon. Member for Maidenhead (Mrs. May). Much is said about import controls, and I wholeheartedly agree that despite what we have done, we need to toughen them up. Much emphasis is given to what the United States does, but I point out to the hon. Gentleman and the hon. Lady that what we have seized in this country is only a fraction of what they have seized in the United States. We say that that country has a good system, but it seizes literally hundreds of thousands of kilos. That seems to be forgotten.

Mr. Williams: The hon. Gentleman makes a good point, but there is a huge market in ethnic foods in this country, which contributes to the scale of the problem.

I have visited Heathrow, through which, as the hon. Member for Maidenhead said, more than 60 million people a year pass. That is an enormous number of inspections to carry out. We will never tackle this problem if we attempt to do so on a random or lottery basis, and greater emphasis must be placed on an intelligence-driven system. The people involved in illegal meat imports are often the same people who are involved in narcotic and drug imports. They see the former as an almost equally profitable business to be in, but without the great danger of being apprehended, and with virtually no danger of any punishment if they are caught.

In addition to an intelligence-based system, we want magistrates and judges to be given more training in the nature of this offence, and to be made aware of the severe consequences if illegal meat imports continue. The best deterrent of all is a very stiff sentence. We look to the courts and the training systems to ensure that that issue is addressed.

Mr. Kidney: I missed the hon. Gentleman this morning at Windsor Great Park—*[Interruption.]* I was there and he was not. He is making some very constructive suggestions in respect of illegal imports, but will he distinguish—as I asked the Minister to do—

between such imports and legal commercial imports conducted through import posts, at which the inspections are thorough and reliable?

Mr. Williams: I am not sure that I understand the hon. Gentleman. If he is talking about commercial meat imports into this country that come through recognised ports and which are declared, I take his point. We still have a problem with beef imports from south America, for example, where foot and mouth remains endemic. We import from areas that are "foot and mouth free", and we depend very much on the work done in those countries to ensure that meat is sent there with a credible assurance that it is free of foot and mouth.

One of my concerns is that when cargo consignments enter this country, they are often labelled as consolidated, with no indication given of what might be in the container or package. Clive Lawrence—he has been mentioned before—points that out as a great weakness in the system. It would be of great help at airports and seaports if full details of the contents of imports were given on containers.

Mr. Drew: The problem with the debate about illegal imports—and legal imports, as my hon. Friend the Member for Stafford (Mr. Kidney) alluded to—is that it is not as straightforward as it appears. The EU has been in dispute with the US for countless years about hormones in beef, and in my view the EU is right; indeed, I had an argument with my noble Friend Lord Rooker about whether such opposition is legitimate. The situation is not as straightforward as "Illegal imports bad, legal imports good."

Mr. Williams: I take the point that the situation is more complicated than that.

I shall have to gallop through the remainder of my speech if other Members are going to contribute. My hon. Friend the Member for St. Ives raised the subject of foot and mouth and Mr. Dring's report in the House on 11 March, and he wrote to the Secretary of State on 17 March. My party is no longer calling for a full public inquiry into foot and mouth because we believe that the time for such an inquiry has passed, and the expense and various organisational problems involved in having one are not justified. Things have moved on, the reports have been produced and vaccination is obviously going to play a bigger part in combating any future outbreak. However, Mr. Dring's comments do bear further investigation. We need to look into what happened at the Waugh farm, and why the problems were not dealt with sooner, and perhaps the licence revoked.

BSE is a classic case of our not addressing the fundamental science. We still do not understand the nature of the infective agent. We do not understand entirely how it spreads from bovine to bovine or whether it is also found in ovine animals. Equally, we do not know with any certainty how it spreads from cattle to human. That has resulted in huge problems of expense. No one who has had a blood transfusion since, I think, 1980 can donate blood, because we did not understand then and we do not understand now. Investment in fundamental science is always cost-effective for the nation, because it allows us to make decisions with certainty rather than guessing.

Has the Minister fully investigated the problems of developing an effective vaccine for tuberculosis? Is it being held up by financial considerations, or by the fact that it takes a number of generation times to do the development work—or are we simply not putting enough pressure on the research establishment? Very difficult decisions will shortly have to be taken.

Professor Godfray's report said that Professor Bourne's recommendation not to continue with active culling was implemented too soon. That is a classic example of two different interpretations of the same evidence.

Mr. Bradshaw: There has been a lot of misunderstanding and misrepresentation of what Professor Godfray said about the abandoning of the reactive cull. Neither he nor John Bourne said, contrary to some press reports, that it was the wrong thing to do. They both said that, in terms of science, it would have been preferable for the cull to have continued, but given the fact that the independent scientific group found—Professor Godfray did not challenge this—that the reactive cull had increased the incidence of TB in cattle by 27 per cent. in the affected areas, both gentlemen understood why, politically, the Government could not possibly have continued with the cull.

Mr. Williams: If we consider the whole process of the Krebs trials, we see that several issues need clarification, either from the Minister or from his officials.

We are very pleased that the Environment, Food and Rural Affairs Committee is conducting another investigation of TB. I do not see the Chairman here today, but I urge the Committee to visit Ireland. There is a lot of discussion about whether the work being done there has the imprimatur of the peer review that is so essential to science, but the Committee should go there and scrutinise it, just to see whether it has any implications for the British situation, because there are a lot of similarities in relation to the countryside and the nature of our agriculture.

The outbreak of ring rot in potatoes was in my constituency. There was disagreement in the House about who was responsible for controlling it—the politicians or the officials. We should all have enough good grace to say that the person really responsible for ensuring that the disease did not spread was the farmer. We talk about biosecurity, and he had excellent records and could trace the path of every single potato that had left or entered his farm. I do not want to make the point again in great detail today, but Ministers refused my invitation to meet the farmer, John Morgan, who could explain the position to them. There is a man suffering huge financial losses, for which no blame has been apportioned. I believe that his position should be examined: it is a one-off, and if it had not been for his immaculate work in maintaining records and doing his job, the problem could have been a lot worse than it is.

I finish with a brief review of the veterinary service in Britain. The state veterinary service has been centralised and reduced: it is no longer as reactive as it was to local developments. The British Veterinary Association made contact with me today and asked me to ask the Minister how many times vets go out on livestock farms nowadays to examine the livestock itself. Not only is the

[Mr. Williams]

state veterinary service much reduced, but because the livestock industry has gone through difficult financial times, large animal practices are not as thick on the ground as they were. More and more of vets' work is connected with pets and small animals. Vets seldom go out to look at the stock on farms. Indeed, even during emergencies, few vets are available to treat large animals. I could provide many examples to back that assertion, if necessary. Will the Minister respond to my points about the state veterinary service and private veterinary practice? I reiterate my point about the importance of reflecting on what is happening in Ireland.

The Minister provided some evidence to show that the Government were spending more money on research, but we say that it is very well spent indeed, and if there is any more investment is to be made, it should be in the fundamental sciences, because in the long run, they will prove most effective in dealing with the problems that we are debating this afternoon.

4.37 pm

Mr. Eric Martlew (Carlisle) (Lab): I shall start by attacking the Opposition's logic in claiming that the Government's record does not bear looking at. I shall then gently criticise my Government for some of the things that they have not yet done.

It seems to be my lot to speak about agriculture. Over the years, I have tried to get away from it, but the reality is that I am in my place to talk about it again. In 1986, I was working for one of the largest dairies in the country when the nuclear disaster at Chernobyl took place, nearly closing the factory. To be honest, biosecurity would have had no effect on that particular incident.

It may be asked why I am bringing up events that happened in 1986. First, I remember that in 1986 the then Minister of Agriculture, Fisheries and Food—now the noble Lord Jopling—said that the matter was under control and that the problem would be solved in six months. However, farms—many in Wales and, I understand, some in my county of Cumbria—are still affected by radiation from Chernobyl. So nearly two decades on, we are still suffering from problems stemming from Chernobyl. The Government of 1986 allowed lamb contaminated with radiation to enter the food chain. When I became a Member of Parliament, I sat on the Agriculture Select Committee, which conducted an inquiry into that matter.

Shortly after that, I recall the problem of salmonella. It was a major issue because the responsible Minister and former MP, Edwina Currie, said that most British eggs were contaminated with it. That created panic in the country and meant the destruction of millions of hens. It took the industry years to recover and brought an end to a ministerial career. I recall debating the issues in the House and quoting Peter Rabbit—the Minister of Agriculture, Fisheries and Food at the time was John MacGregor, and it seemed appropriate.

Some people say that the problems caused by foot and mouth disease are of the same magnitude as those caused by BSE. They are not. The difference is that BSE has killed 140 people, including an 18-year-old constituent of mine.

Moreover, BSE was not imported, and did not come to Britain in someone's suitcase. It was manufactured in the UK, by the previous Conservative Government, who allowed a reduction in the rendering temperatures used on material going into food. I do not say that they manufactured BSE deliberately, but the problem arose directly out of that decision.

Today, the Opposition's criticism of the Government does not amount to very much, as an inspection of the motion makes clear. Some Opposition Members attending this debate were in the House at the time of the BSE scare, and some were even Ministers. In fact, I accept some responsibility too, as I was a member of the Select Committee that investigated the matter. We concluded that it was safe to eat beef, but we were wrong. It was not safe to eat beef at that time, but we did not know the science involved. Later, I was in a car on the way back from a by-election when I heard the then Secretary of State for Health admit to the House that BSE could be transmitted from animals to human beings. We must not think that BSE and foot and mouth are of equivalent seriousness, as the foot and mouth outbreak did not lead directly to any human deaths.

I want to say, by way of a gentle word to the Minister, that it is not a good idea to keep on saying that the 2001 foot and mouth outbreak was the largest in Europe, or the world. I do not think that this Government, or any other, could have tackled it any better, but the truth is that they did not tackle it very well. I am sorry that my hon. Friend the Member for Dumfries (Mr. Brown) is not present, as the foot and mouth outbreak was tackled well across the border in Scotland. The problems there were far smaller than in England.

I represent Carlisle, so I was at the epicentre of the outbreak. It was not very pleasant, and I accept that the problem went far beyond the loss of animals. A whole way of life was lost, and many people lost their life's work. That was very distressing.

My constituency is mainly urban, and I live in the centre of it. However, I could smell the meat singeing on the pyres all around. I vowed that we should never have to go through that again—in my constituency or anywhere else.

Part of the problem in tackling the outbreak stemmed from the fact that the previous Conservative Government had reduced the number of veterinary surgeons. If another outbreak occurred today, we would not have enough vets to deal with it. I suggested, during the 2001 outbreak, that we should establish the veterinary equivalent of the Territorial Army. Under that plan, we would have vets in reserve who could be called on in emergency. I am not sure that we have done that.

My biggest criticism of the farming industry and the Government—and the Opposition too—is that, both during the outbreak and since, everyone has avoided tackling the question of vaccination. I do not believe that we can make the country's borders secure. In 2001, the foot and mouth epidemic caused the general election to be delayed. If people wanted to create panic in this country, all they have to do is import the foot and mouth virus. That would be bioterrorism, and it could happen.

In such circumstances, it would not matter how many sniffer dogs we had at our ports. I remember asking my hon. Friend the Minister for the Environment, the hon.

Member for Scunthorpe (Mr. Morley), who in 2001 was Minister for Fisheries and the Countryside, if he knew the names of the only two dogs that we had. For the first time in my experience, he was not able to answer the question. In reality, our borders will never be secure. Although I agree that we should try our best to make them so, there will always be the chance of disease coming into the country. That is why I believe that we should make sure we never have foot and mouth again by introducing routine vaccination. It is sad that this country—under the previous Government, though I do not blame them for that—persuaded the rest of Europe away from vaccination. Unless we introduce that as policy, we will, sooner or later, have another outbreak of foot and mouth.

Mr. Kidney: We all hope that there will never be another outbreak of foot and mouth disease, or that if there is, it is as long until then as the last one was from the one before. Vaccination is important, but when we considered it at the height of the last outbreak, retailers would not accept it for meat to be sold and we thought that the public would not buy meat if animals had been vaccinated, which was the justification for the retailers' decision. Does my hon. Friend agree that we should now be raising awareness and winning minds about vaccination for the future?

Mr. Martlew: I totally agree. The company that runs the dairy where I used to work threatened to close it if we introduced vaccination, because it believed that the product would not be acceptable. That was nonsense. We need only to think of the number of other things for which animals are vaccinated. It was a panic reaction by the retailers. Even so, people in Cumbria practised on oranges—that is how close we came to vaccination. In the end, the National Farmers Union decided that it was not a good idea, although I suspect that most farmers in the area thought that it was. We have to take the opportunity now when there is no panic to get retailers, wholesalers and the industry to accept vaccination. It will be too late once there is another panic, as my hon. Friend says. Vaccination is the way forward.

The hon. Member for Brecon and Radnorshire (Mr. Williams) mentioned a vaccine for bovine tuberculosis, and I agreed with what he said. About 12 years ago, I tabled a parliamentary question asking why we had not developed a vaccine for that. We have had one for human TB for 50 or 60 years. The answer was that research was going on, but that a vaccine was a long way in the future. Twelve years is a long time into the future, and I do not think that the issue has been given enough priority. One reason for that was that everyone hoped it would go away. It will not.

Unless we have a vaccine, some difficult decisions will have to be taken. On one side, the farming community will rightly want to protect stock, and the Government will spend millions of pounds paying them compensation. On the other side will be the animal welfare people. It is a delight to see a badger in the wild. Any Government who underestimate the effect of carrying out a major badger cull are deluding themselves. I hope that we shall work hard on a vaccine. If the problem is resources, perhaps we should switch them from somewhere else, because that would save money in the long run.

I will conclude because I notice that a lot more people want to speak than I had expected. The Opposition had no right to table their motion because their record does not stand looking at. That is true on how they responded to Chernobyl, on salmonella and, especially, on how BSE started in this country, not just affecting farm incomes and animals, but affecting humans. Even now, it is unsafe for the vast majority of us to give blood because of BSE under the previous Government. Foot and mouth taught us a lesson, although I am not sure that the Government have learnt it totally.

I have explained my particular solution. It does not worry me that we might have an outbreak of foot and mouth disease tomorrow. We know what to do because we have just done it. People will be put in place and it will be sorted. What really worries me is if we have an outbreak in 15 or 20 years, by which time the lessons will have been forgotten and some community will suffer as mine did.

For those reasons I will support the Government today, but I am concerned that they have not learnt all the lessons from the foot and mouth outbreak.

4.50 pm

Mr. Adrian Flook (Taunton) (Con): So far there has been much discussion of the foot and mouth outbreak of three years ago, but I should like to address a specific problem that is current and is getting worse, and that is bovine tuberculosis. Large swathes of my constituency are already affected and infected. That is true also along much of the Somerset and Devon border. I am sure that my colleagues who are here today will also wish to comment on bovine TB.

Nationally we are aware that the problem is getting worse. In the past year there have been 18 per cent. more incidents and 20 per cent. more cattle have been culled. It is quickly becoming, not an endemic disease, but an epidemic. On several occasions the Minister has rightly acknowledged that there are a number of difficulties. The Government have published a strategy, imposed further measures to stop the spread from cattle to cattle, although some of those worries are much exaggerated, and have discontinued trapping badgers in reactive areas in the Krebs trials.

It is probably worth spending a few moments on the costs of those trials. They have already cost tens of millions. Compensation paid to farmers is increasing dramatically from just over £3.5 million four or five years ago to £31 million in 2002–03. My hon. Friend the Member for North Shropshire (Mr. Paterson) has done a lot of work, and as we know, asked a lot of questions on this subject. He has ascertained the sum that could well be spent. According to a Department for Environment, Food and Rural Affairs report, "Preparing for a new Strategy on Bovine TB", it would appear that over the next eight years we could well spend £1,000 million on just trying to contain, and not even beat, bovine TB. That figure does not measure what will have to be spent by farmers themselves, so the total figure will be in excess of £1,000 million.

The hon. Member for Carlisle (Mr. Martlew) is concerned and in an intervention mentioned cattle to cattle spread. It appears from a demonstration from reactive areas that the Government are doing only half their job. We know, to put it bluntly, that if we remove

[Mr. Adrian Flook]

infected cattle but leave behind the source of the infection, which is arguably now proven to be the *badgers in large areas of my constituency, the problem* remains. More cattle become infected. That does not make sense.

My constituency has "no cull" areas, centred around Huntsham in Devon and in Ashbrittle, Chipstable, Skilgate and elsewhere in Somerset. It also has a proactive Krebs area centred on Hawkridge, which includes Dulverton, Winsford and Withypool—all mainly on Exmoor, as the Minister will no doubt know. The reactive area was centred around the Brendon Hill and Brompton Regis area. As it has been abandoned now, there are at least 40 farmers in my constituency who are impacted. In short, the cessation of the Krebs reactive badger cull has not removed the infected badgers; they are allowed to roam around. Being weak and suffering from a disease effectively means that they are moving into other areas. In that way more and more farmers are being impacted. The Minister gave the order to stop the reactive trials because, he said, there had been an average 27 per cent. increase in the number of cattle herds that had been infected in the trial areas—but the numbers ranged from 3.5 to 53 per cent. That is even worse than the spread to clean farms in the no badger cull areas. The implication was that the reactive cull had spread the weaker badgers infected with TB even further afield.

Christopher Thomas-Everard and his son have a farm in my constituency, and the Minister will probably have heard of them. They have made a detailed study of the issue. In 1979, only 0.1 per cent. of herds in the UK had TB, although the figure was 0.5 per cent. in the south-west. The disease was nearly eradicated, but now 40 per cent. of herds in the hotspot area of west Somerset in my constituency cannot sell any cattle because they have TB. There are now 20 parishes in west Somerset with TB, as opposed to one a few years ago. In Cornwall, Devon and Somerset, the incidence of bovine TB in clean herds has gone from 403 in 2000 to 1,240 in 2002.

How was the disease introduced to west Somerset? Some people believe that it was brought in when some Animal Liberation Front activist moved TB-infected badgers from Chagford, near Dartmoor, on to Exmoor. There is good evidence for that, but the problem is now well out of control. One of the saddest aspects, for those of us who care about animal conservation, is that the massive rise in the incidence of the disease has meant that lots of badgers have died, cattle have to be slaughtered before time and farmers have to put in great efforts to make the testing work.

The hon. Member for Carlisle made an impassioned plea for a vaccination. It is clear from Professor Godfray's report, and recent parliamentary answers, that there is no prospect of a vaccine being developed in time to save the Minister from having to make difficult decisions. However, given the amount of money being spent, someone in the Treasury may make the decision for the DEFRA Ministers.

We could do more to improve matters now, such as introducing gamma interferon testing. It would be interesting to hear the Minister's views on that. I am told that DEFRA completed a feasibility study in 2001, three years ago, but we still have no word on when the tests will be available for wider use. The Government have not published a progress report on their strategy to tackle TB in cattle since January 2001, and the Minister says that he is consulting—yet again—until June 2004. *Farmers are not being helped. We need to use today's* knowledge and sound science, and the Government must get a grip on what they intend to do and do it, instead of just consulting.

One option is to introduce "clean ring" testing of badgers in TB areas. We could also explain, without emotive use of language, that TB is a badger disease as well as a cattle disease. It has horrible effects on badgers as well as cattle and we need to do something about it, for the sake of the badgers and not just for the sake of cattle herds. We also need to provide a reliable TB test that does not show so many false positives.

The Government have failed to address many of the real problems of bovine TB, not only in my constituency but in the whole of the south-west. They have let down the very people they are there for—the British farmers—and caused unnecessary suffering to many animals. When the broader population find out—I have many urban constituents—that the problem has and will cost taxpayers a fortune, they will be very annoyed with the Government, and rightly so.

5 pm

Mr. David Kidney (Stafford) (Lab): Thank goodness, I have the opportunity to explain my presence in Windsor Great park this morning before a story gets out involving a scandal and the allegation that I met the hon. Member for Brecon and Radnorshire (Mr. Williams). This morning saw the launch of a campaign by the Ancient Tree Forum and the Woodland Trust for greater recognition and protection of ancient and historic trees. Given that this country has about 80 per cent. of Europe's ancient and historic trees, we bear a pretty heavy responsibility. I shall return to that subject on a more appropriate occasion.

I wish to refer to the foot and mouth outbreak two years ago. It was a most distressing time. I remember the day that I went to my local district veterinary office in Stafford. Along with the Army and the veterinary service were vets who had been brought in from all around the world to help. I met a vet from New Zealand, a Spanish vet and a South African vet on that day. It was a Sunday, but the place was teeming with people trying to get on top of the outbreak. I also met many farmers and none greater than John Lewis, who was there to liaise between the veterinary service and local farmers. He was rightly recognised in the Queen's honour list for his work during the outbreak. I saw all the heartbreak and upset, but I also saw the closed countryside and the businesses involved in catering, leisure and tourism that suffered too. That is how serious the problem was.

We all hope that such an outbreak will never happen again, but how realistic is that hope? We clearly need to plan just in case it ever happens again. One of the lessons learned from the outbreak that appeared in the Anderson report was that it is one thing to write a report afterwards and draw up a contingency plan but, if there is no outbreak for years afterwards, that plan will become out of date. The contingency plan that was dusted off two years ago from the great outbreak in the 1960s in Staffordshire and Cheshire proved to be a waste of paper.

The crucial differences are that a notifiable disease was not notified on the latest occasion and the great increase in the number of, and speed at which, animals are transported around the country. Who knows what the great differences will be in the next outbreak? It is important that we keep contingency planning up to date, and DEFRA has at least made the commitment that it will do that.

Mr. Huw Edwards (Monmouth) (Lab): On contingency plans, I am sure that my hon. Friend will wish to acknowledge the work that is being undertaken and is being co-ordinated by DEFRA that will culminate in June in Operation Hornbeam. It is a massive contingency simulation exercise.

Mr. Kidney: I am grateful to my hon. Friend for reminding me of that fact and how important it is. He is right to say that we must ensure that contingency plans are up to date by carrying out operations from time to time.

On foot and mouth, I agree with my hon. Friend the Member for Carlisle (Mr. Martlew) about the vaccine. If an outbreak took place tomorrow, we know from the contingency plan that there would be an immediate stop to transportation and to exports. We know that the countryside would not all be closed, but it would be selectively closed. Crucially, we also know that cattle would be culled again. That is still the official policy of the Government and this Parliament, and we are not going to disagree with the Government. A future outbreak will be controlled by a cull. If we want to do something different, it is important that we have the debate, provide the education and engage in awareness raising and the winning of minds between now and the next outbreak. That is an important issue for us to deal with in future.

I shall deal next with illegal imports. Perhaps I can elaborate now on my interventions about border import posts. I have had many meetings with local farmers in my constituency and they often raise the issue of illegal imports of meat. It is extremely important to them. Whenever I mention border import posts, it is clear that many people do not understand that there is a system that works effectively in respect of the proper commercial import of food into this country. As far as I am aware, no one questions the effectiveness of that system which, let us remind ourselves, is multi-agency, involving trading standards, Customs and Excise, immigration, Home Office and so on. Between 20 per cent. and 50 per cent. of the whole delivery of meat is inspected for quality on each occasion. That is why I say that the system is substantial, reliable and, as far as we can tell, robust. It is an important message of reassurance to our public that there is a system and it works.

We are focusing today on an area where things may not work as well as they should—that is, illegal imports, which cover a wide range. There are the personal imports by people coming into the country. I have stood in the arrival lounge of an airport and seen the flood of people coming off an aeroplane. If we stopped them all in a queue and searched each of them and their luggage, there would be a total breakdown of travel by air. I have stood on the ground at the port at Dover and watched a ferry unload all its vehicles—cars and lorries—which have all come past me in a great rush. Again, if we stopped and inspected each of those, there would be a total dislocation of travel and trade in this country, so those are not realistic solutions.

Part of the solution must be the collection of intelligence and risk assessment, to pick out the people and vehicles that need to be stopped and searched. I wholeheartedly agree with the hon. Member for Brecon and Radnorshire (Mr. Williams), who spoke for the Liberal Democrats, that when we catch people who are breaking the law in that way, they must go to court and they must be severely punished. We need to make sure that that message gets back to everybody else as a deterrent. If the courts are letting us down on the sentences, I do not see how we can say that is the Government's fault. We in this place must raise the awareness of judges that they are letting the country down with lenient sentences.

As a footnote to this part of my contribution, I point out that about two years ago, before the new strategy for controlling illegal imports, including the transfer of responsibility to Customs and Excise, was put in place, the Department for Environment, Food and Rural Affairs organised a seminar for Members of both Houses to discuss the best policy for illegal import controls. Measures that my hon. Friend the Under-Secretary of State for Environment, Food and Rural Affairs described as successes have been adopted since that seminar. I do not say that hon. Members like me who attended that meeting contributed all the good points that became Government policy, but it would be good of the Government to acknowledge that others contributed to the development of their policies that have been successful.

I agree with hon. Members who asked today why there cannot be similar input from us on TB. I remind the Minister that two debates ago on bovine TB in Westminster Hall, I suggested to him that a seminar would be a useful part of the process of developing his new strategy, and he agreed to hold such a seminar. I hope that that will take place soon.

I have one last point to make on the effectiveness of our immigration controls for meat. It is anecdotal, but hon. Members tend to judge issues by their casework, do they not? I never had a complaint about illegal imports of meat from an illegal importer before we passed over responsibility to Customs and Excise, but since we did so, I have had two complaints of excessive attention to duty by Customs and Excise in seizing meat from constituents of mine—one case involved a car coming into the country by ferry at a port, and the second, a minibus coming by ferry through Dover, when every one of the minibus passengers had their luggage searched and illegal meats seized from them. That is anecdotal, and perhaps other hon. Members can say whether they have had similar experiences. At least it shows some evidence of the effectiveness of the new policy.

My final contribution to the debate is on the subject with which the Minister began his contribution—animal health and welfare. He mentioned that later this year the Government's strategy on that would be developed. I agree with him about good animal husbandry, and biosecurity is a fundamental building block of security for the future of the country's animal welfare. Will there

[Mr. Kidney]

be legislation to underpin the strategy? It is understandable that the House is clamouring for more controls, but will that lead to more regulations that place more burdens on farmers, who are hard-pressed to deal with current regulations? I would hate to think that, with the best of intentions, hon. Members might impose on farmers new burdens that they could do without.

Let me share with the Minister my view of the solution. The more we can move towards a whole farm approach, the better. I know that we have tried a little bit in that context with regard to payments and audit, but we should view the whole farm as a unit for animal health and welfare assurance, including the inspection that goes with such an approach and with regard to risk assessment. Perhaps we could use new legislation to say that we are lifting burdens away from farmers while establishing new and better practices for the future. I hope that that is a constructive suggestion that I can leave with the Minister.

5.11 pm

Mrs. Angela Browning (Tiverton and Honiton) (Con): I should like to begin with a point about which I intervened on the Minister. Other hon. Members have mentioned veterinarians, and I wish to reiterate the genuine concern that exists about the number of vets available whose training is based on farm animal welfare. As we have heard, many vets today decide to specialise in companion animals, which means that fewer of them have farm animal experience of the sort that the Department needs to call on when there is a crisis such as foot and mouth.

I repeat to the Minister that there is clear evidence—I am sure that the Royal College of Veterinary Surgeons has spoken to him, and if not, I am sure that it would do so—about the fact that the training of qualified vets in other EU countries does not concentrate as much on farm animal husbandry in its course and syllabus as our own veterinary qualifications.

This is not an issue of knocking people from European countries who come to work as vets in this country, as they are clearly entitled to do; it is about looking at the resource of qualified veterinarians who have the expertise that might need to be called upon in an emergency. One of the lessons that was learned from the last foot and mouth disease outbreak was that many retired vets who were living in the community could have been called upon and would have brought to the situation not only their expertise as veterinarians, but a valuable resource that was clearly needed during the foot and mouth crisis—local knowledge. That would have helped vets who were called in from throughout the country to assist.

I raised the issue of security at ports and airports on several occasions during the passage of the Bill that became the Animal Health Act 2002, as I served on the Committee that considered that Bill. The Government have made some gestures, but I am not happy in my mind that these matters are clear in practice. There is a paucity of people coming before the court to be tried and convicted, and we have heard about the rather laissez-faire attitude of the people who sit and hear the very few such cases that do come before them.

In 2002, I tabled a written question asking the Secretary of State

"what plans she has to introduce amnesty collection bins for food products at UK air and seaports."

The reply stated:

"We are currently consulting the Home Office, the Department for Transport, HM Customs and Excise, and the relevant ports and airports . . . on . . . amnesty bins or equivalent measures".—[*Official Report*, 5 November 2002; Vol. 392, c. 228W.]

I do not travel abroad widely or extensively; as the Minister knows, I live in God's own county, and who would want to travel abroad when they live in Devon? None the less, I do so occasionally, and I think that in the past year, I have visited Canada and two or three EU countries.

Mr. Russell Brown: What about Belgium?

Mrs. Browning: I have not visited Belgium; a little shiver just went through me.

The provision at Dublin airport was implemented as a direct response to our foot and mouth problem in the UK, and the airport lounge contains not only amnesty bins, but a veterinary office. Other countries perceive the issue in that way, and I would like an update from the Minister on illegal imports, which other hon. Members discussed today, and personal imports.

It is important that passengers on planes are asked to fill in a slip and declare what they have. When one enters the United States, for example, one is asked to tick a box. Dogs can deal with the problem without holding up passengers who are moving through airports, because they can sniff out imports without bags having to be opened and examined. More dogs should be involved, because they deal with the problem so effectively.

When the Secretary of State responded to the foot and mouth disease inquiry reports on the Floor of the House, she made a clear commitment, and it would be good if the Minister were to update us on why so few people are apprehended at our ports and airports. Are all ports and airports covered or are there gaps? What happens to people who arrive in this country by sea from the Channel Islands or mainland Europe? When one arrives at a major airport in this country—in particular, Gatwick and Heathrow—one sometimes does not see any officials, and I should like to hear more about that point.

I shall briefly discuss one or two specific animal diseases, on which I should like to hear the latest updates from the Minister. The Animal Health Act includes measures to rid our national flock of scrapie, which is a laudable aim that I support. When we debated the 2002 Act, however, the fact that scrapie is rife in eastern European countries was mentioned, and I discussed the matter with the Minister for the Environment. What will happen to our scrapie policy after 1 May, when some of those countries join the EU? It would be nonsensical to rid the UK flock of scrapie only to expose it to imports of breeding stock or meat—I do not mean that sheep eat sheep. What procedure will be implemented to protect the national flock from increased access to scrapie from eastern European countries?

On avian influenza and Newcastle disease, some hon. Members attended the British Poultry Council's lunch, at which Lord Whitty and Mr. John Maunder, who is

my constituent and the retiring chairman of the British Poultry Council, gave a presentation. In his address, Mr. Maunder mentioned that the council works with DEFRA on environmental matters and contingency planning for an outbreak of avian influenza or Newcastle disease. He said:

"The Plan is good and"

the industry

"will work within it. There are some aspects such as movement licences that still have to be finalised."

When will those movement licences be finalised to complete the protection against avian flu?

My hon. Friend the Member for Taunton (Mr. Flook) and several other hon. Friends mentioned bovine TB. When I was a Minister at the Ministry of Agriculture, Fisheries and Food from 1994 to 1997, I was aware of bovine TB, because, when I was elected in 1992, it had just spread down from Exmoor to affect the area to the north of my constituency. Bovine TB has now spread through my constituency, and it would be on its way into the Minister's constituency if the Minister's constituency contained any farms. The Minister will know from his knowledge of the geography of the south-west peninsula that bovine TB descended across Bodmin moor from higher moorland areas such as Dartmoor and Exmoor.

From 1994 to 1996, I could see the disease moving to other parts of the country, going round the corner to Bristol and up to the borders of Herefordshire and Worcestershire. The policy that we had put in place to deal with and control the disease appeared not to be working. I had many meetings to discuss the problem, including with the Irish Government, who had put into practice a cordon sanitaire. My boss—the Agriculture Minister—and I agreed to set up the Krebs committee because we felt that any dramatic change in policy had first to be assessed by an independent panel, then brought back to this House. However, the election and the change of Government intervened.

If the Minister really wants to stop the spread of the disease, which is rather different from containing it where it already is, will he consider what has happened in the Republic of Ireland? As I see it, the only option is to throw a cordon around certain areas where we can see that it is travelling up or—as in the south-west peninsula, where the Minister and I have our seats—down the country. Having held the office that I did for three years, I understand the problems and risks involved and realise that it is a hugely difficult call politically, but it is one of the options that he must consider.

Linked to that, it is well worth considering the work that is being done in the Republic of Ireland on vaccination. One of the things about research—I was always sensitive to this, as is the Minister, I am sure—is that scientists want to bid for those valuable pots of money, whether public or private, to follow their own interests in terms of what research might bring. However, we should not let the fear of duplicating effort preclude us from looking beyond these shores to where research is being done that might help to fast-track some of the solutions that we need, particularly in the difficult area of bovine tuberculosis.

5.22 pm

Mrs. Jackie Lawrence (Preseli Pembrokeshire) (Lab): My constituency is a large rural constituency, and I believe that we have approximately 1,800 farms in the whole of the county that is covered by my seat and that of my hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger).

I came to the debate intending not necessarily to take part but to listen to what the Minister had to say about several issues about which I have written to him—not least bovine TB. The title of the debate as it appears on the Order Paper is "Government's Record on Animal and Plant Diseases", and I was stunned that the hon. Member for Maidenhead (Mrs. May) made no reference to the impact of bovine TB or BSE on the farms in my area. That is a clear indication of how out of touch Tory Front Benchers are in relation to issues that affect my farmers. I am pleased that at least the hon. Members for Taunton (Mr. Flook) and for Tiverton and Honiton (Mrs. Browning) recognised the importance of bovine TB to farmers in west Wales, which is a large dairy area.

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): The hon. Lady is accusing Opposition Front Benchers of not being interested in bovine TB, yet the Minister repeatedly criticises my hon. Friend the Member for North Shropshire (Mr. Paterson) for asking questions on that subject, which he and the hon. Lady are right in saying is of enormous concern to farmers.

Mrs. Lawrence: If it was deemed so important, one might thought that a significant portion of the speech by the hon. Member for Maidenhead would refer to it, but anyone who was present would realise that that was not the case.

I want to refer to issues that have been brought to my attention by farmers in my constituency. Pembrokeshire and west Wales generally is a major dairy-producing area in the UK. Every time I meet farmers, they give me anecdotal evidence that the problem of bovine TB has increased dramatically in recent years. That was also reflected in the comments of the hon. Members for Taunton and for Tiverton and Honiton. Anyone who has anything to do with farming knows the devastating impact on farmers of finding out that they are personally affected—and I know that the hon. Member for Brecon and Radnorshire (Mr. Williams) had farming experience before he came into this place.

My hon. Friend the Member for West Carmarthen and South Pembrokeshire (Mr. Ainger) and I usually meet jointly with our local farmers, and we have written to the Government urging them to take action on this issue for west Wales farmers. I have to say that, in general, the response has been very positive. However, I would like to raise one or two points today. The first involves road-kill. One of the major issues raised by my farmers is the fact that so many badgers are killed on the roads these days. If there were a means by which they could be analysed to find out the extent of the incidence of TB, it would go a long way towards helping us to obtain the necessary scientific information. I was pleased to hear that the Minister had no objection to a cull based on scientific evidence. Our farmers are saying

[Mrs. Lawrence]

that there is a desperate need to pursue that information, and the examination of road-kill badgers could certainly help in that regard.

The issue of bovine TB is often seen in terms of a conflict between farmers and badger groups, but it should not be. The hon. Member for Taunton touched on this point. It is not an issue of conflict. It is in the badgers' and the badger groups' own interest to ensure that the issue is dealt with and that the badger population is kept healthy.

Mrs. Browning: I have found that one of the real difficulties is persuading badger groups that badgers are responsible for bovine TB. They are in denial about that, and although we present the evidence of diseased badgers, they do not necessarily accept the connection.

Mrs. Lawrence: The hon. Lady is absolutely right; that is the point that we have to make.

At the moment, the evidence is anecdotal. We need scientific evidence to show that connection. We need to say to the badger groups, "Yes, you have the badgers' best interests at heart, but you are not in conflict with the farmers because it is in their interest—in regard to their cattle—and the badgers' interest to get to the bottom of this. That is the way to ensure that as well as having a healthy environment in which the farmers can be sure the disease is not being passed on to their cattle, there is also a healthy badger population." TB is an awful disease. We know that from history, from when it affected the human population, and we need to get across to the badger groups the message that it should not be something that they want to see perpetuated in the badger population.

I return to the point that I made in my earlier intervention. The issue is money. All this work costs money. The figures that I have seen show that the Government spend £15 million a year on TB research, and £1.5 million on TB vaccination research. I also have figures showing that £74 million is spent on the TB programme overall. That is a significant amount of money. Why will the Opposition not state categorically that they would be prepared to continue with that investment, rather than cutting back on it in line with their shadow Chancellor's statement on public spending?

The hon. Member for Brecon and Radnorshire mentioned the state veterinary service, which is an important factor, as is the availability of vets to treat farm animals. In rural areas such as mine, that availability seems to be diminishing, and that must be addressed. No one has mentioned veterinary medicine today. Farmers tell me time and again that they end up paying so much more for drugs here than people do in countries such as Ireland. I have experience of that myself. I went on holiday to Ireland with my dog, which required treatment, and I was stunned to discover how cheap it was to get an animal treated there. I urge the Government to ask the Competition Commission to investigate this issue. It would be wholly wrong if British farmers were paying more than necessary for essential drugs in fighting disease.

One more issue in relation to the availability of veterinary medicines is that the European draft directive on the dispensing of veterinary medicines could mean that medication that is currently available through agricultural suppliers will no longer be available through that means. Farmers will therefore have to pay for a veterinary surgeon to prescribe medication. That issue is of major concern to local farmers in my area, and has been raised with me, which is why I want to raise it with the Minister.

Finally, on bush meat, I congratulate the Farmers Union of Wales and the International Fund for Animal Welfare on their work to combat the trade generally. It is an important health issue and a conservation issue. In terms of health, it has been shown that there are links, for example, between simian immunodeficiency virus in primates and HIV/AIDS, and diseases crossing species barriers.

Again, however, we return to the issue of funding. We have seen in recent years a massive increase in this Government's spending on international development. Bush meat studies have shown a distinct link between the production of bush meat and poverty. DEFRA has given £80,000 to the bush meat working group to fund examination of the issue generally, and the Government have made a commitment to reach 0.7 per cent. of GDP for international development. If we are serious about tackling all these problems, we must make a commitment to maintain and increase that funding. I regret that those on the Conservative Front Bench refuse to do that, and I would very much like to hear them make that commitment.

5.31 pm

Mr. Ian Liddell-Grainger (Bridgwater) (Con): I want to read out a piece from the *Western Daily Press* two days ago written by the farming correspondent Chris Rundle, which sums up the situation nicely:

"The leader of Britain's livestock farmers has called on his members to start boycotting badger testing—because of the Government's failure to control TB.

South Devon cattle farmer Richard Haddock says ministers are sitting back and allowing the disease to spiral out of control."

The Minister will know Richard Haddock extremely well, because he is a south-western farmer based close to his seat, and he has been a crusader, to put it crudely, against TB for many years. It is significant that a major daily regional paper should carry such an editorial, which concludes:

"But the NFU has reacted bitterly to the announcement, with officials protesting that MPs have still failed to grasp the urgency of the situation—and pointing out that another inquiry would do nothing to slow the advance of TB."

That sums up neatly the feeling of south-western farmers.

My constituency includes Exmoor—

Mr. Bradshaw: The inquiry to which the hon. Gentleman refers is the next inquiry planned by the Environment, Food and Rural Affairs Committee. The Government have nothing to do with that; it is up to the Select Committee.

Mr. Liddell-Grainger: I do not disagree with the Minister, but I think he will find that yet another inquiry is being requested in relation to TB because of the ending of the Krebs testing.

The spread across Exmoor increased during the time when foot and mouth was prevalent in that area. Its spread across Exmoor and Britain is at 18 per cent. per annum. Within five to 10 years, virtually a third of the country will be covered by TB unless we do something about it now. It cannot wait. Regardless of which Government are in power, decisions must be made now.

Interestingly, the DEFRA homepage says:

"A number of wild animals . . . badger . . . brush-tailed possum, buffalo, bison and several species of . . . deer . . . can act as reservoirs"

for bovine TB. Given that we have only deer and badgers, that narrows the problem down fast. On Exmoor, the worry is that more and more farmers, because they are getting concerned, scared and worried, are taking the law into their own hands to try to resolve the problem, which is not acceptable to anyone in the House or outside it. Because of foot and mouth and other factors the Krebs testing had to be cancelled last November, but it showed that in cull areas the disease was still spreading. That problem will continue.

The Krebs testing set the basis for where we are going. Krebs stated that MAFF had spent approximately £16 million a year on TB compensation. The testing cost £45 million. Farmers received 100 per cent. Government funding, which went from £3 million in 1989–90 to £31 million last year. The Government spent £73 million last year, of which £31 million was for compensation, £29 million for testing alone, and £13 million for research. It is costing the country a fortune not to be able to eradicate the disease by means of either vaccination or better security.

As a result of the foot and mouth outbreaks, there is now a huge backlog of testing of the 65,500 registered herds. If the present rate continues—62 overdue tests completed every three months—it will take up to 16 years to clear the backlog. That is ridiculous. If testing is not effective and up to date, how on earth can we predict what the disease will do?

Professor Godfray's report recommended that the formation of a TB strategy should not wait until any further badger-culling trials had been completed. Can the Minister tell us where we are going on this? If the policy continues to drift, the spread of TB will continue unchecked. In places such as Exmoor and the area represented by my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning), that is entirely unacceptable. We have enough problems in the hill areas already, especially with the single payments scheme that is being introduced.

Foot and mouth has cost the country between £3 billion and £5 billion. We do not want that massive epidemic to be repeated. I am not convinced that the Government have managed to do all they said they would do in terms of security. Dr. Iain Anderson's report includes five points, which I want to impress on the Minister. First, it recommends:

"Contingency plans to be reviewed to ensure all departments can prioritise rapidly in the event of a crisis."

I am fairly sure that that process has not been completed, and that not all Departments are prepared for another major epidemic. Secondly, it recommends:

"Development of a national strategy for disease avoidance and control."

Is that up and running? Has it been completed? If there is a certain amount still to be done, are we discussing the issue with those in other European countries, such as the Irish, who are also involved?

The hon. Member for Monmouth (Mr. Edwards) made it clear that an exercise was about to begin to test the resolve of those drawing up contingency plans, and to assess whether they would work. I established that those in my area, Exmoor, and in Somerset were not aware that there was a local contingency plan. I am not saying that that is the fault of the Minister or anyone else—perhaps the message has not reached that level—but will the Minister ensure that those in Somerset and Devon, for instance, know what the plans are? That may be up to MAFF, or to the Government office in the south-west.

I should also like to know what stage we have reached with the electronic livestock tagging system. It is quite highly developed in the case of sheep, although for obvious reasons there is not the same problem in that instance. It would be one way of passporting cattle with absolute accuracy. I need not tell the Minister that passports and tags have an annoying habit of dropping out. All right, there are certain people who might use it for other reasons, but an electronic tagging system would leave no doubt about where that cow, calf or bull had been and what it had been up to.

The final point, of which I have some experience, concerns better training for farmers and others in biosecurity measures. Everyone knows the vital importance of training farmers. They do not have enough time as it is, but we have a problem because many of our agriculture colleges are not having the resources put into them to enable them to provide that training. My agricultural college in west Somerset, which my hon. Friends the Members for Tiverton and Honiton and for Taunton (Mr. Flook) have been fighting for, is on the point of collapse and closure, and has been taken over. When I got in touch with it about this, it did not have any idea what it was meant to do to train farmers in biosecurity. It offers that as part of an agricultural course, but that tends to be for young farmers, and not, dare I say it, farmers who are slightly longer in the tooth—no disrespect to the hon. Member for Brecon and Radnorshire (Mr. Williams).

The Government must look at that problem in a controlled manner. Another matter on which I shall be interested to hear the Minister's comments is the Haskins report, which made many recommendations on the streamlining of the systems that control the country, including English Nature and DEFRA. The Secretary of State rejected most of it. I thought that it was a very balanced report, which Lord Haskins had lived through because of his experiences in the north-west, in Carlisle and other areas, which he brought together to show that we needed a much more streamlined system to be able to look after ourselves should there be an epidemic. I wonder what pressure was brought to bear on the Secretary of State on that matter by larger organisations such as English Nature, which may have said that they must not be amalgamated because they would not then be effective. Surely the whole answer is effectiveness and speed. The one thing to come out of the epidemic was the knowledge that we were woefully slow in bringing our defences up.

[Mr. Liddell-Grainger]

The first report on foot and mouth, by the Royal Society, in 1715, suggested burning and burying. How far have we come since then? Pitifully, the answer is not very far. The only difference is that we will not now burn on farms, but want to incinerate.

Mr. Martlew: Does the hon. Gentleman accept that burial was not an option this time because of the problems with BSE?

Mr. Liddell-Grainger: The hon. Gentleman is absolutely right. In an emergency, burial is as good a way of getting rid of carcases as any other, but he is absolutely right to say that we should be going for incineration. My point is that should there be another epidemic, there would not be the capacity in this country to incinerate the necessary number of animals safely. I know that on-farm burning is still an option, but as one who lived through it, I would hesitate over that, and would not want to see it again.

In conclusion, in areas such as Exmoor and Devon, which my hon. Friends the Members for Taunton and for Tiverton and Honiton also represent, we cannot get this matter wrong. If we do, whole swathes of this country suffer, as we have seen. Many things have been recommended by various reports, but they have not been brought together. There are too many loose ends, and unless the Minister and the Government pull them together, if we have another epidemic, either because TB grows faster or foot and mouth returns to this country, we will not be prepared to deal with it. People such as Richard Haddock and farmers throughout the country will be quite rightly furious with us as MPs, and with the Government in particular.

5.43 pm

Mr. Huw Edwards (Monmouth) (Lab): It is a pleasure to be able to contribute to the debate, and perhaps I may comment on one point that the hon. Member for Bridgwater (Mr. Liddell-Grainger) just made on agricultural colleges. I am sure that he shares my concern that with the decline in the number of people wanting to enter agriculture at a young age, the agricultural colleges have diversified into such subjects as equine services and countryside management. Those are perfectly worthy activities, but the colleges have not been able to give as much investment or support to existing farming communities—the farmers who are long in the tooth whom the hon. Gentleman mentioned.

It has been a pleasure to follow some of the speeches of my colleagues, and my hon. Friends the Members for Stafford (Mr. Kidney) and for Carlisle (Mr. Martlew) made good contributions. My constituency was badly affected by foot and mouth, and some of the issues that we have discussed today have been brought to my attention by farmers in my constituency.

I agree with probably two thirds of the official Opposition's motion. I agree that illegal imports pose a threat to this country and that vigorous controls are needed. I do not agree, however, that the Government have learned no lessons since the foot and mouth outbreak. Lessons were incorporated in the Bill on animal health, many clauses of which the official Opposition opposed; indeed, they may even have opposed the Bill in principle.

Another lesson that has been learned is the importance of contingency planning. In an intervention on my hon. Friend the Member for Stafford I mentioned Operation Hornbeam, a major simulation operation that will take place in June to test contingency plans for another foot and mouth outbreak, and which will cover all parts of the country.

I acknowledge the contribution of the hon. Member for Brecon and Radnorshire (Mr. Williams), who spoke about how well the ring rot outbreak in his constituency was contained, especially thanks to the responsible actions of the farmer concerned. I should also point out that it was a great honour to attend last Saturday the funeral of Geraint Howells, former Welsh Liberal Democrat leader and former Member of Parliament for Ceredigion and Pembroke, North. He would have contributed to this debate in his usual, very deliberate way.

I was rather surprised when the Minister opened his speech by applauding the fact that the foot and mouth outbreak was contained within seven months. That seemed like a bit of positive spin that was perhaps written by a special adviser. There was more than a year of absolute hell in my constituency. I attach no blame to anybody in this regard. The situation overwhelmed everybody: Ministers, farmers—

Mr. Bradshaw: Given that the Government managed to eradicate the 2001 outbreak more quickly than the late 1960s outbreak was eradicated, and that the latter was far more restricted geographically, does my hon. Friend accept that that was an achievement?

Mr. Edwards: It was an achievement that the outbreak was eradicated. I, too, saw that briefing, but I decided not to make that claim in my contribution.

Mrs. May: Perhaps I might assist in this debate. The Anderson inquiry, entitled "Lessons Learned", makes it clear that the 1967–68 epidemic lasted 222 days and the 2001 epidemic 221 days. So, far from its being eradicated in record time, it was eradicated in about the same time.

Mr. Edwards: I shall not comment further on that, except to say that many lessons have been learned.

I do hope that consideration will be given to a vaccination programme. I well remember the Prime Minister coming to my constituency at the height of the 2001 outbreak. The Farmers Union of Wales and the National Farmers Union made very strong representations to him. They were against a policy of vaccination, even though I was receiving dozens of letters from constituents who found the process of culling, fires and burials absolutely repulsive. They expected that consideration would be given to vaccination.

The FUW has impressed on us the importance of the issue of illegal meat imports. A year or two ago, I attended a disturbing seminar by some experts. Evidence was shown of the amount of illegal imports coming through airports, and there was evidence from

environmental health officers concerning the illegal production of meat. We in Wales have a particular problem with the production of smokies, which are a delicacy that is well liked by members of the West Indian community, and which involve the blow-torching of pork or beef. The illegal production of smokies has led to arrests in west Wales. The FUW is suggesting that the matter be brought into the open by enabling legal production of smokies in a properly controlled way. I hope that consideration can be given to that idea.

Mr. Russell Brown: I ask my hon. Friend to choose his words carefully. North of the border, smokies are a completely different thing: Arbroath smokies are well known and very well liked by all.

Mr. Edwards: I would like to clarify that we are talking about two different products.

The farming community is calling for more rigorous controls on illegal imports. The hon. Member for Maidenhead (Mrs. May) referred to recent cases in which people convicted of illegal importing were given derisory fines of £140 or £150. If illegal imports were an important factor in the foot and mouth outbreak, let us consider the cost of that by comparison. Surely there should be an onus on the courts to sentence appropriately. Perhaps the court in Uxbridge is not close enough to a farming community to impose the penalties that might have been imposed had the cases been heard in west Wales or in a court in the farming community in Monmouthshire.

It would also be right for all embassies to urge their citizens not to travel with meat products and other foodstuffs. When we go to America or Australia, we even have to declare whether we have been on a farm in the last four weeks or whether we have mud on our rugby boots. We have to declare any foodstuffs. We could have more rigorous controls in this country.

It has been a pleasure to contribute to this debate. Hon. Members of all parties have spoken with authority and knowledge, and we all hope that we can avoid any further outbreak of foot and mouth and, if necessary, impose much stricter controls on illegal meat imports.

5.51 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): This has been a good debate on an issue of tremendous importance to British agriculture, animal welfare and our rural economy. I echo the comment of my hon. Friend the Member for Maidenhead (Mrs. May) that it has been marred only by the fact that the Secretary of State and both Ministers of State decided that they had higher priorities elsewhere and left the Under-Secretary as the sole representative of his Department on the Treasury Bench.

Much of the debate has concentrated on foot and mouth, which is not surprising, as it is only three years since we suffered the worst epidemic of the disease that the world has ever seen. More than 9,500 premises were affected directly, and up to 60,000 farms were subjected to movement restrictions. In my constituency, we were perhaps fortunate in having just the one outbreak, but that meant that it was an infected area, so all the farms were subjected to movement restrictions. I remember only too well that in many ways the hardship resulting from those restrictions was just as great for the farmers concerned, who of course received no compensation payment.

The total number of animals slaughtered in the outbreak represented roughly an eighth of the entire farm livestock herd. The cost to the British economy was, according to official figures, about £8 billion, and according to some estimates, anything up to £20 billion. The outbreak left many farms devastated, with farmers seeing a lifetime's work destroyed.

Even now, as this debate has shown, some questions remain unanswered. We still do not know how the disease entered this country or when, or indeed whether the first cases really were at the pig farm at Heddon-on-the-Wall, or whether, as some suspect, the disease might even have been in sheep for several months before. We still want to know why the Government ignored so many of the recommendations of the 1969 Northumberland report on the previous outbreak. Contrary to what the hon. Member for Stafford (Mr. Kidney) said, a lot of people believe that, if the Government had implemented those recommendations, the outbreak would have been contained far sooner.

We still need a proper investigation of the efficacy of the contiguous cull policy, under which millions of uninfected animals were destroyed, and an answer to the question whether that cull was even necessary. We still want to know why a vaccination programme was not introduced at an early stage. I share some of the views of the hon. Member for Carlisle (Mr. Martlew). Such a programme might have prevented the spread of the disease and led to its being eradicated far more quickly. That policy was adopted in Holland when 25 outbreaks of the disease occurred in April: it worked, and as a result, Holland was able to recover its export status just four months later. I have to say that that makes the Minister's remarks about achieving a solution in record time rather strange, as the hon. Member for Monmouth (Mr. Edwards) pointed out.

Mr. Martlew: I remember attending a conference in Brussels soon afterwards. The Dutch were not at all pleased with what had happened—what they did not like was vaccination to kill. If we are to have a vaccination policy, it has to be a policy to live.

Mr. Whittingdale: Those are all questions that should have been, and still need to be, dealt with by a full public inquiry, which we have never had.

The Minister referred to biosecurity, which we all agree is terribly important. He implied, as have some of his predecessors, that farmers were somehow at fault in failing to take proper precautions. I have to say that farmers are deeply angry about that claim, particularly when the vast majority were scrupulous in observing biosecurity. At the same time, they had to observe contractors employed by the Minister's Department who showed scant regard for biosecurity. Indeed, farmers had to watch lorries filled with infected carcases driving through uninfected areas.

Mr. Russell Brown: Will the hon. Gentleman give way?

Mr. Whittingdale: If the hon. Gentleman will forgive me, I have little time left.

[Mr. Whittingdale]

All those questions should have been examined by a full public inquiry into how the epidemic originated and how the Government managed it. Instead, we had three different inquiries, focusing on different narrow aspects of the crisis, none of which persuaded farmers that a proper investigation had taken place.

That lack of confidence has now been compounded by the revelation of the submission by Mr. Jim Dring. His statement that, if the inspection of the Waugh farm had been more rigorous, the foot and mouth epidemic might never have come about, is clearly immensely important. Mr. Dring has said that he intended his statement to go before the Anderson inquiry. His submission certainly amounted to more than, in the Secretary of State's words,

"musing about the matter, examining his conscience and asking, 'Oh dear—is there more that I could have done'".—[*Official Report*, 11 March 2004; Vol. 418, c. 1640.]

That is what she said, though the Minister tried to deny it. At least Lord Whitty has admitted that Dr. Anderson should have received that report—*[Interruption.]* However, we are now told that the Secretary of State held an internal investigation, which concluded that there was no intention to mislead the inquiry and that that evidence would not have made any difference in any case. As the *Western Morning News* said in its editorial, the exposure of Jim Dring's evidence served only to strengthen the overwhelming case for a public inquiry into the foot and mouth disaster. That case remains as strong as ever. We agree.

The foot and mouth epidemic was by far the biggest disease outbreak to affect British agriculture, but it is not the only one. My hon. Friends the Members for Taunton (Mr. Flook), for Bridgwater (Mr. Liddell-Grainger) and for Tiverton and Honiton (Mrs. Browning), as well as the hon. Member for Preseli Pembrokeshire (Mrs. Lawrence), have all spoken about the crisis resulting from the spread of bovine tuberculosis. The Government's own consultation document predicts that, without major changes in policy, the incidence of TB will go on rising by about 20 per cent. every year. My hon. Friend the Member for Bridgwater pointed out the costs to the taxpayer. The Government's own document forecasts that that cost will accumulate, over the next 10 years, to £2 billion, yet they have no answers and say that they are waiting for the results of the Krebs trials, which may not be available for several more years.

Several of my hon. Friends suggested that we simply cannot afford to go on waiting. Just a few weeks ago, the report by Professor Godfray called for immediate publication of the interim results and said that we could not afford to wait for the trials to be completed. He suggested that policy had to be based on the assumption that badgers were involved in disease transmission, but the Minister's only response has been to extend the period of his Department's latest consultation. The Minister has to grasp the nettle and act to stop the spread of the disease now.

We are also seeing worrying signs of the presence of other animal and plant diseases in this country. Last week, we saw the first outbreak for 10 years of brucellosis in cattle. Happily, it was quickly contained. This week, we have heard about the danger of blue tongue virus entering this country if temperatures continue to rise. We are also aware of the dangers to human health if avian influenza is allowed to enter the country.

My hon. Friend the Member for Tiverton and Honiton and the hon. Member for Brecon and Radnorshire both raised concerns about the lack of large animal practice vets and consequent difficulties, particularly in respect of preventive measures. The Government need to address that serious problem.

In plant health, we have suffered the first-ever outbreak of potato ring rot in the UK. Luckily, the responsible attitude of the farmer, Mr. John Morgan, and the quick action of the Department's officials, meant that that was contained. However, it has cost Mr. Morgan well over £500,000, with no possibility of compensation. I share the concern expressed by the hon. Member for Brecon and Radnorshire (Mr. Williams) that that seems deeply unjust. It also raises the real fear that other growers will be highly reluctant to report any suspicions about a further outbreak.

The campaign by *Farmers Weekly* called "Keep British Crops Healthy" highlights the fact that we badly need a compensation scheme that protects all growers from the financial burden of early outbreaks of pests or diseases, and which provides an incentive for openness and honesty. Perhaps the most important way to improve our biosecurity is to take far tougher action to stop the illegal importation of food.

The first recommendation of the Devon public inquiry into the foot and mouth epidemic called for import controls to be tightened to the highest international standards and, if necessary, to be the subject of new legislation. Yet the Government's Animal Health Act 2002, introduced in the aftermath of the epidemic, did not even deal with that issue.

In the past three years, the Australian Government have recruited more than 1,000 extra staff for border operations, doubled the number of X-ray machines used for quarantine screening, and have increased the number of detector dog teams from 33 to 48. We welcome the news from the Minister this afternoon that the UK is to have 10 dogs. However, given the number of points of entry, that does not inspire much confidence that we can seriously contain the problem. It is estimated that, on average, about 7,500 tonnes of illegal meat products are imported to the UK each year, much of it in suitcases and hand luggage.

My hon. Friend the Member for Maidenhead mentioned the concerns about the risks to the health of people, as well as of animals. Yet, three weeks ago, a Health Minister answered a question from me by saying that the Food Standards Agency does not consider that there needs to be a formal risk assessment of the threat to public health posed by illegal meat imports.

My hon. Friend the Member for Maidenhead also referred to the convictions of two people, and the level of fines that were imposed on them. However, as the president of the Farmers Union of Wales asked, what is the point of arresting people for bringing hazardous foodstuffs into this country if magistrates hand out such pathetic fines?

British farming has already suffered one disease outbreak that led to misery for thousands, and the deaths of millions of animals. The industry will not survive another outbreak yet, owing to our failure to take adequate precautions, one could happen at almost any time. The Government should act now, before it is too late.

6.4 pm

Mr. Bradshaw: With the leave of the House—

Mr. Eric Forth (Bromley and Chislehurst) (Con): No.

David Maclean *rose in his place and claimed to move,* That the Question be now put.

Mrs. Lawrence: On a point of order, Madam Deputy Speaker. This debate was called by Her Majesty's Opposition to secure answers from the Minister. Is it now appropriate for them to take this action to prevent him from replying?

Madam Deputy Speaker (Sylvia Heal): It is entirely a matter for Her Majesty's Opposition.

Mr. Martlew: Further to that point of order, Madam Deputy Speaker. Is it right for Opposition Members to say that they look forward to the Minister's reply, and then to move a closure motion? It sounds as though the vote is not following the voice.

Madam Deputy Speaker: These are purely matters for debate.

Mr. Forth: Further to that point of order, Madam Deputy Speaker. For clarification, I should point out that my hon. Friend the Member for Maidenhead (Mrs. May), a shadow Cabinet member, opened the debate. However, the Government did not have the courtesy to have a Minister of Cabinet rank to respond, and—

Madam Deputy Speaker: Order. I must interrupt the right hon. Gentleman. We have debated the matter, and leave for the Minister to respond has been refused by the House. I am now about to put the Question.

Mr. Flook: Further to that point of order, Madam Deputy Speaker. As one who made a speech and asked the Minister to respond to it, I should be happy for him to write to me.

Mr. Edwards: Further to that point of order, Madam Deputy Speaker. Was not the debate timetabled for three hours? If hon. Members on either side of the House wish to catch your eye, should they not have an opportunity to contribute?

Madam Deputy Speaker: Closure has been moved, and I shall now put the Question on that.

Question, That the Question be now put, *put and agreed to.*

Question put accordingly, That the original words stand part of the Question:—

The House divided: Ayes 132, Noes 235.

Division No. 156] **[6:05 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Barrett, John
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burstow, Paul
Burt, Alistair
Cable, Dr. Vincent
Cash, William
Chidgey, David
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Cormack, Sir Patrick
Cran, James *(Beverley)*
Davies, Quentin *(Grantham & Stamford)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Duncan Smith, rh Iain
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jackson, Robert *(Wantage)*
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Loughton, Tim
Luff, Peter *(M-Worcs)*
Maclean, rh David
McLoughlin, Patrick
Maples, John
Maude, rh Francis
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Opik, Lembit
Osborne, George *(Tatton)*
Page, Richard
Paice, James
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Selous, Andrew
Shephard, rh Mrs Gillian
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, John *(Solihull)*
Thomas, Simon *(Ceredigion)*
Tonge, Dr. Jenny
Tredinnick, David
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wilkinson, John
Williams, Roger *(Brecon)*
Wilshire, David
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Randall and Mr. Hugo Swire

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'ty NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Barnes, Harry
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Benn, rh Hilary
Bennett, Andrew
Benton, Joe *(Bootle)*
Betts, Clive
Blizzard, Bob
Borrow, David
Bradshaw, Ben
Brennan, Kevin
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Alan *(Tynemouth)*
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Connarty, Michael
Corbyn, Jeremy
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, Geraint *(Croydon C)*
Dhanda, Parmjit
Dismore, Andrew
Dobbin, Jim *(Heywood)*
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Eagle, Angela *(Wallasey)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Ennis, Jeff *(Barnsley E)*
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Follett, Barbara
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Gapes, Mike *(Ilford S)*
Gardiner, Barry
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Godsiff, Roger
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hall, Mike *(Weaver Vale)*
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jackson, Helen *(Hillsborough)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Lawrence, Mrs Jackie
Lewis, Terry *(Worsley)*
Linton, Martin
Love, Andrew
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
Mackinlay, Andrew
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marsden, Gordon *(Blackpool S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Moffatt, Laura
Moonie, Dr. Lewis
Moran, Margaret
Morgan, Julie
Morris, rh Estelle
Mountford, Kali
Mullin, Chris
Munn, Ms Meg
Murphy, Jim *(Eastwood)*
Murphy, rh Paul *(Torfaen)*
Naysmith, Dr. Doug
Norris, Dan *(Wansdyke)*
Osborne, Sandra *(Ayr)*
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Rammell, Bill
Rapson, Syd *(Portsmouth N)*
Raynsford, rh Nick
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rocha, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Sarwar, Mohammad
Sawford, Phil
Sedgemore, Brian
Shaw, Jonathan
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Llew *(Blaenau Gwent)*
Soley, Clive
Spellar, rh John
Steinberg, Gerry
Stevenson, George
Stinchcombe, Paul
Stuart, Ms Gisela
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Thomas, Gareth *(Clwyd W)*
Thomas, Gareth *(Harrow W)*
Timms, Stephen
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Twigg, Stephen *(Enfield)*
Vaz, Keith *(Leicester E)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Winnick, David
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. Fraser Kemp and Joan Ryan

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments), and agreed to.*

MADAM DEPUTY SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House commends the action taken by this Government to eradicate exotic plant and animal disease when it occurs, and to control endemic disease; congratulates the Government on its actions that have succeeded in reducing the number of BSE clinical cases to just 184 last year; further congratulates the Government on eradicating a major outbreak of Foot and Mouth Disease in seven months and on implementing the recommendations of the Lessons Learned and Royal Society Inquiries so that Government is better prepared to tackle a future outbreak of a major livestock disease; welcomes the significant progress made to tackle illegal imports both by increasing enforcement activity at the border and by increasing public awareness; applauds the Government on its action taken against other animal and plant diseases, notably Salmonella Java and potato ring rot; and notes the Government's continuing commitment to prevent serious animal and plant disease.

DRAFT CHARITIES BILL (JOINT COMMITTEE)

Ordered,

That the Lords Message of 19th April relating to a Joint Committee of both Houses to consider and report on any draft Charities Bill presented to both Houses by a Minister of the Crown, be now considered.

That this House concurs with the Lords that it is expedient that a Joint Committee of Lords and Commons be appointed to consider and report on any draft Charities Bill presented to both Houses by a Minister of the Crown, and that the Committee shall report on the draft Bill by 30th September 2004.

That a Select Committee of six honourable Members be appointed to join with the Committee appointed by the Lords to consider the draft Charities Bill.

That the Committee shall have power—

(i) to send for persons, papers and records;

(ii) to sit notwithstanding any adjournment of the House;

(iii) to report from time to time;

(iv) to appoint specialist advisers;

(v) to adjourn from place to place within the United Kingdom.

That the quorum of the Committee shall be two; and

That Mr Alan Campbell, Mr George Foulkes, Ms Sally Keeble, Mr Alan Milburn, Mr Andrew Mitchell and Bob Russell be members of the Committee.—*[Paul Clark.]*

STANDARDS AND PRIVILEGES

Ordered,

That Richard Ottaway be discharged from the Committee on Standards and Privileges and that Mrs Angela Browning be added.—*[Paul Clark.]*

Rail Transport (Kent and Medway)

Motion made, and Question proposed, That this House do now adjourn.—*[Paul Clark.]*

6.17 pm

Jonathan Shaw (Chatham and Aylesford) (Lab): This debate is a response to the Strategic Rail Authority's consultation on the new integrated Kent rail franchise. The proposal to provide high-speed channel tunnel rail link domestic services from Folkestone, Thanet, Canterbury, Ashford, Swale, Medway and Gravesend has been warmly welcomed by Kent and Medway. The £5 billion high-speed rail service will provide a significant boost to the sub-regional economies and coastal towns of Thanet and, importantly, will allow for the sustainable development of the growth areas in Ashford and the Thames gateway. It is also welcome that the SRA has responded positively to, and is examining the possibility of, the proposal to extend the line to Dover.

For the Medway towns, the high-speed rail link will mean more than just new rail services. It will be a magnet, drawing in inward investment and building on the regeneration that has already taken place. The case that has been put forward by those of us in Kent and Medway for the channel tunnel rail link domestic service in debates, questions and meetings with Ministers over the years has always been about additional capacity, not replacement of services. It is therefore not surprising that the majority of existing passengers in the Medway towns do not see how St. Pancras can meet their current travel needs. They therefore see no justification for reducing the fast services to London from Medway, as set out in the SRA's document.

Although I warmly welcome the channel tunnel rail link's domestic service proposals, I need to focus my comments on the SRA's proposals under the current integrated Kent franchise. This is the first major review of the Kent rail timetable since electrification in 1963. That was the time when technology was thrusting us into a brave new world. It was the year that Harold Wilson told the Labour party conference in Scarborough that Britain was going to be forged by the white heat of the scientific revolution. Over the past 20 years or so, in Kent, we have not seen that much in the way of white heat and scientific revolution when it comes to our train service.

Every day thousands and thousands of people living in Kent travel to London for their work, and their experience over the years has been, to put it bluntly, pretty grim. We have seen fragmentation; we have seen privatisation; we have seen deterioration due to a lack of investment; and we have seen off Connex.

Kent is part of one of the most complicated franchises in the entire rail network, with 182 stations, 773 km of track and 120,000 morning commuters. Of the 1,700 train journeys, 1,400 go into London carrying 13.2 million passengers every year. With the growth in numbers travelling to London—I shall come to that point later—the antiquated infrastructure often struggles to provide and maintain a reliable service. It is beset with problems. As well as the old age of some of the signalling, many of the stations are appalling. The prize for the very worst perhaps goes to those along the

[Jonathan Shaw]

Medway valley line, which sadly runs through my constituency and that of my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews).

It is true, as the SRA argues, that its network is complex and congested, and delays can very quickly snowball. Yet this should not, in itself, be a justification for running fewer trains. The network needs to have the capacity for the number of people who want to use it—whether that is for business or pleasure. If there are fewer trains, there will simply be more overcrowded trains. In Medway, on the Cannon Street service, which runs to the City, where many of my constituents work, we currently have seven fast trains at peak times. Under the SRA's proposals, that number will be reduced to two. The Victoria fast service from Medway, which stops at Bromley, currently has 15 trains. Under the SRA's proposals, the number will be cut to 10. With reductions via Dartford, the total reduction—even when we take account of the new channel tunnel rail link domestic service trains—will be from 32 to 26 trains.

It is not just the number of trains that is the problem; it is the number of seats as well. My hon. Friend the Minister advised me in a written answer on 30 March that there are just over 20,000 seats available from Medway during peak-time services at present. There is no certainty about the number in the future, not least because Rochester and Strood platforms are currently unable to accommodate the 12-car trains with 700-seat capacity that will be the new CTRL domestic service. Instead, he has advised me in written answers that these stations will have a service of six-car trains, halving the possible capacity. Upgrading the platforms, he advises me, would cost £12.4 million at Rochester and £1.2 million at Strood.

I understand the financial pressures that the Department and the SRA are under, but why has the SRA not looked more imaginatively at, for example, selective door opening? I grant that that is far from ideal, but capacity has to be at the forefront of our ambitions. As I said, if we have fewer trains, we will have more crowded trains or we will force people on to the roads to drive to Ebbesfleet. The idea that the new franchise will force commuters to drive further along the A2 flies in the face of what we are trying to achieve with an integrated transport system.

Moreover, in Medway our bus company, Arriva, will commission its new bus service in June. Some £10 million, an unprecedented sum, is being invested in a new bus fleet, added to which a new timetable will offer more frequent journeys. Car parking has always been a problem in Medway stations. My hon. Friends and I want to see Arriva picking up customers. The current proposals, I fear, will further discourage train commuters from taking the bus to the station. It has been estimated by Medway council that the number of seats available could be reduced by as many as 7,000.

We welcome the fact that the Strategic Rail Authority document states that the integrated Kent franchise recognises its contribution to regional planning goals, including the regeneration of Kent and the Mayor's London plan. I take the opportunity to pay tribute to my hon. Friend the Member for Gillingham (Paul Clark). His high office prevents him from making an outstanding contribution this evening. In his work on the Thames gateway he has worked tirelessly to ensure that the planning and transport systems are joined up. As I said, 1963 is a significant date in terms of electrification. On this very day in 1963 my hon. Friend was six years old. Gillingham's No. 1 son celebrates his birthday today.

We welcome the strategic approach to planning and transport, but we—

Mr. Robert Marshall-Andrews (Medway) (Lab): On the strategic basis that he just mentioned, will my hon. Friend give way? *[Interruption.]* I should very much welcome the Minister's attention to the intervention that I am about to make, facile though that may at first appear. Is it not the case that the Medway towns have been the beneficiaries of more inward investment from the Government than any other single conurbation in the United Kingdom? All of us in the Chamber welcome that with open arms. The Minister might find it rather difficult to hear me say that one of the Government's great achievements is in my constituency. The Minister previously said he could not understand why the Government had given so much money to my constituency.

Before you tell me that this is an incursion or an invasion, Madam Deputy Speaker, may I ask the Minister to answer this question: is it not right that, given the enormous investment in the capital structure of the Medway towns, we must have a concomitant investment in our infrastructure to give us the speed and the ability to feed into London? That must be a structural and strategic gain—

Madam Deputy Speaker (Sylvia Heal): Order. That is rather long for an intervention. I hope that the hon. and learned Gentleman is drawing his remarks to a conclusion.

Mr. Marshall-Andrews: You have been more than beneficent as regards my intervention, Madam Deputy Speaker. You will have understood the point that I am making.

Jonathan Shaw: I am grateful for my hon. and learned Friend 's contribution. He is right. We have seen considerable investment in the regeneration of the waterfronts and moneys for our universities. That was one of his aspirations when he stood for the Medway constituency in the 1992 general election. That aspiration has been driven forward by many people in the Medway towns. His contribution, like that of my hon. Friend the Member for Gillingham, has been important. We now see students receive higher education in the Medway towns, and they too will need a transport system.

We are concerned about the strategic aspects of that, and we are worried that the SRA does not appreciate the scale of development in Medway. Unlike other areas, there has been no quantitative estimate of the scale of development. Development is taking place on Strood, Chatham and Gillingham waterfronts, and importantly, those are all within walking distance of a train station.

Today 20,000 residents—17 per cent. of the work force—travel to London. We are generating new employment opportunities, as my hon. and learned

Friend the Member for Medway pointed out, and the channel tunnel rail link domestic service will assist us further.

Mr. Gwyn Prosser (Dover) (Lab): My hon. Friend is making powerful arguments for linking the channel tunnel rail link with some of the strategic centres of Kent. Does he agree that the port of Dover ranks highly among those strategic centres? Does he support the view in east Kent that we should be linking the busiest city in this country with the busiest ferry port in the world? At the same time, when we look at such major strategic matters, we should not lose track of the issues that he has already raised regarding services to some of our small stations. I have in mind places such as Kearsney, which is just a stone's throw from my home, Martin Mill and of course Snowdown.

Jonathan Shaw: I am grateful to my hon. Friend, who has worked tirelessly in respect of Dover. As I said, the Strategic Rail Authority has left the door open and is exploring the matter, which is testimony to the hard work that he has put in on behalf of his constituents.

As I said, 17 per cent. of the work force travel to London. The population is set to increase from the current 250,000 to 300,000 by 2024. That means that commuting could rise by 30 per cent. over the next 20 years—the equivalent of 1.3 per cent. a year. By the time the new trains start running in 2008, demand is likely to be 5 per cent. higher than now, and it is likely to be 10 per cent. higher in 2012.

There is welcome news in the SRA document, as well as the channel tunnel rail link domestic service, and it is important to place that on record. On the Ashford, Maidstone and West Malling line, which serves the southern end of my constituency, there are set to be three additional peak period trains to Victoria. The Medway valley line, to which I referred earlier, will have trains running through to Tonbridge. That will make the line significantly more attractive to use. However, the proposal to reduce stopping times is unacceptable, and I, together with parish councils at Cuxton, Snodland, East Malling, Larkfield and Aylesford, have met the SRA and voiced our objections.

As my hon. Friend the Member for Dover (Mr. Prosser) said, throughout the county, people are very hostile to reductions in off-peak rural services. Rather than save a few minutes, the people of Kent would like to retain existing services. There is a significant opportunity to grow off-peak services and to provide better stations, information and revenue collection, which is simply not undertaken on some lines.

My hon. Friend the Minister understands our anxiety. I know that he not only fully appreciates what we are seeking to achieve in Medway and the Thames gateway, but actively supports it. As a former planning Minister, does he share our belief that changing the timetable in such a revolutionary way is very dangerous? If there is one lesson that we have learned in recent years, it is that we cannot achieve a quick fix for the railways. If there are to be changes, they have to be not revolutionary, but evolutionary. Passengers will need time to adapt to changes. It is important that a level of flexibility is built in, so that where we see growth occurring, the rail system can meet that demand.

The task ahead is difficult, with many competing demands for priority. We are seeing investment in our rail service. Some £600 million has been invested in new trains on the south-east network, and they are being rolled out. They are air-conditioned and are far more able to respond to the climatic challenges of snow and ice. The Government have a track record of £75 million a week in investment. Hatfield lifted the lid on the appalling state of our track. The Tory legacy of botched privatisation has been long, painful and very expensive. It has caused delays, but we cannot move forward without a safe network.

The review is the first of the Kent rail timetable since 1963. The great train robbery took place in that year, when £5 million was snatched from a Royal Mail train in Buckinghamshire. The Strategic Rail Authority's proposals will amount to the great train robbery of Kent if they are allowed to go forward. We do not want a reduction in our train services. We have what Martin Luther King had in another significant event in 1963—a dream. We have a dream of a more reliable rail service that is fit for the future, and fit to carry the people of Kent around the county and, in what has been the focus of the debate, to carry them to and from our capital city.

6.35 pm

The Parliamentary Under-Secretary of State for Transport (Mr. Tony McNulty): I congratulate my hon. Friend the Member for Chatham and Aylesford (Jonathan Shaw) on securing the debate—in one sense, it is timely; in another sense, it is not, and I shall come on to the reasons for that. I further congratulate my hon. Friend on mentioning Martin Luther King, Ronnie Biggs and my hon. Friend the Member for Gillingham (Paul Clark) in one cogent, clear speech.

I congratulate my hon. Friends the Members for Chatham and Aylesford and for Dover (Mr. Prosser), and my hon. and learned Friend the Member for Medway (Mr. Marshall-Andrews) on the way in which they have argued their case not only in public forums such as this, but throughout the process from specification to consultation, which may appear tortuous. I include my hon. Friend the Member for Gillingham, who is more mute than usual because of his high office, in those congratulations.

I congratulate my hon. Friends on placing this debate in the context of the significant activity by the Government in Kent throughout 1997. The debate is timely, in that the Strategic Rail Authority concluded its 12-week consultation on the integrated Kent franchise—hereafter IKF—on 23 April, and my hon. Friend the Member for Chatham and Aylesford knows that the SRA is seeking to move to invitation to tender by June, at which stage the results of the consultation will be announced. The debate is not timely, in that, whatever I say, I cannot prejudge the outcome of the consultation, but I assure my hon. Friends that their comments will be fed into it, although I am sure that those points are already part of the consultation.

My hon. Friend is right that rail services in Kent have suffered from under-investment, a slow network, unsatisfactory reliability and outdated rolling stock. As he says, the timetable in Kent and south-east London has remained largely unchanged for the best part of 40 years, and it needs to change to reflect current and

[Mr. Tony McNulty]

future needs, to deliver improved reliability and to build on the capital infrastructure that we have put in. I take the point that our objectives must be concomitant, at least in part, with not only that capital infrastructure investment, but our plans for the entire area.

My hon. Friend knows that passenger services throughout Kent, parts of Sussex and south-east London are currently operated by South Eastern Trains, which is a wholly owned subsidiary of the SRA and took over the services from Connex. The key objectives in SET's business plan for 2004–05 are to stabilise the business, to provide a higher standard of service to passengers and to introduce new trains to replace the Mk 1 slam-door fleet. That is important because we are discussing a service that will not be introduced until 2007 and beyond, so there is still an interim period. I hesitate to say it because I know that it will come true and bite me, but I am sure that a "save our slam-door trains heritage society" will be formed at some stage. I do not know whether such a society exists yet, but the sooner we get the new stock in, the better.

As my hon. Friend said, the proposed franchise represents a significant milestone in the development of Britain's railways, and a major opportunity for Kent. It is a stark fact that the channel tunnel rail link is the first major railway to be built in this country in more than a century, and section one opened on time and to budget in 2003—I had the great pleasure of visiting Leeds castle for the sideshow that took place at the same time as the main opening. Section two of the CTRL is due to open in 2007, providing faster journey times and opening up new travel opportunities. In developing the IKF, the SRA wants to make the best use of the whole railway network in the region, including the CTRL. As my hon. Friends said, that is a matter of balancing the strengths and advantages of the high-speed line with the needs of the existing network.

The objective is to specify a passenger train service provision that is based around current and future demand while delivering better reliability at a cost that is both value for money and affordable. The SRA is proposing a revised timetable of services for the integrated Kent franchise that is based on an all-day regular service pattern that is easy for customers to understand.

New stations at Ebbsfleet and at the other end of Stratford will assist regeneration in the Thames gateway, including north Kent, and provide new access to the rail network, some improved journey times and service reliability, which will benefit other centres on the network.

The IKF timetable specification document is the final step in the formal consultation to develop a detailed franchise proposition. Earlier consultations addressed CTRL domestic services and the proposal for an integrated franchise of services running on CTRL and the national rail network. I do not need to rehearse the proposals for the Medway towns, because my hon. Friends will certainly know about them. I am grateful to them for highlighting the advantages, in terms of their constituency interests and the interests of the county, of adding to what already prevails. I am sure that they will have pointed out some of the gaps to the SRA.

The SRA forecasts demand patterns for peak and off-peak periods that will require significantly different service patterns, especially in the context of maximising the use of dedicated CTRL domestic rolling stock at peak times. The calling pattern of peak services will have to reflect available platform length at certain stations together with any further constraints that may emerge through the SRA's detailed timetable development work.

Jonathan Shaw: My hon. Friend mentioned platforms. As I said, some of the platforms at Rochester and Strood are too small to accommodate all 12 carriages. Does he agree that the SRA should consider flexible options whereby only some of the doors are opened? That would not be ideal, but it could be a possibility.

Mr. McNulty: I do not doubt that it is a possibility, because it already happens on some lines. I am sure that my hon. Friend has made that point to the SRA.

There has been a substantial consultation process. During previous consultations, people have made it clear that they want faster, more reliable trains. In response to those demands, the SRA's service specification aims to deliver faster journeys. Every station stop typically adds some two minutes to journey time on a medium-speed railway, perhaps slightly less in inner suburban areas and more where prevailing line speeds are higher. There has to be a balance between achieving high speeds and constantly stopping. The SRA will say that it has got that right, whereas my hon. Friends will have made strong representations on behalf of their constituents that that is not the case.

One area of concern has been the proposal that services should serve different London terminals. The SRA is reviewing the specification and testing the feasibility of alternative options suggested by consultees in conjunction with Network Rail. As my hon. Friends will know far better than I, going into different terminals can have a ripple effect throughout the network.

Others have expressed concern about services for people travelling to local schools and colleges. The SRA is considering the need to reflect those traffic flows and collating information on particular passenger numbers and flows.

Reductions in peak services at some stations also attracted comments, including from passengers who use Farningham road station in the constituency of my hon. Friend the Member for Dartford (Dr. Stoate). It is expected that a significant number of people from the catchment area of that station would transfer to CTRL services from Ebbsfleet, thus reducing the level of passenger demand at Farningham road.

Whatever is outlined in the invitation to tender in June as a result of the consultation, I accept that, given the growth and activity that will take place in Kent over the next 10, 15 or 20 years, it must have a degree of flexibility. But as I have said, the consultation period for this initial phase closed on 23 April, and all responses and comments are now being considered and the feedback analysed. When the final invitation to tender for the new franchise is issued to bidders in June, the SRA will shortly afterwards provide a "stakeholder briefing information document"—its words, not mine—

to key stakeholders, to explain exactly what is in the bid. It will contain similar information to that provided to the bidders about the IKF service provision requirements.

The SRA has a strong shortlist of four bidders for the IKF franchise: Danish State Railways; GNER; First Kent Integrated Railways Ltd; and London South Eastern Railway Ltd. All four organisations have proven experience in delivering railway services. The SRA continues to work on the process for delivering the IKF franchise, and aims to have it in place by early 2005.

The integrated Kent franchise provides an opportunity to design a train service for Kent that exploits the potential of the channel tunnel rail link by speeding up journeys and providing new, direct links to new stations at Ebbsfleet, Stratford and St. Pancras, with the connections to other parts of the country. As I have said, the IKF specification is a very complex issue, involving many difficult choices and trade-offs. I believe there will be very many winners, but I accept that some people will be unhappy with some of the proposals—perhaps when the invitation to tender comes out.

The consultation has been a very open process and I know that the SRA chairman has met several hon. Members to hear their views. Also, various meetings were arranged by the SRA at the beginning of the final stage of the consultation process, and a number of smaller meetings with stakeholders have subsequently been hosted by the SRA or attended by SRA representatives at various locations in the south-east. The views of hon. Members, other stakeholders and passengers are now being analysed in detail and the SRA has the challenge of finding the best balance between the needs of passengers and of taxpayers.

Mr. Marshall-Andrews: At the end of what has been a very detailed and considered response, may I ask the Minister simply to give us a general undertaking that, when the Government invest vast sums of money in an area—as they have done in ours—they will also in the long term undertake a concomitant responsibility to ensure that the infrastructure in those areas will bear a resemblance to what has been invested?

Mr. McNulty: I thought that I had made it clear earlier that that is the approach that the Government take. It is a matter of interpretation and dispute whether the SRA has achieved that in the context of the IKF, and we shall wait to see what the invitation to tender says about specifications.

I thank all hon. Members who have taken part in the debate today. This is about finding the best balance between the needs of passengers and the call on public resources, and between meeting the needs of those who want an integrated, comprehensive all-stopping service and getting full utilisation of the high-speed link.

Question put and agreed to.

Adjourned accordingly at thirteen minutes to Seven o'clock.

House of Commons

Friday 30 April 2004

The House met at half-past Nine o'clock

PRAYERS

The Second Deputy Chairman of Ways and Means took the Chair as Deputy Speaker, pursuant to the Standing Order.

[SIR MICHAEL LORD *in the Chair*]

Orders of the Day

Sustainable and Secure Buildings Bill

As amended in the Standing Committee, considered.

New Clause 1

BUILDINGS OF SPECIAL HISTORICAL OR ARCHITECTURAL INTEREST

'After section 1 of the Building Act 1984 (c. 55) insert—

"1A Buildings of special historical or architectural interest

(1) In making building regulations the Secretary of State shall have regard, in particular, to the desirability of preserving the character of protected buildings that are of special historical or architectural interest.

(2) In this section 'protected buildings' means—

(a) listed buildings within the meaning of the Planning (Listed Buildings and Conservation Areas) Act 1990 (see section 1(5) of that Act); and

(b) buildings situated in areas designated as conservation areas under section 69 of that Act.".'.—*[Mr. Stunell.]*

Brought up, and read the First time.

9.34 am

Mr. Andrew Stunell (Hazel Grove): I beg to move, That the clause be read a Second time.

The Bill spent two days in Committee. There was a broad consensus on its aims. Perhaps the consensus on its contents was not quite so complete, and one or two of my proposals that went into Committee bit the dust on the way through. The liveliest debate was on the subject of how my Bill might affect historic buildings. The hon. Member for Stoke-on-Trent, North (Ms Walley) moved an amendment in Committee that secured support from all sides, but after debate she helpfully withdrew it, which allowed further consideration of how we might proceed to deal with the concerns that were raised.

New clause 1 is the outcome of that further consideration. It follows a round of meetings with the hon. Member for Stoke-on-Trent, North and English Heritage, the Office of the Deputy Prime Minister and other organisations interested in heritage matters. Earlier this week I attended a meeting with representatives of English Heritage, who tell me that they strongly support the new clause and the Bill as a whole, with its general intentions of improving the security of the building stock, its crime resistance and its environmental sustainability.

The clause requires the Secretary of State to have regard to the need to preserve the character of protected buildings when making regulations. Of course, he already does. In part L of the building regulations there are already specific solutions to some of the issues presented by the need to preserve the character of buildings while still allowing them to be fit for purpose, safe to use and, in the context of the Bill, sustainable. In any case, before any regulations came into force, there would be a round of consultations, and organisations and bodies with concerns about heritage buildings would be in a good position to make their concerns known. The clause gives a statutory basis for organisations such as English Heritage and others with a legitimate concern to have their views heard.

The clause requires the Minister to have regard to protected buildings, which it defines as those that are listed, in what one might call the anorak's jargon, and those that are in conservation areas. I have been told that there are about 370,000 listed buildings in England and Wales, although that includes some rather odd animals such as telephone kiosks and grottos in ornamental parks. However, as we discussed on Second Reading, there is considerable difficulty in this country in knowing what a building is and how many we have. That was also the subject of discussion in Committee.

The figure of 370,000 is at the top end. In reality, there are probably about 350,000 listed buildings, as might be commonly understood in the Chamber. Of those, about 9,000 are listed as grade I—that is, of the very highest quality both inside and outside. About 20,000 are listed as grade II*, which means they are of good quality outside, with some interesting features inside. More than 300,000 others are listed as grade II, which is what the man in the street would recognise as a listed building—one which, looked at from the outside, has a bit of character and history. That is one category that would be included in the clause.

Secondly, the clause covers buildings in conservation areas. There are about 9,000 conservation areas in this country, though interestingly enough, there is no requirement for local authorities to notify anybody when they designate conservation areas. That is probably a good thing, but it makes it hard to be sure how many there are and what is inside them.

Many of the listed buildings in the first category are, of course, in conservation areas, and the overlap between the two categories is large.

By definition, listed buildings and buildings in conservation areas form a unique part of our country's environment, and in many cases they are cultural cornerstones—one has only to examine parts of London to see their impact on our national identity and sense of Britishness, or maybe Englishness.

Historic buildings also produce economic benefits because they generate tourism and travel. There were 63 million visits to historic visitor attractions last year, plus many more visits to picturesque villages and ancient town centres, so buildings have a significant employment and economic value.

My Bill properly takes account of the special needs and concerns of those who manage historic buildings. I want to make it clear that the new clause will not exempt

[Mr. Andrew Stunell]

such buildings from building regulations, but it will ensure that when the building regulations emerge, they must take account of special needs and characteristics. That might be in the form of approved documents, of which there are already examples, containing standard solutions that can be taken off the shelf and adapted so that they work unobtrusively, even on sensitive historic buildings. Alternatively, regulations might be drawn up to permit flexibility, perhaps taking a whole building approach to compliance rather than requiring specific elements of the building to comply. The objective that the hon. Member for Stoke-on-Trent, North (Ms Walley) sought in Committee can clearly be achieved and in a straightforward and simple way, and the new clause provides the foundations for that.

Dr. Nick Palmer (Broxtowe) (Lab): I apologise for missing the hon. Gentleman's opening remarks. Will regulations produced under the new clause exempt specific buildings, or will the procedure be more flexible than that? Will buildings such as telephone kiosks be ignored because they cannot be brought into line?

Mr. Stunell: The hon. Gentleman's question is on the second or third tier of decision taking. I appreciate that he was not privy to our discussions on Second Reading and in Committee. My Bill enables regulations to be made in the future, but it does not prescribe them. The new clause does not prescribe regulations, but it states that the Secretary of State shall have regard to the particular needs of historic buildings when he considers regulations. The example raised by the hon. Gentleman is precisely the kind of issue that must be weighed up when a specific regulation is considered.

Approved documents are one of the two routes on regulations. They are on-the-shelf solutions that somebody can take down and use, and they might need to include one or two models that are suitable for historic buildings. The other route is to say, "You do not have to comply with any specific set of proposals as long as at the end of it you have got a building that does not leak heat, that stands up and from which people can escape in the case of fire." I hope that I have reassured the hon. Member for Broxtowe (Dr. Palmer), but if not, I am sure that he will come back to me.

The new clause is a useful safeguard, although I have seen little evidence that it will be needed, because all the signs are that that point is taken into account when regulations are drawn up, regardless of the Government or the individual Minister. I have responded to the points made in Committee, and I hope that the new clause will reassure not only hon. Members, but organisations such as English Heritage, which were keen to see it. Bearing in mind the all-party support in Committee, I hope that the new clause is an uncontroversial addition to my Bill, which is now in a form approved by parliamentary counsel, and I hope that the House will agree it rapidly today.

9.45 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I do not intend to detain the House for long, because we have a lot of business, all of which is of great significance. It is worth having a word, however, given that the hon. Member for Hazel Grove (Mr. Stunell) properly said that the Bill received all-party support in Committee, where I was able to wax lyrical at considerable length about the Bill's importance in relation to the marvellous work done by the Prince of Wales on this subject.

I shall make three points. First, I shall amplify the point about enabling legislation. The new clause enables and does not oblige, and in that sense it is a helpful and measured addition to the Bill, given that it does not necessarily create a great deal more regulation, which is always an issue with this kind of private Member's Bill. There has ever been a certain tension between the desire to protect and the problem of over-regulation, and I must say that the hon. Member for Hazel Grove has recognised that tension in much of what he has said and written about his Bill.

Secondly, the new clause is consistent with the rest of the Bill. Sustainability is about having proper concern for the desirability of preserving the character of protected buildings that are of special or architectural interest. It would be quite wrong to see the thrust of the rest of Bill outside the context, which the hon. Member for Hazel Grove has set out today, of the footprint that buildings make upon the landscape; of their relationship with the history of the communities in which they sit; and of their balance with other structures around them. It is important that we use this opportunity to reinforce the significance of buildings of historical importance.

Thirdly, the objective is achievable. The Bill is in line with best practice, which, as the hon. Member for Hazel Grove properly said, we often enjoy owing to the good work of organisations such as English Heritage. However, I shall sound a warning note: he was, as ever, measured, but concerns have been raised in my constituency and elsewhere that the prospective changes to how buildings are identified, which he did not mention, may put more buildings at risk. I am not making a judgment on that point, but that view has been expressed.

I ought to have declared this interest at the beginning of my contribution: I live in a listed building. I must say that it is not one of the first 9,000 listed buildings, and it is not even one of the next 20,000 listed buildings—I may be a star, but my home is not starred—but it is one of the 300,000 ordinary listed buildings. I have a personal interest in the matter, which I care about for that reason and for many others. There is concern that our system of listing might be diluted by some of the changes that have been mentioned. As in Committee, I draw the attention of the Minister and the hon. Member for Hazel Grove to the at-risk registers, and to the large number of buildings that have sadly been added to those registers and which remain of considerable concern. The hon. Gentleman will have watched assiduously—because he is the sort of man who would—the programme "Restoration", which highlighted many interesting buildings that were at risk. I understand that there is to be a new series. That exercise provided a small illustration of a much bigger problem. In most of our constituencies, there will be an interesting building that is of architectural significance and adds to the landscape, but is at risk. I mention that as a caveat to the hon. Gentleman's remarks.

I am glad to associate myself with the new clause, and I am confident that this particular Minister will take it on board with relish.

Sue Doughty (Guildford) (LD): I, too, strongly support the new clause, which is intended to remove a potential barrier in the Bill in relation to environmental issues such as fuel poverty and climate change.

Historical properties and conservation areas account for an enormous amount of domestic tourism, and it is important that they be allowed to thrive. Guildford has a conservation area in its centre. Other cities, such as Bath and York, are able to offer tourism to people with a wide variety of interests. For example, one family member may want to look at the architecture while another wants to go shopping. Such dual-purpose visits bring money into the economy of an area and the UK as a whole. It is important that those high-quality buildings attract investment when renovation is needed. There are a plethora of small properties in conservation areas such as the Cotswolds and the Yorkshire moors. Together, they contribute a great deal to the cultural wealth of the area, as well as to its economy.

I hope that, as my hon. Friend the Member for Hazel Grove (Mr. Stunell) suggested, we will be able to find a range of standard solutions. For example, if the roof of a building is being renovated, that offers an opportunity to increase insulation. Businesses could specialise in solutions that consider the building as a whole, to ensure that it plays its part in reducing greenhouse gas emissions.

That is particularly applicable to smaller buildings. I am thinking about a row of shops in Guildford—delightful buildings. If one shop needs renovating, those on either side are also hidden by bulky scaffolding and often passers-by cannot see whether they are in business. They are not chain stores, but individual craftspeople. There is a hat shop next door to an absolutely delightful cake-decorating shop—that is where the bride's mother goes when she is planning a wedding. Lengthy renovations with scaffolding everywhere can detract from the vibrancy of the area.

That is why I am keen to have standard solutions to ensure that when renovations take place, people know what work they will be doing before the scaffolding goes up. Then, the work can be done quickly and effectively while retaining the character and charm of such areas, which we all want to enjoy.

I will be delighted if this thoughtful and sensible new clause goes forward with the rest of the Bill to become a helpful change in the building regulations.

Dr. Palmer: I, too, support the Bill and the principle of the new clause. I am particularly enticed by the vision of the hon. Member for South Holland and The Deepings (Mr. Hayes) living in his historical grotto: we would not wish to disturb his lair.

My only reservation is that, as the hon. Member for Hazel Grove (Mr. Stunell) said, listed buildings are a very varied collection of animals. Often, the owner of a listed building finds himself in a catch-22 situation whereby he is forbidden to make the changes that are needed to make it economical to run, or to knock it down, but unable to maintain it in its present state. I hope that the new regulations are not applied in such a way as to make that dilemma worse.

Conversely, though, we need to ensure that we do not create a large loophole in the Bill by having a vast category of buildings for which it becomes the normal practice that we do not bother to try to improve insulation and take the other desirable measures mentioned in the Bill.

The new clause strikes a reasonable balance by allowing for special considerations for such buildings, but not insisting on their application in every case. Despite the hon. Gentleman's clarification, I think that he would agree that cases will arise in which a local authority would, as with other buildings, feel it open to it not to press for any particular modifications. The whole Bill is about giving an authority the option to do so, rather than requiring it to do so. For some buildings—and perhaps grottoes—the necessary modifications will not be practical.

With that qualification, I warmly support the new clause.

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Phil Hope): It is good to be here to debate the Bill on Report, and I hope that it will be successful in receiving its Third Reading. I will say more about the Bill overall when we reach that stage, but for now I shall address my remarks specifically to the new clause.

An amendment proposed by my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) in Committee regarding the desirability of preserving the historic or architectural interest of certain buildings was withdrawn for further consideration because it was felt that its scope was too wide, although the principle behind it received general support. That is reflected in what hon. Members have said this morning. I am grateful to the hon. Member for Hazel Grove (Mr. Stunell) for tabling the new clause, which the Government consider honours the principle that received cross-party support in Committee.

The new clause says that the special character of listed buildings and buildings in conservation areas should be taken into account by the Secretary of State in making building regulations. The difficulty that we had with the amendment in Committee was that its definition of protected buildings included those in national parks and in areas of outstanding beauty. That remit was regarded as too wide, as it took no account of the character of the buildings themselves, only of their location.

The new clause recognises current practice in proposing new or amended building regulations. In doing so, we do not consider general exemptions for historic buildings. I want to say to my hon. Friend the Member for Broxtowe (Dr. Palmer) that a general exemption is precisely the kind of loophole that we do not want. That is why the enabling power is worded as it is; the regulations resulting from it will deal with the matter.

10 am

Where appropriate, the approved documents that support the regulations, which will be drawn up and published at the same time as the draft regulations, will give guidance on how the requirements should be applied to such buildings. For example, the current

[Phil Hope]

documents for part L, which deals with conservation of fuel and power, and part M, which covers access to and use of buildings, both contain guidance on how the requirements in those parts should be applied to historic buildings or those in conservation areas. As I said in Committee, in relation to individual buildings, local authority conservation officers and local authority building control officers will discuss how best the requirements might be applied to historic buildings or those in conservation areas.

It is widely felt that this pragmatic approach works well both in achieving compliance with the building regulations and in preserving the historic or architectural interest of protected buildings. The new clause will not disturb those arrangements. I am delighted that the hon. Member for South Holland and The Deepings (Mr. Hayes), living in whatever folly or grotto he lives in, is able to support the Bill. He reminded us in Committee of his concern for beauty, saying:

"I, too, am sympathetic to the amendment. It is vital that we strike the balance that my hon. Friend described, but I err towards that balance being struck in favour of beauty."—[*Official Report, Standing Committee C*, 3 March 2004; c. 21.]

He then gave us a very good description of what he meant by beauty, which impressed us all, even though it was slightly irrelevant to the Bill. The hon. Member for Guildford (Sue Doughty) also served on the Committee, and she made an important point today about tourism in conservation areas. The detailed points that she made about the regulations are obviously not a matter for the Bill at this stage, but will be a matter for consideration under the building regulations. No doubt when we go out to consultation on any new regulations resulting from the Bill, those points will be taken into account.

Mr. Hayes: I had not been aware until this morning that the Minister had become such an aficionado of my Tory aestheticism. The hon. Member for Guildford (Sue Doughty) made a good point about tourism, but we must never assume that purely utilitarian justifications have to be made for aesthetic value. It is for the love of beauty, and perhaps for the beauty of art, that we should endorse the desire of the hon. Member for Hazel Grove (Mr. Stunell) to put this clause into the Bill.

Phil Hope: The hon. Gentleman is absolutely right. Beauty is in the eye of the beholder, and I think that we both have a similar vision of the kind of beauty that we wish to see retained in our historic buildings and conservation areas.

Concern has been expressed that the new clause might affect compliance with the requirements of the Disability Discrimination Act 1995. That was not raised in Committee, but I want to put on record that that is certainly not the Government's view of the intention of the new clause, and I can assure the House that we would not propose regulations that had that affect. As the Minister responsible for building regulations, one of the interesting requirements of the job is the need to reach a balance between various dilemmas. Later clauses in the Bill cover secure buildings, and on Second Reading we discussed how that security needed to be reconciled with ensuring that people could get out of a building easily if it were to catch fire. We have to reconcile different kinds of regulations for different purposes.

We certainly do not want the regulations that we would be empowered to make under the Bill to have a negative effect in regard to the Disability Discrimination Act. Building regulations are goal-based and, within the goals, there will be sufficient flexibility both to ensure that the requirements of the Act are satisfied and to preserve the historic character of buildings.

I am happy to say that the Government welcome the new clause, and support its standing part of the Bill.

Mr. Stunell: I should like to the thank hon. Members who have supported the new clause for the kind words that they have uttered on its behalf. I do not want to waste the time of the House this morning.

I very much enjoyed what the hon. Member for South Holland and The Deepings (Mr. Hayes) had to say in Committee. I did point out to him that the Prince of Wales actually did not like some of the buildings now being listed, but there we go. That is how it is. My hon. Friend the Member for Guildford (Sue Doughty) made an important point about the value of our historic heritage in many different dimensions. She then put her finger on another problem, which was also raised by the hon. Member for South Holland and The Deepings, which I would describe as that of regeneration. Practically everyone knows examples of buildings that are falling into disuse or decay because of a lack of investment possibilities. The new clause will minimise the number of occasions on which that problem might arise. It will not generate any funds, but it represents an improvement on the current situation, which I hope will give some reassurance to those two hon. Members.

The hon. Member for Broxtowe (Dr. Palmer) made an interesting point about the way in which the regulations might inhibit investment in listed buildings. I believe that planning regulations will be the more likely barrier than building regulations. I honestly cannot see that this is likely to be an issue in relation to building regulations.

A point that has not been raised in the debate so far, but which is nevertheless relevant, relates to what is called embedded energy. Demolishing and rebuilding might seem an easy option for a dilapidated and decaying historic building, but it represents a very poor deal in terms of carbon emissions. It is possible to spend quite a lot on refurbishment to produce a building with very respectable qualities of sustainability, and still to have spent less than it would have cost to demolish and rebuild. That would also produce a more sustainable outcome than building something brand new, whatever its standard. So a proper understanding of sustainability, which is now beginning to grow, suggests that refurbishment and regeneration often represent a better way of improving sustainability than demolition and rebuilding to a completely new standard.

The Minister was reassuring when he confirmed that this measure does not provide a loophole; it does not exempt any building from any building regulation. It only requires those regulations to heed the circumstances of listed buildings and buildings in conservation areas. At present, building regulations apply to approximately 1 per cent. of the building stock

that is built or significantly altered each year. They do not touch the other 99 per cent. My Bill makes it possible, in certain circumstances, for the other 99 per cent. to come within the remit of building regulations, in terms of sustainability. The new clause gives special consideration to 5 per cent. of that 99 per cent., so the Bill will still capture, with full force, more than 90 per cent. of this country's building stock. It will give some limited special consideration to buildings of historic and architectural interest, amounting to about 5 per cent. of our building stock, and I strongly commend the Bill to the House.

Question put and agreed to.

Clause read a Second time, and added to the Bill.

Clause 6

REGISTERS OF INFORMATION AND DOCUMENTS TO BE KEPT BY LOCAL AUTHORITIES

Mr. Hayes: I beg to move amendment No. 1, in page 6, line 30, at end insert—

'(4A) The registers shall contain such information and documents that relate to the requirements placed on local authorities under the Sustainable Energy Act 2003, outlining any achievements beyond the statutory minimum in pursuit of warm homes and energy conservation.'.

This amendment will add to the Bill. I have listened carefully to the hon. Member for Hazel Grove (Mr. Stunell), and you will remember, Mr. Deputy Speaker, from you assiduous reading of these matters, that he expressed a similar kind of sentiment in Committee. I think that it is fair to say that he was enthusiastic for the energy conservation issues associated with the Bill to be in line with existing legislative requirements, and that he was seeking to press the Government a little on that issue. We on the Conservative Benches are passionate in our opposition to fuel poverty and in our defence of warm homes. The hon. Gentleman's Bill provides once again the opportunity to tweak the Government's performance a little.

Members on both sides of the House who are associated with warm homes campaigns are doubtful whether the Government will reach their targets. I mentioned that in Committee at greater length and I do not intend to take the House's time by repeating myself. Suffice it to say that the ambitious targets that have been set are unlikely to be achieved unless we make real and significant changes to the way in which we deal with new buildings and with existing ones. Best practice allows buildings to become highly energy efficient, but, sadly, best practice is by no means the norm, even in the case of the most modern buildings. Through improved insulation, improved ventilation, and the whole energy conservation culture, which can be embedded in design, we can, through the Bill, press the Government towards a position in which those targets might be realisable.

I know that there was a certain resistance from the Government when the hon. Gentleman adopted that kind of tone in the earlier stages of the Bill, and I understand that: it is much easier in opposition to make these bold claims than in government, and much easier when one is not answerable for missed targets. There is no point in us not facing up to that truth. It is the role of the good Opposition, however, and even of a minor party—I say this to the hon. Member for Hazel Grove—to force the Government's hand, to put appropriate pressure on them, and to articulate the concerns of the House and of people outside this place who specialise in these matters, and who share the passion for the fight against fuel poverty, which is almost intrinsic in Tory thinking and relates to Liberal thinking, too, at least to some degree.

It is therefore important that we once again challenge the Minister, through the amendment, on why he will not go that one step further on the road towards achieving warm, secure homes, fit for the purpose, for all our people. I commend the amendment to the House.

Brian White (Milton Keynes, North-East) (Lab): As the amendment refers to the Act that I put through as a private Member's Bill last year, I concur with the hon. Gentleman's sentiments. As one of the roles of Government Back Benchers is to push our Front-Bench team to go that bit further than the permanent government of the civil service would like, I ask the Minister to take on board the sentiments of this amendment, as there are a number of concerns in relation to the way that the Government are tackling fuel poverty, which I know that he shares. I accept, however, that the Government are doing good work, such as that announced this week in the energy efficiency review, all of which is to their credit, and about which we should be talking much more.

As the hon. Member for South Holland and The Deepings (Mr. Hayes) pointed out, there are a number of concerns that the targets set by the Government will not be met. To those of us who believe that one of the Government's achievements is taking people out of fuel poverty, and taking children out of poverty, this kind of measure is important. The amendment is not necessarily the right way forward, but certainly, the sentiments behind it are. I seek assurances from the Minister that the issues raised in my Act last year, such as linking the work of local authorities with that of the Government, and backing up the work of the Home Energy Conservation Act 1995 and that of the warm homes programme, and getting the balance and synergies between those right, are recognised as important. When the Government supported my Act last year, they recognised that, and when the Minister replies, I hope that he will also recognise that that work needs to be taken forward urgently, as was recognised earlier in the week in the energy statement.

10.15 am

Dr. Palmer: I must admit to being slightly puzzled by the amendment. Most of us would not rank the introduction of annual reports on progress, which came soon after the election, among the magnificent achievements of the Labour Government. I do not remember the Conservative party being at the forefront of those welcoming the publication of such documents. I see that the amendment would require local authorities to identify

"any achievements beyond the statutory minimum in pursuit of warm homes and energy conservation."

[Dr. Palmer]

That appears to be an invitation to local authorities to wax lyrical about their splendid achievements in the area at the expense of the people who pay for their time.

Brian White: One of the reasons that the provision to make sure that local authorities report was included in my Sustainable Energy Act 2003 is that a number of local authorities are lagging behind. Although the best local authorities are doing an excellent job, a number need to be dragged into the arena to deliver some of the programmes that we all want.

Dr. Palmer: I agree entirely with my hon. Friend. We must strike a balance between central direction, which will achieve the necessary progress, including in areas in which local authorities might think that they have other priorities, and allowing a degree of local flexibility. What worries me about the amendment is that basically it does not raise the minimum standards, and nor does it apply any standard reporting function that would enable us to collect statistics or assessments nationally. It is simply an invitation to local authorities to chat about their achievements. Given the intention of the Bill, I honestly do not think that anything will be achieved by that.

I accept fully that the hon. Member for South Holland and The Deepings (Mr. Hayes) who moved the amendment is motivated entirely by wanting to stimulate the best possible practice in local authorities and to encourage them to take an opportunity to boast about their achievements. My experience of local authorities—except mine, of course—is that they are only too keen to boast about their achievements at great length, which is perhaps a general characteristic of political organisations. We do not therefore need statutory encouragement for them to do so.

Mr. Hayes: In order that the hon. Gentleman might abbreviate his remarks, may I make absolutely clear what I thought that I had made sufficiently clear by inference earlier—that this is a probing amendment? It is designed to press the Government to move closer to the standards that are absolutely necessary if they are to meet their 2010 targets. In the hope that the hon. Gentleman might recognise that, and be brief, I say to him that 1.4 million social sector homes in England are failing to meet the decent home standards, and the vast majority of those—about 80 per cent., or 1.1 million—fail on thermal insulation grounds. On that basis, the Government will not meet the 2010 targets, and we are pressing the Minister, in an extraordinarily moderate way, a little further towards his own target.

Dr. Palmer: I appreciate the hon. Gentleman's wish to get away early or deal with whatever other pressing business he may have, but I feel that we should look at the amendments as they stand. Although he has hinted that he may be thinking of withdrawing amendment No. 1, which he would be wise to do, if he tables an amendment, we must be able to discuss it on its own terms.

We recognise the need to make progress with objectives to which we all at least pay lip service and that I hope we would wholeheartedly support, but what is required is a steady increase in minimum standards, accompanied by the flexibility that we discussed on new clause 1. We should not encourage local authorities simply to make statements that are not viable in cash terms.

In a previous life, I worked in statistics. I remember attempting to assess the progress of projects, and I remember that each of those reporting reported in a different way. That is a statistical nightmare with which everyone in Government is familiar, and I would not like to contribute to it now. I hope that the hon. Gentleman, whose objectives I respect and support, will withdraw his amendment.

Mr. Stunell: Some tempting bait has been dangled in the water with mention of the Sustainable Energy Act 2003, which began as a private Member's Bill promoted by the hon. Member for Milton Keynes, North-East (Brian White). The amendment is clearly a good thing in the sense that motherhood and apple pie is a good thing, and I approve of the idea of a report on progress, but there are one or two problems with it. For one thing, it would amend clause 6, not clause 5. Clause 5 deals with reports; clause 6 concerns the lodging of documents for inspection.

I wish the hon. Member for South Holland and The Deepings (Mr. Hayes) had had an opportunity to try out the idea in Committee, as the hon. Member for Stoke-on-Trent, North (Ms Walley) did with her proposals. That would have enabled us to deal with a provision that worked and was appropriately placed. The Minister might still be shaking his head, but at least the amendment would relate to the right part of the Bill. If it had referred to clause 5, I might have felt able to be rather more vigorous in my defence of the hon. Gentleman's defence of the hon. Member for Milton Keynes, North-East.

There is no doubt that we need more progress in the implementation of the 2003 Act. Along with other Members in all political parties, I have criticised the Government for not setting proper targets under the Act and for all the shortfalls in performance, but sadly the amendment is not a viable means of dealing with that.

I hope that we have made useful points. I hope that the Minister will go back and say, "They gave me hell over this—what are we doing?" The Government need a good nudge. They need to be reminded that Members throughout the House are concerned about the issue, and feel that the Government have been somewhat lethargic. I also hope, however, that the hon. Gentleman will not press his amendment, which I fear might jeopardise the wider project represented by the Bill.

Phil Hope: For reasons given by various Members today and for others that I will explain shortly, the Government will oppose the amendment because we think it unnecessary. That does not mean that we are not keen to pursue our targets relating to fuel poverty and warm homes. I realise that this is a probing amendment, and I will respond to it in those terms. As for my being given hell this morning, I prefer to say that Members have given me a good push forward, while supporting my enthusiasm for better fuel and energy efficiency and attacking fuel poverty on behalf of the Government.

The amendment is unnecessary because the Sustainable Energy Act 2003 already provides the necessary flexibility to ensure that compliance takes

place clearly and openly. That was the aim of all who were involved with the Act during its passage through the House. Section 4 gives the Government in England and the Welsh Assembly Government discretionary power to direct energy conservation authorities to improve energy efficiency in residential accommodation. It also requires those authorities to take action to implement cost-effective and practicable measures to achieve such improvement, while having regard to the eradication of fuel poverty. The Act gives the Secretary of State power to provide local authorities with guidance on their duties, and the authorities have a duty to have regard to it.

Brian White: When is the guidance likely to be produced?

Phil Hope: Regrettably, I am not responsible for the decision making of the Department for Environment, Food and Rural Affairs, so I cannot give my hon. Friend that information; but I will convey his enthusiasm for such guidance to my colleagues in that Department.

Like my hon. Friend the Member for Broxtowe (Dr. Palmer), I find it hard to believe that a local authority that had not only managed to meet its obligations under the 2003 Act but exceeded them would be reluctant to publicise its achievement. Surely it would be singing its own praises loud and clear. I imagine that it would take great pleasure in including all the details of its achievement through whatever monitoring or reporting system it had eventually agreed to.

An important part of the Act provides that any use of the powers it confers should be considered carefully, and that use of the powers and final implementation of the Act should involve consultation with representatives of local government. That approach is consistent with our policy on freedoms and flexibilities for local authorities. The Government would not issue such directions—thus placing a new burden on the authorities—without providing the funds needed to meet the new requirements.

As the Government have said on many occasions, we consider the powers potentially useful, in that they could help us to meet our energy efficiency and fuel poverty objectives. That was clearly demonstrated by the Government's wholehearted support for the legislation during its passage.

I agree with the hon. Member for Hazel Grove (Mr. Stunell) that the placing of the amendment is odd. The registers established by clause 6 will contain information relating to the Building Act 1984 on individual buildings, whereas the amendment would require general, local authority-wide information to be placed somewhere in a register that was not designed to receive it. Even if we supported the amendment, we would feel that it was in the wrong place in the Bill.

I should explain to my hon. Friend the Member for Broxtowe, who was not on the Standing Committee, that clause 5 obliges the Government to produce a biennial report to Parliament on progress in the sustainability of building stock. He asked about the value of that, and the extent to which it would create pressure and momentum for improvement.

I shall not go into all the details that we discussed in Committee of other efforts that the Government are making to improve building stock, but we have PPS1 and PPS22, the sustainability of buildings task group—which is about to publish a report—and many other initiatives showing our enthusiasm for the direction in which the hon. Member for South Holland and The Deepings (Mr. Hayes) has pushed me. A great deal is going on and we are making progress. The amendment is unnecessary to our achievement of our aims.

Mr. Hayes: The Minister, as I anticipated, has responded by acknowledging that this is indeed a probing amendment, designed to drive him towards ever greater efforts to achieve the targets set. He has given us an undertaking today that he is re-energised by the pressure from his Back Benchers—so admirably represented by the hon. Member for Milton Keynes, North-East (Brian White)—and from the hon. Member for Hazel Grove (Mr. Stunell). The hon. Member for Broxtowe (Dr. Palmer) has not been following these matters closely until today, perhaps because he has been out buying shoes—although I resisted the temptation of drawing him into the earlier debate about aesthetics, because I thought that he would be less than a front-runner in that department, judging by today's footwear. However, although he is less certain on these matters, I am satisfied that the Minister has got the message, and I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

10.30 am

Mr. Hayes: I beg to move amendment No. 2, in clause 6, page 7, line 3, at end insert—

'91B Accessible housing registers for the disabled

(1) Each local housing authority must maintain an "accessible housing register"

(2) The accessible housing register must outline—

(a) current and proposed accessible residential properties in the local authority area (whether purpose-built or adapted) with details of the access features relating to each property; and

(b) the provisions available for disabled people who require accessible housing,

(3) For the purpose of this section "accessible residential properties" means dwellings, flats and HMOs which provide a reasonable means of access and ease of use for disabled people, or which may be easily adapted to provide such access and ease of use.'.

Amendment No. 2 relates to registers of accessible housing for disabled people. That is not a new idea, and it is widely supported by disabled organisations and charities, as well as by many Members. I raised the matter in the Committee on the Housing Bill; the amendment is almost a repetition of the new clause that we then tabled.

Briefly, the argument for such registers is as follows. There is no doubt that all Members want to ensure that adequate housing is available for people with disabilities. That housing, often by necessity, must be adapted so that a person's needs can be properly catered for. Adaptations that take place in the cause of providing good housing for disabled people are varied. Someone with a spinal injury who is a wheelchair user will require very different adaptations from someone with partial sight. A range of disabilities requires a range of approaches.

[Mr. Hayes]

Such adaptations can be expensive, and the current problem is that local authorities often adapt a house to satisfy a tenant who subsequently dies or moves on, and the new tenant might not necessarily be able to access the same property. The match between disability and suitable adapted housing is often poor, which leads to houses being re-adapted for a person with a different disability, or de-adapted—if such a word exists—for someone with no disability at all, or only a minor one. That is a costly process, which wastes many millions of pounds for local authorities up and down the country.

Dr. Palmer *rose—*

Mr. Hayes: I give way to the hon. Gentleman, who is about to offer a riposte to my earlier rebuke.

Dr. Palmer: Not at all. I would hesitate to compete with the hon. Gentleman's sartorial elegance, but I am less certain about his drafting elegance. There are 41,000 homes in my constituency. Is he seriously suggesting that the local authority should assess and maintain a register of each one, including "dwellings, flats and HMOs", to see whether it is accessible—whether purpose-built or adapted—and what provisions are made for disabled people to access it? How many hundreds of additional local civil servants does he think that Broxtowe council would require to implement that proposal?

Mr. Hayes: I can see that despite the hon. Gentleman's good will, he has not made a close study of the matter. I am not surprised at that; he is a busy man and cannot always take as much time as he would like to advance the interests of disabled people. If he had made a close study of the matter, he would know that in those parts of the country where such schemes have been adopted, there have been substantial savings to local authorities. The cost of setting up and running a register has been found, for example in Bradford, to be considerably less than the savings made by not having to re-adapt homes. I am not simply advancing my proposal in the interests of disabled people because of a proper concern for them; I advance it because it is highly cost-effective for local authorities to ensure a better match between tenants and available properties.

Mr. Hugo Swire (East Devon) (Con): I agree with my hon. Friend's proposal. In my local authority in East Devon there is increasing pressure to comply with Government regulations on providing housing for disabled people, although there is not necessarily the financial wherewithal. If we moved towards a local register, it would not only save money in the long term but make it much easier to move people who need that sort of housing around in the constituency, without having to spend vast amounts of money each and every time they have to be housed.

Mr. Hayes: Yes, as my hon. Friend implies, the figures for the possible savings are impressive. It is certainly true that moving people around, as he puts it, is costly and painful to those concerned, and the savings themselves make a case for my proposal. Local authority estimates from Bradford suggest that savings may be in the range of £200,000 to £400,000, and some estimate that those savings may in fact be of more than £400,000. Of course, that will vary from place to place depending on the nature of the local available accommodation.

This idea was supported by Members on both sides of the Housing Bill Committee—I draw particular attention to the hon. Member for Stafford (Mr. Kidney), who is an advocate of a similar proposal—and at the very least, the Government must consider the matter further. The Minister for Housing and Planning, who is sitting in his place because he takes these matters seriously, and who saw my name on the screen and rushed into the Chamber, acknowledged when I made my proposal in Committee that it was something that any Government would want to consider seriously.

My argument, therefore, is not partisan; nor is it trivial. It is born of a desire to do what is right, but it is also to do something that can be implemented cost-effectively, as the hon. Member for Broxtowe (Dr. Palmer) properly suggested.

Matthew Green (Ludlow) (LD): The hon. Gentleman will know that when a similar amendment was tabled to the Housing Bill it had our broad support. However, I hope that he rapidly describes this as a probing amendment because, if my reading of it is right, it applies to all houses, not just local authority and social housing. I think that the latter is what he means, but the amendment in fact seems to apply to all houses, including privately owned ones. I am sure that he would not particularly want his local authority to maintain a register of whether his property, which we have discovered is listed, has been adapted for disabled purposes.

Mr. Hayes: It is fair to say that this amendment, as the tone of my comments suggests, is, like my previous amendment, designed to probe. Given that the debate in Committee was received well by Members on both sides, and given that the Minister for Housing and Planning dealt with it with his characteristic generosity, we are once again looking to press the Government to examine the matter more carefully and perhaps to come back with their own proposals, which we could then consider with equal generosity. My proposal comes from a real demand from disabled organisations, and the cause is driven by a proper concern for vulnerable people, so the matter should be taken up with alacrity throughout the House.

A pilot study in conjunction with local authorities might be a way forward. Far be it from me to suggest how the Government should run their affairs, but such a study could be done reasonably quickly and inexpensively, and with the co-operation of local authorities—of varying party political persuasions—that are already leading the way in this regard. If the Minister says today that that is already his intention—that he had plotted such a scheme before today's debate—my regard for him, which is already high, would reach proportions to which even he would be too modest to aspire.

The Minister will doubtless reply in the spirit offered, and the hon. Member for Hazel Grove will know that the amendment is meant to be a helpful addition to his Bill. Neither he nor the Minister has anything to fear from it, and they have the opportunity to show that in some measure they can match the Conservative commitment, rooted in our party's proud history, to the most vulnerable in our society.

Dr. Palmer: I am thinking of introducing a private Member's Bill to make it illegal to introduce probing amendments that do not make sense, but in the absence of such legislation, we have to deal with amendments as they stand. I note that in his response to the hon. Member for Ludlow (Matthew Green), the hon. Member for South Holland and The Deepings (Mr. Hayes) evaded the question of whether his amendment is intended to cover all private housing. As it stands, it does, so we would have to investigate not only whether my house has disabled access, but whether his grotto does. Does any sensible party aspiring to government really wish to impose such a burden on local authorities?

I entirely accept the hon. Gentleman's point that disabled organisations and sensible people everywhere want local authorities to keep track of the modifications made to local authority housing and social housing so that a match of the kind that he described can be encouraged. That would be entirely sensible and I should be surprised to discover that any local authority wanted to lose track of the improvements that it has made.

I can also see that there is a case for encouraging private owners to register improvements of this kind; doing so might well help them to sell the property in due course. However, I cannot see the point in maintaining a vast local bureaucracy that pursues every modification to every house and flat in the local authority area to try in vain to keep track of whether Flat 17, Gregoria Mansions, for example, has been modified in a way that would be helpful to people with a particular problem.

Mr. Hayes: I do not want to delay our proceedings, but the hon. Gentleman needs to acquaint himself with the Housing Act 1996, parts VI and VII of which already encourage housing authorities to maintain lists of properties suitable for disabled people and other special needs groups. More especially, in 1999, the National Disabled Persons Housing Service and the Housing Corporation described the benefits of such registers. The need now is for some statutory teeth to back up that good practice.

The hon. Gentleman is not, I hope, making a fundamental criticism of my proposal. I have made it clear that this is a probing amendment. We are simply looking to the Government to give teeth to the good practice that has already been established by a range of organisations and in legislation.

Dr. Palmer: The hon. Gentleman points to other legislation that encourages a register of suitable housing. However, as I understand it, his amendment would require local authorities to inspect every dwelling, flat and other building in the area to see whether it was purpose-built or adapted and what access features were available. He is a sensible man and I feel sure that, on reflection, he will agree that his amendment goes further than the provisions in existing Acts. Even probing amendments should be sensible in their own terms.

10.45 am

Mr. Hayes: Perhaps the hon. Gentleman did not hear what I said. I repeat that the 1996 Act makes it absolutely clear that housing authorities are encouraged to maintain lists of properties suitable for disabled people and other special needs groups. It is true that such properties will be spread throughout a range of housing types. What we need to do is to achieve a better match, which requires that authorities take a lateral approach. The issue is not the extent of what they should do, but whether it can be done cost-effectively. That is why the current cost of not getting a good match needs to be properly measured against the cost of implementing a scheme. I do not say that the amendment is perfect—it is a probing amendment—but surely the hon. Gentleman will briefly acknowledge that the Government should at least look at this issue.

Dr. Palmer: I entirely agree that it is sensible for local authorities to try to promote the availability of accessible housing and to keep track of the accessible housing of which they are aware. However, as it stands, the amendment would require local authorities to list current and proposed accessible residential properties and give details of the access features relating to each property.

The amendment reflects a general pattern of behaviour in Her Majesty's Opposition. In general terms, they are in favour of fewer bureaucrats, less local expenditure and lower council tax. But in respect of any given issue, they want more bureaucrats and greater local authority expenditure, the inevitable consequence of which is higher council tax. Even in this relatively cosy environment of a Friday morning discussion of a Bill, we should not lose track of the fact that there is a fundamental inconsistency there. Let us promote the good practice of local authorities keeping track of accessible housing, but let us not impose on them the requirement to send an inspector round to every building to maintain a vast register that will be out of date the moment that it is printed.

I urge the hon. Gentleman to withdraw his amendment. We all accept its spirit—we need to promote disabled-friendly housing—but its means are unachievable. He suggested a pilot scheme and I suggest that he try to persuade his own local authority to run one. If he is successful, we look forward to his authority's announcement of next year's council tax and we will see whether we have to cap it.

Mr. Stunell: I thank the hon. Member for South Holland and The Deepings (Mr. Hayes) for introducing this amendment, which has obviously generated some interest. It is certainly worthy and full of the best intentions, but it suffers from a couple of serious flaws. In its original form, it related to the Housing Act 1996, which refers to local authority and registered social landlord housing and does not automatically apply to the private sector. By transposing the amendment to the Building Act 1984, which does apply to all buildings, he has created a problem for himself that he perhaps did not recognise at the time.

[Mr. Stunell]

There is also a problem with the drafting in that the provision applies to all houses in the private and the public sector and to all future houses as well as present ones. The amendment refers to

"current and proposed accessible residential properties".

so presumably a scan of the planning list and applications would be needed. Overall, there are all sorts of technical problems with the amendment.

From my perspective of promoter of the Bill, the amendment adds a completely new dimension. I also remind the hon. Gentleman that his colleague, the hon. Member for Runnymede and Weybridge (Mr. Hammond), took up a considerable amount of the House's time on Second Reading to criticise my Bill, as it was then drafted, for the burdens that it imposed on local authorities. After that criticism, I find it a little hard to be faced with a proposal to put back into the Bill a provision that the Conservative Front-Bench spokesman specifically condemned. The hon. Member for Broxtowe (Dr. Palmer) also commented on the lack of precision in the amendment.

The hon. Member for South Holland and The Deepings said that the amendment would be cost-effective. If so, I should have thought that we needed a code of practice to explain to local authorities the benefits that would accrue if they adopted it. They should then be queuing up for a cost saving, which they are always searching for.

I repeat that the hon. Member for Runnymede and Weybridge heavily criticised me on Second Reading for doing exactly what the hon. Member for South Holland and The Deepings is seeking to achieve through the amendment. The hon. Gentleman will not therefore be surprised if I do all that I can to resist the amendment on this occasion.

Phil Hope: The amendment would require local housing authorities to maintain a register of all housing, including private sector housing, that is accessible to people with disabilities. The Government recognise that it is enormously important that disabled people can access accommodation that meets their needs. In replying to this probing amendment, I shall say a few words about increasing the supply of accessible homes and the importance of being able to match disabled people with them. I am pleased that my right hon. Friend the Minister for Housing and Planning was in his place to hear our debate.

We are taking action to increase the supply of housing accessible to people with disabilities. All newly built homes are required to comply with part M of the building regulations. The Government revised part M in 1999 to improve the visitability and convenience of new housing. The revised regulations include requirements to ensure that entrances, lifts, corridors, doorways and WCs are accessible, including to wheelchair users. Those provisions are expected to enable occupants to cope better with reducing mobility and to live longer in their own homes.

We announced earlier this year that we will carry out a further review of part M, with the aim of incorporating lifetime home standards for accessibility into the building regulations. Furthermore, in relation to new social housing, the Government require that all schemes funded through the Housing Corporation comply not only with the building regulations, but with additional criteria for accessibility and internal environments set out in the Housing Corporation's scheme development standards.

Our reform of the planning system is also designed to address issues of access and inclusion. The Planning and Compulsory Purchase Bill includes requirements for access statements to be drawn up to support planning applications in appropriate circumstances. The Bill will also introduce a statutory requirement for those responsible for preparing regional spatial strategies and local development documents in England to undertake those functions with a view to contributing to the achievement of sustainable development. That will be defined in planning policy statement 1. PPS1 will make it clear that development plans should contain clear and comprehensive inclusive access policies.

We are not only taking action to improve accessibility in relation to new developments; we have also substantially increased resources to fund adaptations to existing housing stock. The disabled facilities grants programme provides funding for local authorities to help disabled home owners and tenants to pay for essential adaptations to their homes. Since 1997, Government funding for disabled facilities grants has nearly doubled, rising to £100 million a year. This year, more than 33,000 homes will be adapted to meet the needs of disabled people through the programme—a 50 per cent. increase on 1997–98. That deals with the point raised by the hon. Member for East Devon (Mr. Swire) about the resources available to help disabled people secure accessible homes. We have also given local authorities new and wide-ranging discretionary powers to provide help for home owners for repairing and improving their properties, in addition to the support provided through the mandatory disabled facilities grants programme.

Through our revisions to the building regulations, through the standards we set for new social housing, through our reforms to the planning system and through our funding for adaptations, we are seeking to increase the availability of accessible homes that meet the needs of disabled people. However, the point of the amendment is about how to match those homes to disabled people. Increasing the supply of accessible housing to disabled people is only the first task. We also need to ensure that people with disabilities are matched with the most suitable accommodation available. The amendment is designed to press the Government to make improvements in that respect. That, of course, is why the Government encourage local housing authorities to maintain disability housing registers, an issue that was debated during the passage of the Housing Bill.

The code of guidance on the allocation of accommodation that we issued to local housing authorities in November 2002 makes it clear that

"the Secretary of State recommends housing authorities to maintain lists of properties which are suitable for disabled people and other special needs groups . . . Such lists might include all accessible or significantly adapted local authority stock, RSL properties and private sector properties to which authorities nominate tenants."

In addition to that statutory guidance, good practice guidance on disabled housing registers is also available to social landlords. "A Perfect Match?", published jointly by the Housing Corporation and the National Disabled Persons Housing Service in 1999—currently being updated—is designed to help spread best practice and to support the creation of matching services.

Choice-based lettings schemes, under which properties are openly advertised and appropriately labelled as to the level of adaptation, also make it easier to match people with disabilities to appropriate available accommodation. Those schemes help to provide people with disabilities with the information that they need to choose a home appropriate to their diverse needs. More than 20 per cent. of local authorities are now pursuing some form of choice-based lettings system and we have set a target that all local authorities will have adopted choice-based lettings schemes by 2010.

Although I am fully in favour of measures that make it easier to match the housing needs of disabled people with available accommodation, in view of all that I have said, I am not persuaded that the amendment is the appropriate way forward. I hope that I have demonstrated our enthusiasm for making change and progress, but not necessarily through the amendment. There were good intentions behind it, but it also has unfortunate consequences. The Government repealed the duty to maintain a housing register in the Homelessness Act 2002, and I am not convinced that there is sufficient justification to reintroduce that duty for one category of applicant only.

As my hon. Friend the Member for Broxtowe (Dr. Palmer) pointed out, the amendment would require local authorities to maintain detailed registers of all current and future accessible housing in their area. To meet that requirement, local authorities would need to collect information on the access features of not only social housing and private sector housing to which the authority has nomination rights, but of all housing—including owner-occupied housing and homes for private let. The amendment would also require local authorities to provide information relating not only to existing homes, but, as the hon. Member for Hazel Grove (Mr. Stunell) pointed out, to all homes proposed to be built or adapted to meet accessibility standards in the future.

The exceptionally broad scope of the requirement would clearly place enormous demands on the resources of local authority housing services. For local authorities to collect detailed information on all properties within their boundaries—whether owned by them or by private individuals, and whether existing or yet to be built—would be onerous indeed.

The question of cost was mentioned. I am aware that some local authorities that operate disabled housing registers have reported savings from this scheme. Following debates in Committee on the Housing Bill, the Minister for Housing and Planning asked Office of the Deputy Prime Minister officials to look into the operation of such registers across the country. That was the commitment that we made in Committee. The emerging findings show enormous variation in the declared savings of such schemes. Information was limited, variable and lacking in consistency. For instance, some estimates were based on the whole disabled persons housing service, rather than specifically on the disabled housing register.

11 am

Because of those serious data reliability issues, we cannot be certain that registers would produce any savings for authorities in the long term. What is certain is that all registers incurred significant start-up costs, which would be a significant new burden on local authorities if registers were to be required in legislation. There are also practical issues around how local authorities could gather information about the access features of privately owned properties in their area in practice, unless the owner volunteered such information. Our view remains that making registers a legislative requirement would place a disproportionate burden upon local authorities and take up resources that could be better used to improve the provision of housing for disabled people through the disabled facilities grants programme.

We are committed to taking action to ensure that people with disabilities have access to housing that meets their needs. Our announcement of an expedited review of part M to incorporate the lifetime home standard into the building regulations illustrates that commitment. But we believe that the best way forward is through non-legislative measures, such as increased funding for the delivery of a first-class adaptations service and continuing to encourage and promote best practice in local lettings policies to help match people with the most appropriate housing available. With those words of explanation, I ask the hon. Gentleman to withdraw this amendment.

Mr. Hayes: The Minister has given a useful and interesting response to our short debate and I have two or three further points to make. First, the hon. Member for Broxtowe (Dr. Palmer) appropriately raised the question about the extent of the responsibility to maintain information to match disabled people with appropriate housing. We should not be naive about that, because much adapted housing exists outside the local authority sector. For instance, housing associations, such as the John Grooms housing association, do good work in that area, and the private sector also contains some adapted housing. It is not good enough to exclude such housing from a sensible consideration of how to move forward on the issue. Indeed, Governments have not done so in the past.

I mentioned the Housing Act 1996 and it is worth drawing particular attention to the Housing Grants, Construction and Regeneration Act 1996, annexe 1 to circular 17/96, entitled "Private Sector Renewal: a Strategic Approach". That guidance, issued under the Act, states that local authorities should consider

"the development of registers of adapted homes and of people looking for such properties."

Given that that guidance was aimed at taking a lateral view of the availability of accommodation, and that it also mentions matching people with properties, it is clear that the Government recognised a problem that had to be dealt with. The Minister acknowledged that issue in his remarks, but we should not take too narrow an approach. The balance between cost and efficacy is

[Mr. Hayes]

an issue, and all sensible people would wish to take that into account, but I hope that a sufficiently lateral approach will be taken.

Secondly, we must take account of existing good practice. I was interested in what the Minister said about the research that was done after my original comments on the issue in Committee on the Housing Bill. I am grateful to the Secretary of State for having commissioned that work by the Department. The Minister said that it produced varying results, but we should consider best practice as found in those authorities that report good results on matching and on cost-effectiveness, in terms of needing to adapt fewer homes, and see how that best practice could be spread to other areas. Local authorities may take different approaches—electronic databases, information distribution, process management, interaction between departments are all relevant. For example, a social services input would be needed as well as a housing input, and possibly a health input. A multi-agency approach is required to achieve the best results. Therefore, I reasonably ask the Minister to consider what the most effective local authorities do and seek to export it to others.

Thirdly, I wonder whether further discussion might take place with those who represent disabled people, such as the housing associations that specialise in the issue. I mentioned John Grooms housing association, which produced a very good report last year, in conjunction with the Joseph Rowntree Foundation, on housing availability for wheelchair users. The results that it found were disappointing, even in respect of new build. Substantial numbers of newly built properties did not meet statutory requirements for access. The Minister said that progress had been made, but there is an issue of compliance. I hope that the Minister will agree to meet people from the sector to discuss the matter further, so that we might make some progress.

Dr. Palmer: Will the hon. Gentleman give way?

Mr. Hayes: I hope that the hon. Gentleman will not mind if I move on. I am usually generous in giving way.

With those comments and caveats, I can say that the Minister has approached the issue in a helpful and positive way. On that basis, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Order for Third Reading read.

11.7 am

Mr. Stunell: I wish to thank all those colleagues who have participated in discussions on the Bill, on Second Reading, in Committee and today. I also wish to thank organisations outside the House that have contributed to the Bill in its present form, especially the Greater Manchester police, who gave me practical assistance on the crime reduction aspect of the Bill, and the WWF which, with its 1 million sustainable homes campaign, has been an important supporter of the Bill.

The Bill comes at an important time in the development of policy by the United Kingdom on sustainability. Only last week, the Government published their plan of action for energy efficiency, and next week the House will consider the Energy Bill. I like to think that my Bill will play a part in helping the Government out of a hole. They signed up to Kyoto, acknowledged the royal commission report, produced a performance and innovation report and then published a White Paper. They now need some legislation to deliver on some of those promises, and I hope that my Bill will help to do so.

I am delighted that the Bill has got so far and I am keen to finish the job, so I will not delay the House for long. I brought before the House a Bill that I described as modest, and it has emerged from Committee a little more modest, which I regret. It was never the answer to everything, and it certainly is not now. The Bill is a useful building block that can help to cut crime; I gave practical examples of that at Second Reading.

The Bill can help to cut carbon emissions and can promote the sustainability of buildings and of homes. Buildings collectively are currently responsible for more than 30 per cent. of this country's carbon emissions, with homes alone accounting for about 27 per cent. Also, clause 5 contains a useful provision that holds the Government to account, requiring them to report every two years on the progress they are making and are planning to make.

I could easily wax lyrical. On checking *Hansard*, I was amazed to find that I had talked on Second Reading for 70 minutes. I hope to keep it well under seven minutes this time and simply say that I commend the Bill to the House. I hope it is brought to the Lords quickly and is subsequently put on the statute book as quickly as possible.

11.10 am

Brian White: Today, I should have been chairing a meeting between the Milton Keynes energy agency and the local authority about the energy needs of local authority buildings, so it is appropriate that I am here to support the hon. Member for Hazel Grove (Mr. Stunell). The Bill is useful and builds on the Sustainable Energy Act 2003, which the hon. Gentleman strongly supported. He ought to be congratulated, not just on the Bill but on galvanising support from the public and from the organisations about which he talked.

The Bill is a step forward and a building block, and makes a number of key advances. I regret that two of the clauses on energy that were in the Bill when it went into Committee have been removed. However, that does not mean that the Government will not need to discuss and make progress on the issues. I am confident that they will, and that my hon. Friend the Under-Secretary's assurances in Committee will be taken forward. We are to discuss the Energy Bill next week, when we will return to the issue of renewables. There are a number of key issues that we need to take forward and this Bill gives us an opportunity to do that.

I am sure that the Under-Secretary will assure the House that the Government are on target to achieve their energy objectives. In welcoming the Bill and wishing it well in the Lords, I congratulate the hon. Gentleman on the Bill, the progress that he has made and the difference that the Bill will make to the country.

11.13 am

Sue Doughty: I, too, congratulate my hon. Friend the Member for Hazel Grove (Mr. Stunell) on the work that he has done. My hon. Friend and the hon. Member for Milton Keynes, North-East (Brian White) have concerns that the Bill does not go as far as we would like. We must continue to work on previous and future energy legislation to see its impact on climate change and other problems. I am however delighted that the Bill is being taken forward.

I thank the Under-Secretary for his help. The other day, I chaired a meeting at which he gave a most interesting address on sustainable buildings. His personal comments about the Bill are helpful.

The housing stock is desperately important, but the scourge of fuel poverty is still with us. We have made progress, but there is a long way to go. As energy costs increase, the problem becomes more urgent, particularly among the lowest income groups. I look forward to the Energy Bill, which we hope will deal with that matter.

Public buildings, town centre developments and out of town shopping centres can contribute to the excess use of energy and resources, as well as to greenhouse gas problems. In future, such developments must use fewer resources and must be less demanding and more sustainable. This is where the Bill starts to make progress.

I met the developers of a proposed development in central Guildford, and at last they are starting to talk about combined heat and power and recycling. Big companies are much better on recycling because the re-use of materials can reduce their costs, but small law firms, for example, that generate lots of paper often do not have recycling facilities. We hope that the Bill will start to help such organisations. We need to know how large buildings can generate renewables, which is possible. These are cheap wins if we can move the market forward. We also need more sustainable construction.

Public thinking is changing. A few weeks ago, I was canvassing for a by-election in an area of Guildford that has an area of land that is up for development. It is to be used for properties, but people were asking where the recycling facilities would be. They wanted composting facilities and the easy collection of recyclables. We also need to examine the conversion of large buildings into flats. My flat in London is in a large building, the former headquarters of the NAAFI. When it was converted, opportunities for combined heat and power were not taken, although the building would have been an ideal candidate. There is no recycling facility. It is gated and secure, but an opportunity has been lost.

I strongly welcome the Bill, which will be paving legislation. It does not change things as such but gives the Government more opportunity, through building regulations, to say what they want and how they can work on climate change and fuel poverty and cut waste. I am delighted that the Bill is proceeding, and I congratulate my hon. Friend the Member for Hazel Grove.

11.18 am

Mr. Hayes: We are coming to the conclusion of a good debate that has cut across the party divide, largely thanks to the hon. Member for Hazel Grove (Mr. Stunell). Exploring the important issues of the security and sustainability of buildings has done the House a power of good.

I had a lovely day on Monday; I went to Birmingham. I do not often go there and it was exciting. I went to the master builder of the year gala awards lunch, attended by hundreds of builders. I was the only politician there, which was disappointing. No doubt others were invited, but we have busy diaries. I was pleased to see the very best of what builders can do. The awards involve the exploration by judges of projects throughout the country and show what builders—typically small firms—can achieve when they take on board the things we discussed during our debates.

We can do good work. There is great skill throughout the building professions and we have many good architects. We have people who are committed to producing the very best, and they must be encouraged. The House will forgive me for noting that one of those nominated for a prize—indeed, the winner of a local award—was Fensom Builders, for a project in Deeping St. James in my glorious constituency. I met Dave Fensom and his family; better people one could not wish to know. They are typical of small builders in this country who are taking on board many of the considerations embodied in the Bill.

In broadly supporting the arguments advanced by the hon. Member for Hazel Grove throughout consideration of the Bill, I wish to discuss three matters that emerged from that consideration: power, learning and knowledge. The hon. Member for Broxtowe (Dr. Palmer) mentioned the difficult balance between, on the one hand, the power that the legislation will provide and the resulting issues of cost and effectiveness—whether the good intentions can be delivered—and, on the other, the desirability of the intentions that lie behind the Bill. That balance will be the test of whether the proposals make legislation that is indeed as good as we hope it will be. When speaking of power, the whole House turns first to Edmund Burke, who said:

"The greater the power, the more dangerous the abuse."

It seems to me that when they consider the Bill, their lordships will be aware of that balance, which has properly been discussed here and been accepted as the key to whether the Bill makes good law.

Hilaire Belloc, who is another of the Minister's heroes and one of mine, too, said that pride—not a fault of which we can accuse those present here today—

"causes those who suffer from this disease to regard whatever they think they have learned . . . as absolute and sufficient."

Although many of the things said during our deliberations, and much of the Bill, are good, they are neither absolute nor sufficient. That is why I moved my probing amendments today and why I have tried, in my humble contributions, to highlight some of the areas that are not yet sufficient and the ways in which the Bill could act as a catalyst for discussion of further issues, such as those affecting disabled people, warm homes and energy efficiency.

On progress, I turn to my hero G. K. Chesterton, who said:

"My attitude toward progress has passed from antagonism to boredom. I have long ceased to argue with people who prefer Thursday to Wednesday because it is Thursday."

[Mr. Hayes]

Progress must be more than an ambition, but to be realisable it must be routed in a certain sense of where we want to get to. Today, we have discussed aesthetics and our determination to ensure that our historic built environment is respected to an even greater degree than it has been thus far, and that we take proper account of the relationship between new buildings and existing settlements, and understand buildings' impact on the landscape. All are vital to ensuring that progress represents genuine improvement rather than change for change's sake.

The hon. Member for Hazel Grove will agree with me that every Briton should have the opportunity to live in a home that is secure, warm and fit for its purpose. Let that be our mission. It is certainly the Conservatives' mission, and I think that we are gradually converting other parties, including the Government.

11.25 am

Dr. Palmer: I add my congratulations to the hon. Member for Hazel Grove (Mr. Stunell). Each of us would like, before we leave this place after many scores of years, to be able to attach our name to a law. I have a nasty feeling that my epitaph will be, "He got bells on bicycles", but I think that the hon. Gentleman will be pleased to have his name attached to this substantial piece of legislation when, as we anticipate it will, it has completed its passage through both Houses and receives Royal Assent.

There is broad consensus on the building regulations being the right way in which to deal with the general issues in the Bill. Any individual developer may pay lip service to the principles of sustainable development—indeed, his support may be genuine—but the financial, planning and other pressures attached to any development will tend to overwhelm such good intentions unless we secure a general raising of standards across the country. Everyone who has canvassed in his own and other constituencies will know that standards must be raised.

I shall focus on an aspect that has been little discussed today: the design of buildings to discourage crime. Our constituents would no doubt be pleased to hear that their building was environmentally sustainable, but the issue that comes up more in daily canvassing is whether a building is designed to discourage hooligans and the entry and escape of people with inappropriate intentions—whether, when consideration was being given to developing a property, especially a block of flats, attention was paid to whether the design would discourage crime. That gets far too little attention at that stage, and we tend to fix the problem later, often at disproportionate expense.

Brian White: In my area, the local planning inspector has just thrown such key issues out of the local plan. My hon. Friend raises an important matter. I hope that the Minister will ensure that during inquiries planning inspectors take account of the need to design out crime.

Dr. Palmer: Crime is one of the areas in which an ounce of prevention is worth a pound of cure. I think that we all have estates in our constituencies where, if more thought had been given to the problem, the risk of crime could have been greatly reduced.

Clause 2(8) amends section 44 of the Building Act 1984, which deals with Crown properties. Building legislation passed in 1944 has not yet taken effect. Although I am all in favour of not rushing legislation, I ask the Minister to consider whether 60 years is sufficient time to implement the provision in respect of Crown properties.

We had a partly playful but also partly serious discussion on the registration of properties with good disabled access. Leaving the banter aside, the hon. Member for South Holland and The Deepings (Mr. Hayes), whom I count as a personal friend despite his criticisms of my sartorial excellence, is on to a serious point here. I suggest that local authorities be encouraged to register the disabled access of buildings in their control, and in respect of housing associations, and that they maintain a voluntary register so that owners of private property who wish to record the fact that they have improved their properties to allow for people with disabilities are able to do so with some local authority imprimatur or a verification to show that that has happened. People trying to sell their property would find that beneficial and helpful, as opposed to an imposition, which is how the proposal would be considered if there was a blanket requirement to register the situation for every property in the borough.

I urge those implementing the Bill to examine best international practice. As has been said in the debate, Britain has a great tradition of architecture, but I am not sure that we have a great tradition of sustainable development. There are countries that are significantly in advance of us on that. We should consider examples from Scandinavia and countries such as Switzerland and Holland, which is no doubt of special interest to the hon. Member for South Holland and The Deepings, as we would see that there are lessons to be learned, which we do not have to reinvent. If we could achieve the best international standards, that would be an enormous step forward.

We obviously must consider the cost of any such improvements. When we have what is generally accepted to be a shortage of housing, especially affordable housing, we must be careful that we do not gold-plate the regulations to the extent that affordable housing becomes unaffordable.

I think the hon. Member for Hazel Grove, who introduced the legislation, would agree that many of the improvements that we can envisage in building regulations are not terribly expensive, but merely ones that people have to decide to make. It is not necessary to have amazingly luxurious building with all modern conveniences for every conceivable situation; it is merely necessary to bear in mind as one develops a new construction that we need to cover the aspect of crime prevention and that of environmental sustainability.

Mr. Stunell: I agree absolutely with the hon. Gentleman. The building legislation and the building regulations are some of the best preventive health

measures there are. I have made the point before that building inspectors have saved more lives than doctors in the past 150 years, and long may it continue.

Dr. Palmer: The hon. Gentleman makes a good point. We tend to overlook the health aspect of the issue. We consider the environmental side, which is a social good, and the crime side, which is a social and individual good, but it is easy to forget that good building regulations mean healthy buildings, and healthy buildings reduce the burden on the health service.

It is Friday morning and, as usual, the turnout is not overwhelming, but we must acknowledge that such legislation—for example, the Town and Country Planning Act 1990—has a significance and an impact well beyond that of more glamorous and high-profile legislation. I would be surprised to see any reference in any of tomorrow's newspapers to the passing of the Bill, but it will probably benefit people right across the country for decades to come. As has been said, we are busy people, so we should all feel a little proud that we spent some time on a Friday morning giving the legislation a fair wind.

11.35 am

Matthew Green: The House will be relieved to hear that I intend to be brief and that I do not intend to quote from a Burke.

I congratulate my hon. Friend the Member for Hazel Grove (Mr. Stunell) on this excellent Bill and the manner in which he has taken it forward. I would add my congratulations to the Minister and to the hon. Member for South Holland and The Deepings (Mr. Hayes), who speaks from the Conservative Front Bench, on approaching the Bill sensibly and meaningfully. That shows their intention to take the Bill seriously.

I did not have the pleasure of serving on the Committee—I have probably served on too many Committees involving the Office of the Deputy Prime Minister in recent months, so my absence was probably a relief—so I rise briefly now to offer the support of Liberal Democrat Front Benchers for the Bill. I am not saying that just because my hon. Friend the Member for Hazel Grove is the Liberal Democrat Chief Whip.

I agree with my hon. Friend that it is a shame that the Bill lost some elements in Committee, but he still has a Bill of which he can be very proud. It will make step changes and improve sustainability and security of buildings. The public will appreciate that he has done a great service in introducing it.

The Bill is based on firm principles, but those principles have not prevented it from being coherent and, most importantly, effective. I hope that the other place also approaches it pragmatically and sensibly, and approves it so that it can reach the statute book, which it deserves to do.

11.37 am

Phil Hope: Here we are on Third Reading and the Bill, like me earlier, has arrived at its crunch point. I thank the hon. Member for Hazel Grove (Mr. Stunell) and congratulate him on introducing it and taking it forward. The Government offer it their strong support.

Modestly, the hon. Gentleman described the Bill as modest, but I beg to differ. I believe that it will be of enormous help in supporting Government policies and aspirations on sustainable development and security. I also thank other hon. Members who—in the Chamber today, in Committee and on Second Reading—have played an active part in its consideration. We have had contributions from the hon. Member for Guildford (Sue Doughty) and from my hon. Friend the Member for Milton Keynes, North-East (Brian White), who has a well-known track record of championing this cause.

During consideration of the Bill, my hon. Friend has pressed the Government and the hon. Member for Hazel Grove to take things further. Where we have been able to do so, we have responded positively; where we have been unable to do so, our intent has none the less been similar to his. I hope he acknowledges that.

My hon. Friend the Member for Stoke-on-Trent, North (Ms Walley), who is not present, lost her amendment in Committee, but, through the hon. Member for Hazel Grove, we have managed to put it in the Bill, which is very pleasing. Indeed, it has been a pleasure for me to serve for the first time during consideration of a Bill with the hon. Member for South Holland and The Deepings (Mr. Hayes), who brought eloquence and flair to our proceedings, quoting Belloc, Chesterton and Burke.

I remind the hon. Gentleman that when we discussed city states and their evolution during the passage of the Local Government Bill, I managed to get Marx, Hegel, Machiavelli and Rousseau into our proceedings. I suggest that my panoply of champions is at least a match for his.

Mr. Hayes: I think that the whole House will know that, whereas the Minister is Machiavellian, I aim merely to be Chestertonian.

Phil Hope: I can put that on my tombstone in the long and distant future—not too soon, I trust. To be known as the Machiavelli of modern British politics would be—

Joan Ryan (Enfield, North) (Lab): The prince.

Phil Hope: The prince of modern British politics would be a fine epitaph for a junior Minister,

I would like to mention the main provisions of the Bill and remind everyone about what we have achieved and are achieving through it. It will allow building regulations to be made for new purposes of furthering the protection or enhancement of the environment, facilitating sustainable development and furthering the prevention or detection of crime. It extends the circumstances in which building regulations apply to existing buildings and allows building regulations to impose continuing requirements where needed to conserve fuel or power or to reduce greenhouse emissions.

The Bill requires a register of information to be kept by local authorities about their building control functions. It allows regulations to require that building control compliance is certified to the local authority and regulations to require a person to be appointed to manage compliance with the building regulations throughout the period of building work. It also requires

[Phil Hope]

a biennial report to Parliament on the progress of sustainability in the building stock in England and Wales and, as a result of today's decisions, it requires the Secretary of State to take into account the historic character of buildings when making building regulations.

I do not think that it is a modest Bill. We in the House and the hon. Member for Hazel Grove can be proud of it. The Government are delighted to support it. I hope that it will receive fair wind in the other place and that it will become an Act in due course.

The Bill is in line with Government policy on sustainability and the environment. It will help us to apply our wider policy objectives to building regulations. I want to say a few more words about why we support the introduction of the measures that I have described and about how the Bill will help us to promote security and crime reduction.

It is interesting that, both on Second Reading and in Committee, the sustainable development aspects of the Bill attracted most attention and interest, yet its security and crime-reduction measures are hugely significant, too. The powers will enable us to do something to try to reduce crime and to decrease people's fear of crime in the years ahead.

Sustainability is an important part of the Government's programme. We are committed to promoting economic growth but, crucially, we are keen to do so in a way that promotes quality of life and does not diminish it. That has been too often forgotten by previous Governments.

One of the most common definitions of sustainability is

"development which meets the needs of the present without compromising the ability of future generations to meet their own needs".

Hon. Members will know that the ODPM launched the sustainable communities plan, which is about regenerating communities and about growth that includes the infrastructure that is required to ensure that we do not build soulless housing estates and make the errors of the past that bedevil rather too many of us in our constituencies. We want growth that is genuinely sustainable, not only in the economic and social senses but, crucially, in the environmental sense. It will be a triple win, if we can do it: creating, building and growing sustainable communities that combine economic, social and environmental progress.

I spoke to the all-party group on sustainable waste only the other day. The hon. Member for Guildford was kind enough to thank me for that. There is huge interest in the House and great support for measures concerning sustainability that recognise—this applies not just to waste management but to many other sectors—the importance of being able to embrace all three aims. Understanding how to achieve economic progress, sustainable environmental progress and social progress is the real story of the 21st century, so that we do not repeat the mistakes of the past.

The Bill will allow us to use building regulations to make buildings more sustainable. It aims to improve the quality of life of people in their homes and workplaces in a cost-effective way to avoid imposing burdens on business. There are three specific ways in which it will move policy forward.

First, it aims to promote the sustainable use and re-use of building materials. Secondly, it aims to raise performance standards for energy efficiency and so reduce emissions of greenhouse gases and vapours. Thirdly, it aims to increase the level of compliance with building regulations through measures relating to appointed persons and certification. Those are three specific, concrete, identifiable action points that will achieve specific and agreeable outcomes. The hon. Member for Hazel Grove championed those measures throughout proceedings in Committee. He was right to do so. They will achieve real progress.

In addition, the biennial report to Parliament on the progress of those activities and of sustainability by the Secretary of State will act as a spur to continuing good practice. We should not underestimate the challenge presented to us by the Bill, the fact that the Government are prepared to support it, and the report. There is a small cost involved in that. We debated issues around cost; I do not think Burke really got into the difference between power and regulation. This is an enabling Bill that allows us to take those powers forward. Therefore, costs associated with the Bill are small because they relate only to reporting to Parliament.

Later, when the building regulations are discussed, consultation is held and the regulatory impact assessment is made, there will be a detailed cost-benefit analysis of the various measures. Members raised those concerns, particularly on Second Reading. It is important that hon. Members understand what the Bill will do and the regulations that will flow from it.

Sue Doughty: I add my appreciation of the fact that there will be reporting. I have regularly lamented the Government's refusal to report on progress and I have highlighted the importance of reporting. I am grateful for the Government's movement on that and for the Minister's understanding of the importance of progress reports.

Phil Hope: I am grateful to the hon. Lady for her comment. We were not able to accept some of the amendments tabled in Committee because they went further than we were able to go at the time, but in this case we have responded positively—in the production of the Bill, in Committee, on Report and on Third Reading—to put on record our commitment and to implement it through the reporting process.

The imposition of a requirement on local authorities to keep information about their building control function will help them to meet the needs of the home information pack, and better enable them and the general public to track the progress of sustainability in their areas. We will thus be able to see the progress locally, as well as nationally and in Parliament.

On energy efficiency, the building regulations that the Bill directly affects play a crucial part in our climate change programme. As hon. Members know, that sets targets for reducing national carbon emissions in 2010 to 20 per cent. below that in 1990. Almost half of our national carbon emissions are from buildings. Understanding that a building is responsible for carbon

emissions is an interesting idea, to which the hon. Member for Hazel Grove alluded. Most people believe that carbon emissions are generated by cars, aeroplanes and so on—things that move around. The idea that carbon emissions are generated by buildings is understood by scientists and, I hope, by children in their lessons at school, but I am not sure the general public fully understand it. It is true to say that about half of our national carbon emissions are from buildings.

Mr. Stunell: The Minister makes an important point. It continues to fascinate me that this place spends so much time and so much political energy on measures that will affect traffic and vehicles, whereas my house and the Minister's house emit more carbon than my car or the Minister's car. I welcome his recognition of that, and I hope that that means that in future a larger part of Government policy will be directed at reducing carbon emissions from buildings, with less attention focused on traffic.

Phil Hope: I am interested to hear the Liberal Democrat Chief Whip announce new Liberal Democrat policy from the Back Benches, and that the Liberal Democrats are no longer in favour of reducing carbon emissions from traffic. No doubt that will find its way into various leaflets—

Mr. Stunell *rose—*

Phil Hope: Perhaps I am about to be corrected.

Mr. Stunell: Occasionally, misapprehensions can be picked up by Labour Ministers when they are not paying sufficient attention. I assure the hon. Gentleman that I am not authorised to change Liberal Democrat transport policy this morning.

Phil Hope: And neither am I.

Mr. Richard Bacon (South Norfolk) (Con): Does anybody care?

Phil Hope: I believe that more people are beginning to care about carbon emissions. They understand the impact of greenhouse gases on climate change and global warming. *[Interruption.]* I stand corrected—the hon. Member for South Norfolk (Mr. Bacon) was asking whether people care about Liberal Democrat policy. I fully share his cynicism in that regard.

The Bill will allow the application of regulations to a greater number of existing buildings, not just new ones. Improving standards in the existing building stock is vital to meet the targets. We all look forward to the report—it is due to reach the Government soon—from the sustainable buildings task group chaired by Victor Benjamin and Sir John Harman. It was commissioned by no fewer than three Departments—the Department of Trade and Industry, the Department for Environment, Food and Rural Affairs and the Office of the Deputy Prime Minister—to recommend steps that we can take immediately to improve buildings in this country.

I shall deal briefly with an aspect of the Bill that has received less attention than the energy efficiency and sustainability provisions that we have been discussing: security and crime reduction. Those are particularly important in view of the debate that may take place later today. The provision in the Bill paves the way for the Government to introduce building regulations that will facilitate the prevention and detection of crime. That is very welcome. In addition to being an inclusive, well designed environment, a sustainable community must strive to be free from crime and free from the fear of crime. There is plenty of evidence to suggest that implementing even basic security measures can reduce the risk of an individual becoming the victim of burglary.

According to the 2002–03 British crime survey, some 974,000 domestic burglaries were committed in that year. I am pleased to say that that is 25 per cent. fewer than in 1999, which is good news for our communities, but it is still far too many. The evidence from that survey is that security measures are strongly associated with a reduced risk of becoming a victim of burglary. Households with basic security measures, such as deadlocks on outside doors and locks that need keys to open them on all accessible windows, are at less risk of being burgled. That is why the Bill will have a significant and valuable impact.

We can do a lot more to encourage people to improve the security of their homes and businesses by taking straightforward measures, such as ensuring that the door and its frame are solid and that the doors and windows have effective locks. Too many people fit security only after they have been burgled. On Second Reading, a number of hon. Members said that they had had their house burgled and that the police had come round, inspected their windows and doors, and said, "Why don't you just put a different kind of lock on your front door? With that, this burglary would not have happened."

I have had that precise experience. I came downstairs one morning, not realising that I had been burgled during the night. My video and television had been stolen, which was a shock when I walked into my front room. The police who came round to take fingerprints rightly chastised me for not fitting standard locks, which are easily affordable, on doors and windows. I went straight to the DIY shop to buy window and door locks, which I fitted myself, but if I had known about this debate, I would have fitted locks before being burgled rather than afterwards.

We can learn that lesson through these regulations. It would be best if people fitted locks voluntarily, but the Bill will enable building regulations to be made on fitting such locks to all new buildings and, when the circumstances change, to the existing building stock. That will reduce burglaries, because statistical analysis shows that homes with such locks on their doors and windows are less likely to be burgled.

Brian White: Further to my intervention on my hon. Friend the Member for Broxtowe (Dr. Palmer), will the Minister make sure that the whole planning system, and not just the building regulations, takes that issue seriously, because crime can be designed out when housing estates are constructed? If planning inspectors do not recognise that point, they are doing our constituents a disservice.

Phil Hope: My hon. Friend is absolutely right; I was going to refer to that point. The Bill is about building regulations, not the planning system, but measures on estate planning and building design can help to reduce crime considerably. My hon. Friends in the Home Office and other Departments are working together across the Government to examine ways to promote the idea of designing out crime, which requires Departments to work together. Other Ministers and I sit on Cabinet Sub-Committees to examine how we can work together on issues such as designing out crime to ensure that we take that agenda forward. PPS10 is particularly interesting, and it provides a way to move forward.

In time, we will be able to make regulations so that all new or refurbished buildings have basic security measures from the outset. We do not expect to use the provisions in the Bill to impose onerous or prescriptive measures, because the precise nature of the security needed in any place depends on the nature and location of the property, the type of use envisaged for it and who will occupy or visit it. However, we are taking a stride forward this morning with this Bill.

Finally, I remind the House that this is an enabling Bill to allow us at a future date to pass regulations based on such powers, and that before the introduction of the regulations, there will be a full regulatory impact assessment and a consultation process. I thank the hon. Member for Hazel Grove for introducing the Bill and ably piloting it through the sometimes choppy waters of its passage through the House. We have inevitably had to deal with the vagaries of procedure, which we have done successfully. I also thank all other hon. Members, some of whom I have not managed to mention specifically, who have contributed to a Bill that will, in time, make a difference to promoting sustainable development and improving security in our country's buildings.

Mr. Stunell: I very much appreciate the remarks—

Mr. Deputy Speaker (Sir Michael Lord): Order. The hon. Gentleman needs to ask the leave of the House.

Mr. Stunell: With the leave of the House, Mr. Deputy Speaker, I wish to thank all hon. Members who spoke in support of the Bill on Third Reading.

I see the Bill as the start, not the end, of a process. The Minister was kind enough to suggest that it is a substantial part of the jigsaw, but it is certainly not the complete picture. I have already given notice to him and his officials that if the Bill proceeds successfully I will haunt him by coming back to ensure that we get the results that we want. I therefore hope that it completes its passage now.

Question put and agreed to.

Bill accordingly read the Third time, and passed.

Criminal Justice (Justifiable Conduct) Bill

Order for Second reading read.

12 pm

Mr. Roger Gale (North Thanet) (Con): I beg to move, That the Bill be now read a Second time.

As you would expect, Mr. Deputy Speaker, the main body of my remarks will be addressed to the content and structure of the Bill, but it might help the House if, before I embark upon that fairly detailed analysis, I spend a few moments dealing with its pedigree.

I shall start by quoting from *The Times* of 2 January this year. At the beginning of the year of our Lord 2004, "The Thunderer" announced, in measured terms, "Radio 4 listeners want right to kill intruders". Under the byline of one Mr. Greg Hurst, it continued:

"It began as a quirky idea to pad out the Today programme over the quiet Christmas holiday period: ask listeners to nominate a change in the law and then vote for it. Stephen Pound, a pliant Labour MP with an appetite for publicity, stood by ready to introduce a Bill in the Commons.

By yesterday morning, however, the Radio 4 programme had a potential disaster on its hands. The winning Bill, it announced, would allow homeowners to use any means to defend their property. Any means? Not reasonable force, as the law currently allows? Using deadly force? Shooting people? Apparently so."

The "Today" programme had auditioned its listeners to come forward with ideas for legislation. The "Today" editorial team of which I was a minor member some years ago would probably have listened to the suggestion of a no doubt bright, able and creative researcher, congratulated the author of the concept on a most valuable contribution to broadcasting, then put the matter quietly on the spike. The current team appears to be rather different. The wheels were set in motion and there was, I suppose, an awful predictability about the outcome. Having taken the "Pop Idol" approach to politics, Radio 4 trailed the fact with the words, "Our friendly MP is going to introduce your Bill."

As you know better than most, Mr. Deputy Speaker, it is the courtesy in this House that, if one Member intends to attack another, it is customary to give him notice beforehand. I have not found it necessary to give such notice to the hon. Member for Ealing, North (Mr. Pound) because I do not intend to attack him at all. I will now damage his reputation still further: he is a personal friend. He would say that, if *The Times* describes him as having an appetite for publicity, it is only equal and commensurate with my appetite for the same. I can say that in all fairness because he and I used to share a Sunday morning broadcast programme together. It was so successful that we decided that we would be better off staying in bed and ringing up the listeners. I believe that that was the point at which we made the right decision. However, he appears to have gone one step further and sought the fame of the Radio 4 "Today" programme.

In *The Times* on 2 January, Mr. Simon Jenkins wrote:

"Where would we be without the BBC? Not content with usurping the scrutiny function of the House of Commons, it now purports to legislate. Yesterday, it presented Parliament with a Bill to allow homeowners to shoot all burglars on sight. This was justified by something called a 'listeners' poll' which a tame Labour MP . . . had agreed to present to the House of Commons, sight unseen."

Mr. Jenkins is known to this House as a capable journalist, but I fear that he was profoundly wrong on many counts in his opening paragraph. However, he was right in one specific regard, namely his attack on the public service broadcaster for its endeavour to interfere in the course of legislation in a manner that many of us on both sides of the House regard as wholly unacceptable.

Mr. Eric Forth (Bromley and Chislehurst) (Con): I give notice, Mr. Deputy Speaker, that if I catch your eye, I would like to say a few uncongenial words about the hon. Member for Ealing, North (Mr. Pound). Does my hon. Friend agree that many Bills that arise in the House, particularly on Fridays, are originated by unpleasant single-interest pressure groups? The distinction between an unpleasant single-interest pressure group and the mighty BBC is a difficult one to make.

Mr. Gale: My right hon. Friend will no doubt go further down that road if he catches your eye later, Mr. Deputy Speaker. For the moment, however, it is not my intention to do so.

I took the matter of this process up with the editor of the "Today" programme on Radio 4, Mr. Kevin Marsh. Mr. Marsh took exception to my criticism of his vehicle and wrote to me to say that even

"as we speak, we are working on drafting a piece of legislation."

Now, the BBC has many admirable qualities. It produces hours and hours of fine televisual and radio broadcasting, but I do not believe that it is the business of the public service broadcaster of this country to engage in the drafting of a piece of legislation. I took this up in a letter to the then editor-in-chief and director-general of the BBC on 13 January. Mr. Dyke and I did not agree—as we have not on other occasions—on this issue.

Let the House not misunderstand me. I believe that the purpose behind the BBC's exercise was founded in good faith. It is a sadness to us all that the public take far too little interest in our proceedings and in the democratic process, and that they believe that they have no voice and no effect. That is demonstrated much too frequently in local and national polls at election time.

Had the BBC wanted to pursue the process of following a private Member's Bill through both Houses of Parliament, it would have been remarkably easy for it so to do. It could have taken the Sustainable and Secure Buildings Bill, which had its Report stage and Third Reading here this morning, and tracked it right the way through Second Reading, Committee, this morning's proceedings and onwards into the House of Lords. That would probably have served the useful purpose of telling people outside this place how vulnerable private Members' Bills are, and how difficult it is to get something on to the statute book even if the cause is of the most just. However, the BBC chose not to do that. It went down the route of finding the "listeners' law", and the result was inevitable. It came up with a shortlist of many worthy subjects, but the overwhelming vote of the listeners to the programme that describes itself as the nation's flagship current affairs programme was for a subject dear to the listeners' heart. It was a subject trailed widely in the popular press—the householder's Bill, as it was called.

Dr. Nick Palmer (Broxtowe) (Lab): To clarify the matter, as the hon. Gentleman describes the vote as overwhelming, is he aware that it was in fact 37 per cent.?

Mr. Gale: It was 37 per cent. of a vote in which there were about another eight candidate subjects, if I remember rightly; the hon. Gentleman probably remembers precisely. That was an overwhelming vote. Tens of thousands of listeners apparently voted for this subject.

The reaction of the production team was equally predictable—sheer horror. The friendly MP regarded the subject as too reactionary and the listeners' law hit the buffers. I have made it plain that I do not believe in that manner of approaching the process. The BBC made a profound mistake, and I hope and believe, and think that I know, that at least behind the scenes it has been agreed that that kind of stunt will not be tried again. To take the point made by the hon. Member for Broxtowe (Dr. Palmer), given that many thousands of people voted in the belief that their view was going to be brought before Parliament, my hon. Friends and I decided that we would have a go at wiping a little of the egg off Auntie's face, and see whether we could achieve something in the direction of the change to the criminal justice law that was required.

To return to the point made by the hon. Member for Broxtowe, there were reports that the gun lobby rigged the vote. If that is false, it demonstrates a desire on the part of the public service broadcasters to ignore the voice of their listeners, and if it is true—I have no way of knowing—it must demonstrate the dangers, and highly undesirable vulnerability, of phone-in polls of this kind.

Why are we here today and why did so many people vote for this subject? The bottom line is that they did. Their motivation, and the motivation of many represented by those who are here today and those who are not, lies in widely reported and possibly sensationalised descriptions of high-profile cases. One in particular, many people believe, represented a gross miscarriage of justice. I am not here to present that case. This is not, as it has been described in shorthand terms by the popular press, the Tony Martin Bill, any more than it is the listeners' law. What my right hon. and hon. Friends and I have done is to seek to construct an amendment to the criminal justice legislation that reflects the concerns of the people. Our approach is not a knee-jerk reaction to one hard case out of which we are seeking to extrapolate bad law, because hard cases do make bad law. We are seeking to address the underlying perception that the criminal justice system has moved towards the criminal as the victim and away from the interests of the real victim of the crime—in this case, the householder, be that person tenant or house owner. I will return to that point later.

Let me now turn, perhaps not before time, to the substance of the Bill. If the Bill's pedigree could be described as part thoroughbred and part mongrel, its provenance is sound. It was drafted by an expert parliamentary draftsman. Members on both sides of the

[Mr. Gale]

House may quarrel with some of the content, but I defy them to say that the Bill is technically unsound. Sadly, that cannot be said of some private Members' Bills. For that we owe a great debt of gratitude to the draftsman, Francis Bennion.

The Bill's provisions are confined to dwellings because it concentrates on defence of the home. Article 8.1 of the European convention on human rights, which is enforced by the Human Rights Act 1998, states that every person has a right to respect for his or her home and that that requires the state to give special protection to people in their homes, in addition to the protection given to individual citizens by the law generally.

The sanctity of the home has long been recognised by common law. Justifying the strict laws against burglary, which was designated by law as a crime committed by breaking and entering a dwelling house during the hours of darkness at the time, Sir William Blackstone said famously, "An Englishman's home is his castle". What is less famous but equally relevant is the rest of that statement:

"Burglary is done at the dead of night, when all the creation, except beasts of prey, are at rest; when sleep has disarmed the owner, and rendered his castle defenceless".

That goes to the heart of the Bill.

In relation to criminal offences, the Bill provides a special defence for the householder in clause 1, and requires Crown prosecutors to pause and consider before prosecuting that householder. In relation to civil liability, clause 3 repeats much of what is said in clause 1. That is necessary simply because of the different standards of proof applying in civil and criminal cases.

Mr. Forth: Notwithstanding his moving quotation about burglary, can my hon. Friend make it clear that his Bill makes no distinction between the hours of light and the hours of darkness? Will not anyone entering someone else's home be subject to its provisions, regardless of the hour?

Mr. Gale: My right hon. Friend is of course right. The quotation is historic and applies to a time when law-abiding burglars only committed their crimes at night.

The heading "Home defence (criminal liability)" in clause 1 indicates that the clause concentrates—as, indeed, does the whole Bill—on the defence of the home. It provides that the person being protected, person A, is protected when he or she is in a dwelling. "Dwelling" is defined later in the Bill. That person must be either the occupier of the dwelling, or present with the licence—the permission—of the occupier. That is standard statutory language. The occupier is the person currently in occupation, who may or may not be the owner. With respect to Mr. Jenkins, his article in *The Times* was palpably wrong, at least in regard to this Bill. The Bill does not differentiate between owner and tenant; it deals with the occupier.

When the circumstances specified in terms of the occupier exist, the occupier is given special protection in respect of action that he takes against an intruder—person B. The person qualifies as B if he is trespassing in the dwelling. Again, that is a well understood legal term, covering anyone who is in the dwelling without consent. I shall come back to the nature of "dwelling", which is defined later in the Bill. Clause 1(2) also treats as an intruder—as B—a person who is attempting to gain unlawful entry, but has not yet succeeded in doing so. The person outside the window endeavouring to force the locks is as vulnerable to this defence as the person who has already broken in.

Clause 1(2) protects the occupier against the person or property of person B, the intruder, for one of five listed reasons, which are self-explanatory. The wording of the last of them, that person A is acting "in prevention of crime", might cause some consternation, so I shall clarify it. It is taken from paragraph 9.10 of the Law Commission consultation paper No. 173, "Partial Defences to Murder". Under the clause, a person must genuinely believe that he or she is acting for one of the five reasons, but it does not matter if that person is mistaken in his or her belief.

The clause has been subjected to some criticism by barristers because, curiously, they do not believe that it goes far enough. There is a legal concern, which may have to be addressed in Committee, that in dealing with the householder in this way, those of us who are promoting the Bill have sought to protect too narrow a special interest group. That is even though the context of the dwelling and the occupier is very broad. Another concern is that the circumstances as described in clause 1 may be too narrow. I am perfectly prepared to concede this morning that we will need to address that when the Bill enters Committee, as I hope that it will.

The Law Commission paper that I have cited goes on to say that a person should not be convicted where the

"acts in question were undertaken in self-defence and may have been an instinctive response to the perceived level of risk",

and comments:

"It is hard to see why the law affords greater protection to those who kill in response to insults"—

under the existing defence of provocation—

"than to those who do so while protecting their homes."

The criminal standard of proof, which is proof beyond reasonable doubt, applies to clause 1, so to defeat the defence in clause 1, the prosecution would have to prove beyond reasonable doubt that the householder did not genuinely believe at the time, in the circumstances then prevailing, that he or she was acting as stated in clause 1.

The title of clause 2, "Home defence (restriction of prosecutions)", suggests that it is intended to restrict the number of prosecutions of householders and others engaged in the defence of the home. The Crown prosecutor arrives at the point of considering public interest only where the facts indicate that the evidence exists to give a strong prospect of obtaining conviction. Even where that is the case, the prosecution must not be instigated unless the public interest requires it. Clause 2 adds a further factor: that the public interest requires householders to be fully protected by the law against intruders into their home.

Dr. Palmer: Just on a technical point, I am puzzled by clause 2. In what circumstances does the hon. Gentleman believe that a Crown prosecutor would think that a potential prosecution was valid under clause 1, or despite clause 1, but nevertheless should not be pursued because of clause 2? In other words, is not clause 2 superfluous if we have clause 1?

Mr. Gale: I freely concede that there may be an element of belt and braces in the two clauses. The hon. Gentleman is right: clause 2 merely seeks to underscore the provisions established very clearly in clause 1. It is the carrying out of an act in the belief that it is necessary that is the defence.

Given the issue that the hon. Member for Broxtowe has just raised, I shall intervene on myself, as it were, by pointing out one of the criticisms that is made of the Bill. It is made by those who clearly have not studied the law as it stands—as, indeed, I had not until I began this process. The popular perception is that it is currently in order to use reasonable force, without any change to the law. The difficulty with that is that the Crown Prosecution Service—the system—decides what is reasonable force. The public perception is that, increasingly, that pendulum has swung in favour of the criminal and away from the victim.

I shall come back to that issue, on which I was given some very interesting information this morning by someone who clearly knows what he is talking about. But the difference between the law as it stands and this proposal is that the householder—we need to remember that the householder is the innocent party; the burglar has not been made to burgle—would decide what is reasonable force, not the CPS. If that answer satisfies the hon. Member for Broxtowe, I shall move on.

The title of clause 3—"Home defence (civil liability)"—makes it clear that the clause concentrates on the defence of the home, as indeed does the Bill as a whole. But it is necessary to restate some parts of clause 1 because as I have said, there is a difference in the standards of proof required for civil and for criminal cases.

Clause 4—the Bill's final clause—defines what is meant by "dwelling". The definition is taken from section 63(1) of the Family Law Act 1996, and makes it clear that "dwelling" covers not only a house or flat, but a caravan, houseboat, yard, garden, garage or any part of the curtilage of what most people would describe as—however humble—their home. Subsections (2) and (3) of clause 4 contain the usual transitional provisions, which ensure that the legislation cannot be applied retrospectively. This House has a sad recent history of embarking on retrospective legislation. It is not the intention of the Bill's promoter and sponsors that any of its provisions apply retrospectively. It is not the intention to permit redress to anybody who feels that they were wrongfully convicted in the past.

I have dwelt on the issue of public perception quite deliberately. I defy any Member of this House who is in touch with their constituents—that is most of us—to say, hand on heart, that people do not feel that these days the criminal gets a much better deal than the real victim of the crime. There is a perception that one's home is no longer one's castle. In fact, in some circumstances even the law is not ready to say that one's home is one's castle. I was interested to hear the hon. Member for Corby (Phil Hope) recall at the tail-end of the previous debate how he and his wife had been burgled. Their home was ransacked and violated, and those of us to whom that has happened—again, sadly, that is probably most of us—know how dirty and genuinely violated that makes one feel. The police told him that in some way he was culpable because he had not locked his house up securely enough. He felt compelled to visit the hardware shop to buy new locks and new catches for his windows; and he fitted them to make his home more secure.

I am not for one moment suggesting that it is not the duty of householders to seek to ensure the security of their property. The days when people living in a village could leave the back door and the front door open all day and probably all night are long gone. However, the suggestion that it is the fault of the householder when someone breaks in tells me that the world has largely gone mad.

This is not, as the press has sought to describe it, a Bill to allow anyone to shoot a burglar. Let me put before the House the case not of Tony Martin, but of Robin Baker-White, a former high sheriff of Kent. He has had intruders on his property a number of times, and he and his wife have felt violated by having their possessions stolen. On one occasion—he has a licensed shotgun—he fired over the heads of the people retreating from his home with his goods, but the police confiscated his gun.

This Bill is not about blasting to eternity with the family blunderbuss the 12-year-old who kicks a football into a garden and climbs over the fence to retrieve it. It is about sending a message to the courts, to the judicial system and to the criminal fraternity that now goes out armed—as an aside, since the abolition of capital punishment for murder—as a matter of course. Nowadays if there is any redress, it tends to be on the side of the criminal rather than the householder.

Dr. Palmer: In that example, if a 12-year-old kicked a football into his garden and the hon. Gentleman thought that he was trespasser, does he believe that he should be immune from prosecution if he shot him?

Mr. Gale: The Crown would have to prove beyond reasonable doubt that the action was malicious. It is just possible that someone intruding in the garden at night could be there for a reason other than seeking to cause harm to the household, but with respect, in asking his question, the hon. Gentleman is going down the road about which the public are complaining, where the emphasis is on the side of the intruder—of whatever age and for whatever purpose.

It may not be at the dead of night, and it could even happen at midday, but if I am upstairs and hear someone break into my home—I hear the crash of breaking glass and people moving around—and I feel threatened, I believe that I have the right to protect myself, my wife and others dear to me, my animals and my property by whatever means comes to hand. That is right so long as I believe at the time that I am doing what is necessary. That is my belief: a court cannot determine it. A court does not know the fear that is in my belly or my concern for my wife at that time.

A broadcaster put it to me recently that an intruder could be mentally ill or on drugs. I said, "Well, forgive me, that's all right, then". The fact that the man is perhaps mentally ill, perhaps on drugs, might be a defence for killing me and raping my wife. I am sorry, but I do not buy that argument. An Englishman's home is his castle, however humble it may be, and I believe that he has the right to defend it.

[Mr. Gale]

Why the support for the Bill? Before hon. Members ask, "Where are they?", I point out that my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), one of the supporters of the Bill, is in his place and hopes to catch your eye, Mr. Deputy Speaker, as is my hon. Friend the Member for South Norfolk (Mr. Bacon). To our colleagues, my hon. Friends the Members for Hexham (Mr. Atkinson), for Canterbury (Mr. Brazier), for Old Bexley and Sidcup (Derek Conway), for Aldershot (Mr. Howarth), for Epping Forest (Mrs. Laing), for Croydon, South (Richard Ottaway), for Isle of Wight (Mr. Turner), for Congleton (Ann Winterton) and for Macclesfield (Sir Nicholas Winterton), I have indicated that I was prepared to take the House step by step through the Bill—as I hope that I have done—in the knowledge that those who had constituency duties to fulfil should be able to do so. Many of those I have mentioned will however be available, if required, to serve in Committee.

Does the Bill deserve a Second Reading? I believe that it does. I am indebted to Mr. Andrew Hawkins of Communicate Research. Hon. Members may have seen the results of his poll, which were published at 1 o'clock this morning. Mr. Hawkins conducted a survey of 201 Members of Parliament—or almost a third, which is a fair sample. I take no particular satisfaction from the poll, because 56 per cent. of Members on both sides of the House believe that the law should stay as it is. A mere 4 per cent. believe that the law should be changed so that householders are permitted to use any means—as the Bill states—to defend their homes in the case of burglary. However, 40 per cent.—so a total of 44 per cent.—believe that the law should be changed so that householders are permitted to use greater force, but not any means whatsoever, to defend their homes in the case of burglary.

The public, in radio and press polls, have made their view abundantly plain. The House has a clear duty to listen to that public voice, as well as to the honourably expressed views of hon. Members on both sides of the House. The balance at the moment is a fine one. A significant minority of hon. Members, without having heard the arguments that I have made today, believe that the prevailing circumstances warrant change.

I received this morning a letter containing a copy of an article written by Mr. Robert Henderson. I wish to place parts of it on the record, because they are relevant. The article defines the right to self-defence in English law and it states:

"The law on reasonable force as it is presently interpreted goes something like this: if you are attacked with a knife you may defend yourself with a knife: if you are attacked with bare fists you may defend yourself likewise. Do more in either instance and you will be in danger of being charged with an offence against the person, anything from common assault to murder. Pedantic proportionality is all. If you carry on assaulting your assailant after he is disabled, you will most likely face charges. If you have the opportunity to run away but do not, that may count against you in any assessment of whether you should be prosecuted."

[Interruption.]

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I remind the hon. Member for Ealing, North (Mr. Pound) that only Ministers may approach the officials in the Box. He should resume his seat.

Mr. Gale: I thought for a moment that the hon. Member for Ealing, North had been promoted to Parliamentary Private Secretary.

Mr. Henderson calls the present law

"demonstrably absurd. It assumes that people under attack can reasonably be expected to make judgments in the heat of the moment which in reality require calm consideration."

That is the thrust of the argument. At the moment, the law assesses reasonable force, but it is not the law under threat, whether in broad daylight or at dead of night. The person under such threat is the only person who can reasonably assess reasonable force in the circumstances. The Under-Secretary may oppose the Bill in principle, but I ask her to recognise that this measure, or something like it, has considerable support inside this House and very considerable support—probably a significant majority—outside it. I believe the technical structure of the Bill to be largely perfect, but it is the job of the Committee to address any imperfection.

I should like to think that this House will allow the Bill to receive its Second Reading unopposed and that it will let us do our job in Committee to address the concerns of hon. Members on both sides of the House. If we fail to satisfy their legitimate demands, there will be future opportunities on Third Reading or Report to kill the Bill. But to do so now would be a slap in the face of a very concerned British public.

12.41 pm

Mr. Stephen Pound (Ealing, North) (Lab): Mr. Deputy Speaker, I apologise for my unwitting solecism earlier. I meant no disrespect to you or to the House.

I thank the hon. Member for North Thanet (Mr. Gale) for the generosity of his introduction, particularly where it strayed into the personal. He said that the Bill was part pedigree, part mongrel. We heard a thoroughly pedigree speech from the hon. Gentleman. Now the House will hear from me. *[Laughter.]*

With your indulgence, Mr. Deputy Speaker, I should like to respond specifically to the question of pedigree that was raised by the hon. Gentleman, a man more familiar with the byways of the BBC than I ever will be. I remember with great affection the time when we were co-presenters on a Sunday morning on LBC. He may not have enjoyed it, but our listeners did. I know that because I spoke to both of them. *[Laughter.]* I enjoyed it immensely.

I would suggest that the listeners' law—which later became the householder's law, or the Tony Martin law—was a genuine attempt to connect the people of this country to the process of legislation passed by this House. The idea was not some populist attempt to increase ratings, but a genuine attempt by a responsible broadcaster—the best public service broadcaster in the world, the BBC—to connect the two; the people of this country and the process of legislation.

The impression might have been given that I was some publicity-hungry jackanapes seeking to lend his name to any passing fad or fancy.

[HON. MEMBERS: "Hear, hear."] I deny that. In November 2002, following the private Member's Bill ballot—and by a combination of extreme good luck and the able assistance of Baroness Gardner of Parkes—I was able to bring a private Member's Bill to this House.

I applied again and was asked whether, if I were lucky enough to be drawn again, I would take soundings from the nation. What parliamentarian could resist the temptation to take the pulse of the nation and then respond to it? We asked the people what legislation they wanted and came up with a shortlist of 20. They were whittled down to five by a group of three people, overseen by a fine, capable and generous journalist of great standing, Kevin Marsh. The others were myself, a journalist—one Julia Hartley-Brewer—and a tradesman from this parish who, at the time, ran a bookshop up the road and is now, oddly enough, the Conservative candidate for North Norfolk, Iain Dale.

I make no secret of the fact that the Bill that I wished to propose was the Organ Donation (Presumed Consent and Safeguards) Bill, which seemed to me a sensible piece of legislation, very much in keeping with the public mood, relevant and necessary. There were other proposals, including a measure to ban Christmas music being played in shops in October—a sound, sane and sensible piece of legislation that commended itself to many. Another would perhaps not have been so popular in certain quarters of this building—a Bill on term limits for Prime Ministers. Another was on overtaking on the left on motorways. Mr. Iain Dale, the Conservative candidate for North Norfolk, was particularly anxious to push what was referred to at the time as "Tony Martin's law." Despite that, when the shortlist of five was drawn up, the overwhelming majority of votes was in favour of the organ transplants Bill.

However, as Christmas approached and, no doubt, many Radio 4 listeners headed for the ski slopes, the airwaves and e-mail ether were filled with a sudden flurry of messages that had been stimulated in particular by two organisations that I, in a fairly sheltered life, had never previously encountered: Cybershooters and Firearms News. The two websites—I believe that that is the proper technical term—advised people from Alabama to South Africa to e-mail quickly in support of what they described as "a Tony Martin law." By Christmas eve, my worst fears had been realised. Not for the first time, I was to be lonely at Christmas, disappointed when the reasonable and decent proposal disappeared beneath the wintry blizzard of e-mails.

Yes, I admit it, I can do no other for I cannot lie—well, I can, but shall not on this occasion—that when on new year's day, having just climbed a mountain in the lake district and paused for a refreshing cigarette and pull on my hip flask, I was asked by the BBC for my reaction, I might have used language that veered toward the unparliamentary. It was an honest reaction, and honesty in a politician is to be treasured. The fact remains that a large number of people—some 37 or 38 per cent. of those who voted—supported the idea of the present Bill. The hon. Member for North Thanet is absolutely right in one aspect alone of his speech: there is genuine public concern, an issue of perception and fear. However, the worst possible way to respond to that is to introduce a piece of legislation such as the one before the House today, because that will do nothing to allay people's fears or to resolve the problem, but everything to terrify people.

Mr. Forth: I am interested in this part of the hon. Gentleman's analysis. Like me, he will recall such measures as the Dangerous Dogs Act 1991 and, even worse, the Firearms (Amendment) Act 1997 and preceding firearms legislation, which were knee-jerk reactions to a public perception or public fear at the time. I am sure that he agrees that since most firearms were banned in this country, the number of crimes committed using firearms has rocketed. In some ways, I accept the hon. Gentleman's point that we should never legislate in haste, simply in reaction to a perceived problem at the time.

Mr. Pound: There are certain sentences that I would not wish to see on my tombstone: one is, "I entirely agree with the right hon. Member for Bromley and Chislehurst." However, those who remember species called something like "the Doggo Argentino" and "the Japanese giant mastiff" being introduced into the Dangerous Dogs Bill are only too well aware of the problems of that type of legislation. I was counselling precisely against that. I suggest that the Bill before us would not only fail to resolve a problem, but make matters worse. That is what deeply concerns me.

May I respond to two specific points before I come to the meat and substance—fairly thin substance, but substance it is for all that—of the Bill? I certainly will not attack the hon. Member for North Thanet. He and I once spent St. Patrick's day in Ottawa. While I remember little of the detail of that day, a general warm feeling of happiness remains with me. I hope the same remains with him. He mentioned Robin Baker-White. I have written to the former lord-lieutenant, whom I consider a good, decent and honourable gentleman. I have also discussed the matter with his Member of Parliament, the hon. Member for Canterbury (Mr. Brazier).

Mr. Baker-White's shotgun was not confiscated. It was taken away for standard analysis, as happens in every single case in this country where a firearm is discharged, except on a rifle range. The shotgun was tested and test-fired. The bore and the rifling were checked against the cartridge, and the shotgun was returned to him—end of story. That is an example in which the perception is far, far worse than the reality.

A few weeks ago, the trial took place of a man in the north-west who stabbed an intruder to death with a bread knife. That man was found innocent; the case was dismissed. What happened was considered to be justifiable and the defence within common law was heard and agreed to.

The second name to be mentioned is that of Mr. Tony Martin. I have to say that building a case on the foundations provided by Mr. Martin is doomed to failure. I have met Mr. Martin on a number of occasions and I say quite frankly that, for all his eccentricities and all his fairly bizarre behaviour, there are certain aspects of his self-justification that no Member of the House would in any way support. To a certain extent, that taints the thrust and content of the Bill.

Mr. Gale: First, the hon. Gentleman must be aware—I am sure he was listening—that I specifically said that

[Mr. Gale]

my colleagues and I have carefully not founded the Bill on that ground for precisely those reasons. If he were to speak to Robin Baker-White, former high sheriff of Kent, he would find that considerable distress and concern were caused by what happened at the time and afterwards in terms of the legal process. Is the hon. Gentleman seriously suggesting that under the Bill the person who was acquitted of stabbing somebody with a bread knife would have been in court at all and subject to that further distress?

Mr. Pound: I thank the hon. Gentleman for that and I also note for the record the correction that Robin Baker-White was high sheriff of Kent, not a lord-lieutenant. I am not greatly familiar with the hierarchy of the shires. When a person is killed, there has to be an inquest, a hearing and some legal procedure. That happened in this case. Common law applied and the accused was acquitted. I do not think that that is a problem.

Mr. Richard Bacon (South Norfolk) (Con): Will the hon. Gentleman give way?

Mr. Pound: In a moment. I can understand the reluctance of the hon. Member for North Thanet to have the matter associated with the name of Mr. Tony Martin. While I appreciate and understand that, and would wish to accommodate him, I must tell him that there is no way in which the Bill can be divorced from the name of Tony Martin. That is impossible. Before I explain why in detail, I give way to a Member who represents somewhere else in Norfolk.

Mr. Bacon: South Norfolk. The hon. Gentleman is right in saying that there has to be an inquiry of some kind if there is a death. He used the word "inquest", and of course he is right about that as well, but there does not have to be a prosecution. That is the point that my hon. Friend the Member for North Thanet is making. Surely the hon. Gentleman agrees with that.

Mr. Pound: The hon. Gentleman displays the nimbleness of wit that I admired so much when we were at university together, although I should say that I was a mature student at the time. If one is using the common law defence, one has to offer that defence in some forum. Clearly, the Crown Prosecution Service could decide not to prosecute but, in the interests of transparency and precedent, it is far more logical and sensible for there to be an examination and an exoneration. Exoneration in court is far more significant and telling than the bureaucratic tick of a box that says that there will not be a Crown Prosecution Service action. That is far more important. I give way to another rural Member of Parliament.

Matthew Green (Ludlow) (LD): I fully concur with virtually everything that the hon. Gentleman has said. There is a problem if things do not go to trial, which can be for reasons other than to establish guilt or innocence. There may be a lack of evidence, so there could be uncertainty in people's minds as to whether someone was guilty or innocent of a crime. It is far more satisfactory to find people not guilty in court. After all, British law works on the principle of innocent until proven guilty.

Mr. Pound: The hon. Gentleman makes a telling point. I grew to admire his intellect when we shared a cabin in the Royal Navy, although I was a mature entrant. It is precisely that. Had this particular case not gone to trial, there would have been any number of possible interpretations as to why it did not. That decision is crucial from the point of view of the exoneration of the individual and the creation of a precedent. The process must be seen as it is. The hon. Member for North Thanet talked about perceptions. We must realise how important this issue is. Whereas a perception may be an intangible thing that one cannot get a grip on, we can influence its drift and direction.

As I said, I have met Mr. Martin on a couple of occasions and I found him at the time perfectly amiable. He was, as I say, a tad eccentric. I cannot blame him for having an uncle who founded the National Front. I have some doubt about the fact that he drew £87,000 out of a bank in Swadlincote and failed to declare it when he made an application for legal aid. He has certainly made a number of utterly bizarre statements, including

> "I can assure you; most people who have had an association with me are never quite the same again".

Following a visit to the Cubana restaurant, which may be known to certain right hon. and hon. Members on the Opposition Benches, he said:

> "I have never heard such a racket in all my life. I wouldn't be so rude as to say anything at the time but if I had a bloody shotgun I'd soon quieten that place down".

He also said that

> "Women are a dish to be savoured . . . a bit like peas"

and that

> "People used to say I talked a load of rubbish but personally I think they just don't understand me."

That may give the impression of a slightly eccentric farmer living fairly far in the country, but what I would like to say now has to be said on the Floor of the House at some stage today, because it has not often been said before. We have talked about Tony Martin and the law. We have not talked about Fred Barras. He was 16 when he was shot in the back with an illegally held pump-action shotgun. He died without the last rites, with his back to his murderer. He will always be 16 because he will never see another birthday.

Do we think, for all the sins of Fred Barras, for all the crimes that he committed, that that boy was so beyond redemption, was so incapable of being saved, of ever turning over a new leaf and becoming a responsible member of society, that he deserved the fate that he met in that lonely farm house in Norfolk in the middle of the night, as he turned to flee and a second blast of the shotgun caught him in the back and ended his life there and then, where he died lonely, without benefit of the clergy? Do we honestly believe that any 16-year-old cannot be redeemed? Do we believe that the whole criminal justice system of this country is so mired in failure that no person can ever, ever take another path in life? Do we believe that at the age of 16, one has cast one's life so much in stone that one will never, ever see another way of living? In the case of Fred Barras that, sadly, will never be known. Fred Barras is dead.

Fred Barras was killed by a man who served a few years in prison and became a national hero for it. Fred Barras was killed by a man who influences debate and discussion not just in the House, but throughout the country to this day and will continue to do so. Those people who wish to prop up a political career with the bones of a 16-year-old boy are nothing but despicable. I mean nobody in the House today when I say that. We may talk about such marvellous concepts as an English person's home being his or her castle—yes, theoretically, let us do so—but let us never forget that behind the theory, behind the parliamentary draftsmanship, behind the fine words, we can still see the dead body of a 16-year-old boy. As far as I am concerned, nothing can ever justify that.

If somebody broke into my house or attacked my 16-year-old daughter, yes I would use a baseball bat. I would use whatever came to hand, but it would be proportionate and on the basis of the facts at the time. I would not have prepared it. I do not prop a bat behind the front door. I would not illegally obtain a pump-action shotgun, I would not remove the treads from the stairwell. I would not re-arrange the room to create a trap, and most of all, I do not think that any hon. Member would ever do as Mr. Martin did: shoot someone in the back as they ran away. I would not do that.

I am not some whingeing, Milquetoast, bed-wetting, muesli-scoffing, sandal-wearing liberal. I do not believe in any nonsense about inviting the burglars in to talk them through their unhappy childhood and say, "It's all society's fault, isn't it? It's not really yours." If somebody breaks into my gaff, they get a slap—no two ways about it. What they do not get is a cartridge in the back; nor should they. So I am not prepared to support any piece of legislation that, wittingly or unwittingly, opens the door to the murder of 16-year-olds.

I may have been described as "pliant" in the excellent John McVicars book about the Martin case. I am insulted even more grievously that I am referred to as a "leftie". I can accept those accusations, but even I have my limits. Even I have a point below which I will not sink, and I will not join the inchoate howl of populism that has built up around the ludicrous case of a sadly eccentric man, which ignores the death of a 16-year-old boy.

The Bill has the great advantage of brevity, which is much to be commended. If it achieves nothing else, it will have achieved a further measure of public debate. The hon. Member for North Thanet has been extraordinary in the dedication and devotion that he gives to certain causes. His work in the field of animal welfare has a national and an international reputation. He is a man who has stood on the ice floes of northern Canada to stop people clubbing baby seals to death. Whereas that may not find favour with the right hon. Member for Bromley and Chislehurst (Mr. Forth), it finds favour with many of us.

However, the Bill that the hon. Gentleman has brought before us today is not just fundamentally flawed in intent. The content also needs re-examination. Clause 1(1) refers to the occupier of a dwelling. Is a squatter an occupier of a dwelling? There is no legal definition of an occupier. The Bill does not refer to "the legal occupier" or "the authorised occupier". If a group of squatters break into a house, they are then the occupiers of the dwelling. They happen to be tooled up with a few shotguns. Somebody comes round who is a friend of the rightful owner. Lo and behold, they get their head shot off. According to clause 1(1), that is entirely acceptable, and even more so in the case of anyone who is in the dwelling with the licence of the occupier. So if the squatter brings half a dozen friends round for a rave, or whatever they get up to, that is also covered.

Dr. Palmer: Will my hon. Friend give way?

Mr. Pound: Yes, because I am probably wrong.

Dr. Palmer: I fully agree with the commitment of the hon. Member for North Thanet (Mr. Gale) to animal welfare and other issues. He made the point that it would be no excuse if the person breaking in were on drugs or mentally ill, but he does not appear to have considered the possibility that the occupier could be on drugs or mentally ill. Does my hon. Friend agree that that is a serious consideration?

Mr. Pound: If one opens the door to hell, one cannot define what comes out of it. The state of mind of someone breaking into a property should be taken into consideration, but it is not a justification—it is something that we should consider after the act. When a person is killed, they lose the right to consideration of their state of mind, which is the danger with this Bill.

Matthew Green: I thank the hon. Gentleman for giving way; he is being generous with his time. May I suggest another example of how odd the Bill is? If members of the intelligence services entered a house, which is legitimately occupied by people engaged in drug dealing, organised crime or terrorism, in order to place devices to obtain intelligence, and they were shot in the process, the Bill would apparently let the occupiers of the property off, because a person had entered and they felt afraid. The occupiers could legitimately shoot a police officer or member of the security services in those circumstances.

Mr. Pound: I agree with the hon. Gentleman's intervention. The nomenclature for the Bill should be the Kenneth Noye Bill, not the Tony Martin Bill. You, Mr. Deputy Speaker, do not need reminding that Kenneth Noye is a convicted gangster and road-rage killer who was involved with some extremely serious criminals. He shot and killed a person in the garden of his house, and the man whom he shot and killed was a police officer. Kenneth Noye's defence was that an Englishman's home is his castle, that he saw someone skulking in the shrubbery in the middle of the night, and that he killed them. I am sorry, but if we are to come down on anybody's side, I am on the side of the police, not Kenneth Noye. The minute that we open this Pandora's box, we will get those sorts of problems.

I genuinely find it difficult to understand why the hon. Member for North Thanet is promoting the Bill, but I respect the sincerity of his emotions. Clause 1(2) states:

"not guilty of an offence by reason of any act",

[Mr. Pound]

and I cannot go down that road. This is not permissive legislation; this is blank cheque legislation. One could boil someone in a basement—that is an act. One could cut someone's throat—that is an act. Under the Bill, any act is permissible.

I cannot believe that any hon. Member can support in their heart or in their head a Bill that says that anyone can do anything to anyone if they feel that that person is entering the premises that they currently occupy, whether they are dealing crack cocaine, keeping an eye out for plain clothes policemen, running a racket or simply squatting in a property. The reference to "any act" is simply not on.

The fundamental point, which I alluded to twice, concerns perception. The hon. Member for North Thanet said that people perceive that the balance has shifted in favour of the criminal and away from the householder. If that is so, we have a duty to do something about it, but we are not obliged to give a knee-jerk response, which is what this Bill represents.

Let us think through the logic. In response to the idea that it is not merely permissible but desirable for us to defend our homes with shotguns, I would have to say that 98 per cent. of people should not be let anywhere near a shotgun. I think that most people would share that view. It may be all very well for people such as Robin Baker-White, who is a man of exemplary background and good character, but if we authorise the shotgun defence for one or two people, be they former high sheriffs or not, we are turning our backs on the truly weak and vulnerable people—the elderly pensioners who are shivering behind their doors in fear in my constituency and in many others. It is not good enough to say to an elderly pensioner, "You may be terrified of crime, but don't worry—get yourself a shotgun, and if anything happens, use it." That is reprehensible and despicable.

The defence of everybody in this country—high sheriffs and pensioners alike—requires a proper, efficient, responsive police force backed by the Crown Prosecution Service and supported in Parliament: a mechanism that in its totality punishes the malefactor and defends the innocent. We should be working towards better, stronger and more efficient policing to defend everybody. The shotgun defence will not work for my weak pensioner constituents. They cannot defend themselves with knives, cudgels or knuckledusters—they need the police.

Were we eventually to agree to the Bill, we would immediately send out one signal above all: the rule of law no longer runs and confidence in the police has disappeared. That would be not just a return to the politics of the caveman era, but a move towards the law enforcement of Texas, Tombstone and Dodge City. I cannot believe that we really want a nation in which the standards of Texas are applied; I would find that appalling, as, I hope, would many others. We need a public defence force—a police force—to defend and represent us. We should be directing our efforts towards further supporting and enhancing their role, not towards vigilantism and defending a man—Mr. Martin—who is at best eccentric and at worst a murderer.

Mr. Edward Leigh (Gainsborough) (Con): The hon. Gentleman knows how much I respect him, but he is wrong to try to defeat the arguments by constantly referring to Mr. Martin. If he reads the Bill carefully, he will see, as I do as a lawyer, that it would not have protected Mr. Martin, because it makes it clear that one has to be acting in self-defence or in defence of one's property, and the intruder was running away at the time. The hon. Gentleman should forget about Mr. Martin and deal with the contents of the Bill.

Mr. Pound: The hon. Gentleman is absolutely right; I would not have mentioned Mr. Martin had he not been mentioned by the promoter of the Bill.

Several hon. Members *rose—*

Mr. Pound: I shall just finish replying to the hon. Gentleman. I agree that the Bill probably would not have applied to Mr. Martin. That makes it all the more imperative that we recognise that the existing common law defence applies. We would do that no favours were we to enact the Bill, because it would not only muddy the waters but corrupt a stream of jurisprudence that has flowed for thousands of years. It may not be perfect, but it is probably the least imperfect way of resolving such situations.

Dr. Palmer: I believe that Mr. Martin would have a defence under clause 1(2)(b), whereby he does not have to show that he is acting in self-defence, merely that the person against whom he has acted "is, or . . . would be" a trespasser, as Mr. Barras was.

Mr. Pound: I am grateful to my hon. Friend, but as I am one of the few Members of Parliament who is neither a barrister nor a solicitor—in fact, my only acquaintance with the law has been from the defendant's perspective—I am simply unqualified to comment further on that point.

Mr. Leigh: Will the hon. Gentleman give way?

Mr. Pound: I will certainly give way to someone who knows far more than I do.

Mr. Leigh: I very much hope that we can clear this matter up during this debate. It is clear that, in order to be protected by the Bill, one of the people concerned would have to be a trespasser and the other would have to be acting in self-defence or to protect their property.

Mr. Pound: I thank the hon. Gentleman not just on my behalf but on behalf of the House. That was extremely interesting and a very good piece of advice. I am a little worried that I might now get a bill for 200 guineas—[HON. MEMBERS: " More!"] I am reminded by those who know more than I do that it should be 2,000 guineas.

Mr. Andrew Stunell (Hazel Grove) (LD): It is being argued that the Bill does not deal with the Tony Martin defence. Perhaps the hon. Gentleman should direct himself to the provisions in clause 1(2)(a)(iv) and (v),

which state that one has only to believe, reasonably or not, that one is apprehending B or otherwise preventing crime to be justified in going ahead and shooting.

Mr. Pound: I am grateful to the hon. Gentleman for making that point. I am conscious that other hon. and particularly right hon. Gentlemen wish to speak, so I do not want to detain the House for too long. However, the use of the words "to apprehend" in clause 1(2)(a)(iv) gave me considerable pause; I wonder what precisely they mean. In all honesty, "to apprehend" could mean to say "Stand fast!", which would be a reasonable instruction. Alternatively, it could mean physically to apprehend someone.

We have a problem, and even Dr. Pangloss could not deny that it is a real and genuine one. I would suggest that it is one of the fear of crime and the horror that certain very dramatic high-profile cases engender in the people of this nation. We have to address that problem, and I said earlier that the more mature and responsible way to do that is through the existing structures of criminal law, jurisprudence and the police force, rather than through the lawless, shotgun, wild west vigilantism that—for all the decency, humanity and generosity of spirit of the hon. Member for North Thanet—runs through the Bill. The shadow of the six-shooter lies across the Bill, and I would not normally associate that with a man of such sensitivities.

I genuinely hope that the Bill does not become law. I do not think that it can, because it is unworkable. More importantly, I hope that everyone in the House and outside it will unite around the real problem of lawlessness. We need to defend Tony Martin; he deserves that, and he has the right to a defence. Equally, however, we need to remember that no 16-year-old deserves to die in circumstances such as those.

1.18 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): I want to pick up one of the key phrases that the hon. Member for Ealing, North (Mr. Pound) has just rather usefully given us. That is, "We have a problem." That is the essence of the argument that my hon. Friend the Member for North Thanet (Mr. Gale) is making in the Bill. The difficulty with what the hon. Member for Ealing, North has just said—in what I can only describe as an uncharacteristic rant—is that, in pretending to recognise the problem, he then went on to deny any recognition of it. We must give the Bill much more serious consideration than he suggested.

I was going to indulge in an analysis of the role of the BBC in this matter. I felt that my hon. Friend the Member for North Thanet was unduly generous to the BBC. I will not allow myself to do so, however, because other Members want to speak, and as one of the Bill's sponsors, I do not want to be party to denying the Bill time. I was also going to pull the leg of the hon. Member for Ealing, North, but I will not do that either. I want to restrict myself to the Bill and to why it is important and relevant.

I want to return to the phrase, "We have a problem." The problem is twofold. There is a problem of perception, which has been mentioned both by my hon. Friend the Member for North Thanet and the hon. Member for Ealing, North. We should be very worried about that perception. To the extent that people have come to believe that the law, both judicial and police, no longer adequately protects them, we in the House, and the Government of the day, are letting them down. That is a very serious matter.

The hon. Member for Ealing, North wanted to suggest that, if we had a sufficient number of police officers, little old ladies would feel secure in their houses. Sadly, I do not think that that could ever be so. My party has a marvellous policy of employing 40,000 more police officers, paid for, incidentally, by an even more radical policy on asylum. Even were we to implement that policy, it would not necessarily give householders the security that we want to give them. It might go some way in that direction, but I do not see that any number of police officers would necessarily give people a sense of security in their homes. Something else must therefore be done. His argument, admirable though that part of it may have been, does not therefore even begin to address the problem of people's increasing feeling of insecurity in their own homes.

We must make a distinction between the unease that people may feel on the street and the phenomenon of social misbehaviour and related issues, which the Government, in fairness, are trying to tackle—I am sure that we will support them when it is appropriate—and what we are talking about now. We are talking about people in a dwelling in which they should feel secure, and someone entering that dwelling, either in pursuit of burglary or something worse, such as assault on a person. Let us not forget that that is the phenomenon with which we are dealing. What we are saying is that the presumption should be that the person in the dwelling is entitled to security, protection and, if necessary, self-protection, and that the person who enters the dwelling is doing something that is illegal and wicked.

Dr. Palmer: Is the right hon. Gentleman aware that the Bill, as drafted, kicks in from the moment that such a person touches the garden gate in the approach to my house, because the person will then be seeking to gain entry to my garden, which is covered by the Bill? At that point, if I consider that person to be a potential intruder, I will be entitled to take any action without the force of law applying.

Mr. Forth: The hon. Gentleman makes a fair point. That is a matter for proper consideration. At this point, procedurally, those of us who are present in the House must decide whether we are prepared to give the Bill a Second Reading, because we are content with the principle of the Bill, and then perfectly rightly, we may pick up such points in Committee. I will be happy to debate that matter with him in Committee should the Bill reach that stage, as it is a point that should be considered. If someone is acting in a threatening manner at the border of the curtilage of my property, there is a case that I may even then be able to take necessary action. If not—turning the argument briefly on its head—surely we will not say that, if someone at my garden gate or at my hedge is acting in a threatening manner, perhaps threatening my young children, my wife or other members of my family, even then I cannot take any reasonable action. That would again put me at a disadvantage against the person who threatens my property and my family.

[Mr. Forth]

There is a real debate to be had—I accept that. For the moment, I would be content to go along with the words in my hon. Friend's Bill—it is my Bill as well, if I may say so, because I am proud to be a sponsor of it—but that could well be a matter for detailed debate. At this stage, however, we are considering the principle.

What worries me, and many others, takes us back to the argument presented so eloquently by the hon. Member for Ealing, North. On whose side do we make the presumption? Notwithstanding his eloquence, I concluded that he was arguing that the intruder should be given the benefit of the doubt and even the protection of the law, because to do otherwise would somehow be wicked, while the home owner should be constrained in every possible way when responding to intrusion or invasion.

That is the case whether the hon. Gentleman likes it or not. It makes no odds if he is not wearing his sandals today. Even if he is not a leftie, that does not matter either. When he reads *Hansard*, as I know that he will—for we all look at *Hansard* to see what we said the previous day: it is one of our little privileges and eccentricities—I think that he will acknowledge, in his generous way, that that is the only interpretation that can be placed on his interpretation.

Our own view is that surely, in any reasonable, civilised, law-abiding society, the presumption should be in favour of the innocent occupier of a dwelling, not the person who is breaking the law and entering that dwelling with intent to do we know not what.

Mr. Pound: Let me say, for the record—although I speak as one who genuinely does not read his words in *Hansard*, as I find it embarrassing enough to hear them as I utter them—that I intended to give no such impression. If I did, it was wholly unwitting. I am on record as having consistently said that cases in which an intruder sues a householder because the miscreant tripped over a carpet and bruised his knee are ludicrous and that the presumption should be entirely in favour of the home owner. If I gave a different impression it was erroneous and unintended, and I apologise.

Mr. Forth: I am more than happy to accept the hon. Gentleman's reinterpretation of what he said, or what I thought he said, but let me present him with a challenge.

My hon. Friend's Bill constitutes a serious attempt to recognise the problem—the hon. Gentleman said that there was a problem; at least we agree on that—to respond to public unease and to correct something that is increasingly thought to have gone badly wrong in our judicial system and in the relationship between the occupier of a dwelling and the violator of that dwelling. The trouble with the hon. Gentleman's argument is that, in the absence of the Bill, there would seem to be no other solution on offer. It appears that we are content to drift along, accepting the weaknesses of the law and the Crown Prosecution Service, the constraints that are increasingly imposed on the police—not just in terms of their numbers, but in terms of what they can effectively do on the ground—and the helplessness of occupiers who feel that they are being besieged by law-breakers and are increasingly unable to do anything about it.

The importance of the Bill lies in the fact that it seeks to give hope to people who find themselves in that position. We should bear it in mind that occupiers, whether owners or tenants, represent the vast majority in our society. They are the silent majority; they are the law-abiding majority. Wicked people who break the law and invade other people's property still constitute a relatively small number, although some would think it a growing number; it depends on how we interpret the latest statistics. In a sense, it does not matter how many or how few of them there are. They are breaking the law and causing extreme upset and distress. An hour or two ago, in this very Chamber, we were told by a Minister, no less, that his property had been violated and told of the sense of outrage that he felt.

What we are discussing is not a rare occurrence but all too frequent. We are saying with the Bill that it is our duty as custodians of the law to respond to people's feelings of unease and to the natural demand of owners and occupiers to have the proper protection of the law—not just the protection of the police, although of course that is important. I hope that we all share a desire that that should be improved. But the law of this land should be framed in such a way as to give maximum protection to law-abiding occupiers of premises, rather than seeming to lean over backwards to favour the people who are breaking and violating the law, entering premises and causing such upset.

Perhaps uncharacteristically, I shall today keep my comments brief, because I want to give the Bill a fair wind. I am, after all, a sponsor of it. There is much more that I should like to say, but I hope that on this occasion I have given a sense of why I support the Bill, and am proud and happy to do so, and why I think that the hon. Member for Ealing, North, in spite of his eloquence, has not caught the mood of the voters—perhaps not even of his voters. I hope that the Bill can make progress today and that I and other hon. Members will be able to go into some of its details in Committee.

1.31 pm

Dr. Nick Palmer (Broxtowe) (Lab): I do not criticise the hon. Member for North Thanet (Mr. Gale) for introducing the Bill, even though I disagree with it. That is for two reasons. First, I do not criticise him anyway because he is a fellow officer of the all-party animal welfare group. Secondly, by introducing the Bill he is reflecting a genuine area of public concern. From some of the things that the hon. Gentleman and his co-sponsor the right hon. Member for Bromley and Chislehurst (Mr. Forth) have said, I cannot help feeling that, whereas in the previous debate we had some probing amendments that were not designed to be taken completely at face value, we have here something of a probing Bill, and that they are not entirely convinced that the Bill as it stands is to be taken completely seriously.

Mr. Gale: I am delighted to clarify the position for the hon. Gentleman. We are determined that the Bill will be taken very seriously indeed, although that does not mean that we necessarily believe that it is perfect as it stands.

Dr. Palmer: As with a probing amendment, all that we can do is discuss the Bill as it stands. I am sure that the

hon. Gentleman would not wish us to do otherwise and we cannot discuss hypothetical Bills that might have been presented.

I accept, as I think will all hon. Members who speak, that there is a serious concern among the general public about what they perceive as a lack of clarity over how far householders may go to protect their property. One of my hon. Friends recently had a pub landlord, a very powerful figure—although I appreciate that his was not a domestic property—who felt unable to prevent a group of youths from taking away a case of champagne because they said to him, "If you lay a finger on us, we'll have you for assault." The landlord felt unsure about whether it would be proportionate if he prevented them from taking away his property and did not know what he could or could not do. While he was thinking about it, they disappeared up the road. Many people feel that such examples are all too common. People are not sure where they stand, so they feel that they have to err on the side of caution in case they are prosecuted. I accept, therefore, that the hon. Gentleman is reflecting a legitimate concern.

The ultimate protection in this matter is the system of jury trial. There are cases that we have discussed in other contexts, such as complicated fraud cases, in which there is a case for saying that jury trial is not the best way of reaching justice. But in cases such as those under discussion, jury trial is absolutely essential, because in deciding whether the householder has responded proportionately, it is very important that 12 ordinary men and women make that judgment. I have discussed this issue with my constituents and the hon. Gentleman has doubtless discussed it with his. Most people seem to agree that 12 randomly selected members of the public are likely to have a fair sense of what is a reasonable and proportionate reaction, and what is not.

Mr. Bacon: I am listening to the hon. Gentleman with interest. Does he not understand that the law-abiding householder's fear that if he acts, he will be had up in court, is a deterrent to his acting at all? As a result, the presumption is in favour of the burglar and against the householder, which is part of the problem.

Dr. Palmer: The hon. Gentleman is echoing the point that I made a couple of minutes ago. The problem is that people are uncertain, and they therefore feel inhibited in taking action that a jury would in fact consider reasonable and proportionate conduct. We cannot dismiss this issue.

There are two basic problems with the proposal, which achieves clarity at the expense of common sense: proportionality, and the people whom it affects. On proportionality, as the hon. Gentleman has stressed, the Bill suspends the entire criminal code if the householder—according to their own judgment, and with no other opinion involved—believes that they are threatened by trespass. As has been emphasised, in such circumstances any act is then explicitly authorised. Let us suppose that the householder believes that the person who has walked into his garden is an intruder. If the householder is of a somewhat paranoid persuasion, he might think that there is a second intruder. Under the Bill, he would be entitled not only to detain the supposed intruder, but to torture him in order to establish whether he had accomplices.

Mr. Bacon: The hon. Gentleman says that the householder would be entitled to torture an intruder. Where in the Bill is reference made to torture?

Dr. Palmer: I shall read the relevant passage. Clause 1(2) states:

"Where this section applies, A is not guilty of an offence by reason of any act"—

any act, such as torture—

"done by him in relation to the person . . . who is attempting to gain entry to the dwelling, if A believes"

that he is acting, among other things, "in prevention of crime", and if he believes that the person concerned

"is, or . . . would be, a trespasser."

In the example that I gave, the householder believes that he is trying to prevent crime by apprehending a second suspected intruder, and that the person he is torturing is a trespasser. Under the terms of the proposal, he would be immune from the process of law. That seems to me, and would seem to most people, disproportionate.

We have talked about an Englishman's home being his castle. An ancestor of mine called Black Douglas had a castle on the borders of Scotland. A neighbouring Laird sent an emissary to discuss a particular feature of their border. When the emissary did not return, the Laird sent a further emissary to ask what had happened to the first one. Black Douglas sent the second emissary back with the message, "You can pick up the first emissary any time—he doth but lack his head." In principle, such a process would be legal under the Bill, so long as my ancestor Black Douglas believed that the first emissary was a trespasser, and that by cutting off his head he was preventing crime.

We have discussed whether Tony Martin would have been protected by the legislation.

Mr. Leigh: Was the hon. Gentleman's ancestor acting in self-defence or to protect his property at the time?

Dr. Palmer: We can only speculate, but my ancestor would undoubtedly have felt that he was preventing crime, which is covered by clause 1(2)(a)(v).

Let us move on to Tony Martin. I do not want the public to feel that we are treating the Bill frivolously. We all indulge in slightly wilder excursions at some time, but I want to treat the Bill seriously. Tony Martin would, under clause 1(2)(a)(v), be entitled to believe that by shooting Fred Barras he was preventing crime. Indeed, he probably was preventing crime by shooting him, because Fred Barras had a long record of criminal convictions and would likely have gone on to commit some more. Tony Martin could also reasonably say that Fred Barras was a trespasser—no one disputes that. There is no doubt—the hon. Member for Gainsborough (Mr. Leigh) may disagree—that the Bill would have provided Tony Martin with a defence for his action.

Mr. Leigh: We could have an argument about this matter in the courts, whenever the hon. Gentleman wishes, but the fact that the intruder was running away

[Mr. Leigh]

at the time was a crucial consideration for the court and suggests that the Bill would not apply to those circumstances. It would have been very different if the intruder had been running towards Mr. Martin. There, however, he may well have had a defence under existing legislation.

Dr. Palmer: The hon. Gentleman makes my point. He says that it would have been difficult, given that Fred Barras was running away, to persuade the courts that Tony Martin could reasonably have thought that he was preventing crime. However, at the very core of the Bill is the assumption that he would not have to show that he was being reasonable. Tony Martin could unreasonably believe that he was preventing crime. It is current law that refers to being "reasonably" of such a belief and proportionate action follows from that, but under the Bill, anyone is entitled to act "unreasonably" without any limit whatever. That is the fundamental flaw in the Bill. Tony Martin is one example, but it is possible to consider more extreme ones. The hon. Member for Ludlow (Matthew Green) mentioned intelligence agents intruding on the property of a suspected terrorist.

That brings me to my second major objection, which is about who the Bill may affect. As I said earlier, one is potentially exposed to the Bill the moment one puts one's hand on the garden gate of a property. That is seen explicitly in clause 4(1), which covers "any yard" or "garden" of a property

"belonging to it and occupied with it."

A postman, a Jehovah's witness or anyone else calling on the home and touching the garden gate could—if the occupier believes, reasonably or unreasonably, that the person is an intruder and will be a trespasser when he walks through the gate, or that a crime may be prevented—lawfully be shot. Indeed, the householder would be entitled to do anything. That is clearly indefensible and I do not believe that that can be seriously intended. I appreciate that Bills can always be improved in Committee, but they need a fundamental connection with common sense and reality.

Let me take another concrete example from real life. A British tourist was visiting the United States—Florida, I believe—and on a rainy night, he went a little astray and walked up a garden path to ask the householder the way. The householder saw a figure approaching his house, in the late evening on a rainy night, took out a gun and shot him dead.

That was an innocent British tourist who had done nothing wrong. He was not behaving in a threatening manner, and no reasonable person would say that his behaviour could be interpreted as threatening. However, the Bill would not require that the householder be a reasonable person or reasonably interpret such behaviour. Indeed, as I said in an intervention in the speech by my hon. Friend the Member for Ealing, North (Mr. Pound), if the householder is mentally deranged or under the influence of drugs, it is still not a problem because he would not have to prove that he had acted reasonably. He would merely have to say that in his state of mind at the time he believed that he was preventing crime and that the person approaching his home was a potential trespasser.

The hon. Member for North Thanet said that the Bill was not about the 12-year-old who kicks a football into a garden and is shot by a blunderbuss. However, under the Bill, if a 12-year-old kicked a ball into a stranger's garden and entered it, the householder would be immune from prosecution if he shot the child, as long as he believed that he was protecting his property and that the child was a trespasser. The child would undoubtedly be a trespasser if he had entered a garden to retrieve a ball. If the householder believed that the child might break his greenhouse by kicking the ball around, he could argue that he was protecting his property by shooting him. One might say that the householder was being unreasonable, but the Bill specifies that the householder does not have to be reasonable. He is entitled to take any action against that 12-year-old child, as long as he believes that he is thereby protecting his property.

The basic difficulty of the Bill is that it moves away from the time-honoured principle in British law of the reasonable man. In jury trials we are accustomed to the idea that juries are able to assess the circumstances, listen to both sides of the case, and weigh up whether the behaviour of the accused was reasonable or unreasonable.

Mr. Forth: The hon. Gentleman is making a good case for detailed examination of the Bill in Committee. But how would he solve the problem that people are increasingly coming to believe that the benefit of the doubt is given by the police, the Crown Prosecution Service and the courts to the perpetrators of crime, not the victims? Is he prepared to concede that that is a problem and that something should be done to address it, even if he does not believe that the Bill does so?

Dr. Palmer: Yes, I am. That is the point with which I started my speech. As the right hon. Gentleman may know, at the Government's request the Law Commission is examining the partial defences to murder, which can reduce a charge of murder to manslaughter. Its remit is to consider the partial defences, with particular reference to domestic violence. Part of the Law Commission's study, the results of which are expected this summer, will include the examination of a possible new partial defence of "excessive force in self-defence". It is a complete defence to show that one has used reasonable force in self-defence as judged by a jury. In order to address the uncertainty that we all recognise exists, there is a possibility that the law could encompass excessive force under constrained circumstances. It would not be a total defence but a mitigating factor and would depend on the degree of excessive force applied.

When the Law Commission comes back with recommendations, we can reasonably discuss where the borderline should be drawn. I concur with the view that it would be better to give greater certainty to householders about where they stand, what they can reasonably do and what they cannot reasonably do. Anyone is entitled to know what is legal and what is not. That is fair. The problem with the Bill is that it starts from the completely ludicrous position that one is allowed to do anything if one believes, no matter how unreasonably, that one is under threat.

Mr. Gale: Hard cases make bad law, which is why my right hon. and hon. Friends have studiously avoided the

case of Tony Martin. But if hard cases make bad law, extreme examples make bad argument and the hon. Gentleman has been deploying those. The hon. Member for Ealing, North said in terms—it is on the record—that if someone attacked his wife, he would pick up a baseball bat and let him have it. If that blow to the head of the man attacking his wife is legal, is that reasonable force? If not, the hon. Member for Ealing, North will be before the courts. We are saying that the presumption must be on the side of the householder and not the criminal: the intruder.

Dr. Palmer: With respect, what the hon. Gentleman and his colleagues are saying is not that the presumption should be on the side of the householder, but the certainty. The Bill offers a complete, 100 per cent. indemnity for any crime committed under certain circumstances, which seems completely disproportionate.

With respect the hon. Gentleman is missing an opportunity with the Bill. If he had proposed a Bill that, in a more proportionate fashion, had attempted to address the issue of uncertainty, he would have had a more attentive and respectful hearing than has been the case today. I am not calling his motives into question in any way, and he has done us a service in raising an issue of concern to the public. It is important to discuss the subject, but the Bill is not a sensible vehicle on which to respond to that concern.

The hon. Gentleman accused me of giving extreme examples, so let me give an everyday one. Every weekend, I go out for four hours to visit constituents and go to different parts of the borough each time. The overwhelming majority of my constituents are reasonable people who simulate pleasure at my arrival. They may not really feel it, but they say, "It's a long time since we have seen our MP. It is good to see you."

I would not claim in the most passionate moments of my devotion to the borough that every resident of my constituency is reasonable, or even sane. I do not want to give a constituent who is not reasonable or sane a licence to kill me because he sees me approaching his house and gets it into his mind that I might be a burglar. I would be a trespasser because I would not yet have his permission to be on his turf. He might get it into his head that I was trying to get at his property and break in.

As we know, people all too commonly leave doors open or unlocked. It strikes me that, were I a burglar rather than a politician, I would find it easy to break into perhaps one house in 10. However, that fact should not lead people to feel that they are at risk from me.

Mr. Pound: Before my hon. Friend is tempted to change career path, may I ask him whether he recalls in the previous exchange a personalisation of circumstances pertaining to myself? Were the hypothetical situation described by the hon. Member for North Thanet (Mr. Gale) to occur, I would want my day in court. I would not want to be exonerated by a rubber-stamp piece of legislation. Does he accept that that would be the reaction of many people who are robust both in defence of their homes, and in defence of the liberty of the nation?

Dr. Palmer: Yes, I do. I admire my hon. Friend in many ways and think that he made one of his best speeches today.

I am reminded of the doomed presidential candidacy of Michael Dukakis. He was against the death penalty, and when he was asked whether he would want to shoot someone who attacked his wife, he replied, "Yeah, I would, but I don't think my instinctive reaction should be the basis for law." That was an honourable reply; it might not have done him much good politically, but it was correct none the less. As the hon. Member for North Thanet said, we should base the law neither on hard cases nor on extreme emotions. However, the Bill would legalise unreasonable conduct on the part of constituents who unreasonably believe themselves to be threatened. It is a licence for madmen, and we should not pass it.

1.57 pm

Mr. Richard Bacon (South Norfolk) (Con): I am a sponsor of the Bill. The hon. Members for Ealing, North (Mr. Pound) and for Broxtowe (Dr. Palmer) both referred repeatedly to jury trials, but I think they miss the point. People feel that, in many cases, the actions of a householder should not result in their ending up in court, which is what often happens now. In addition, the fear that that might happen is what restrains householders from acting when they ought to do so and ought to be able to do so knowing that they are safe in the eyes the law.

Part of the problem is that the law at present is unclear. I refer to an article from *The Daily Telegraph* of 2 December 2002 by Mr. Alan Judd. It refers to three cases. In the first, a man was convicted for repeatedly stabbing a burglar who had broken into the flat in which he believed his children were sleeping. In the second, a man who felled a violent schizophrenic who was strangling someone, then kicked him when he tried to get up and resume, was arrested by the police—unlike the schizophrenic—and prosecuted by the Crown Prosecution Service for kicking. In the third—the hon. Member for Ealing, North may have been referring to this case—a man stabbed to death one intruder and seriously wounded another, and the CPS found his use of force to be reasonable.

Mr. Judd quotes an article in *The Sunday Telegraph* by Mr. Alasdair Palmer, who wrote that what such cases indicate is that the CPS

"clearly can't decide where the boundary between the reasonable and unreasonable use of force lies, and thus what the law actually is".

Mr. Judd asks:

"How can it be right to prosecute people when the law itself is confused and contradictory? If the lawyers, safe in their offices, can't say what is right, how can we be expected to weigh up the pros and cons during some desperate struggle in the dark? Unclear law is unfair law."

The hon. Member for Broxtowe referred to certainty, and he is right: the Bill does provide a much higher degree of certainty. If he wants to argue about that in more detail, I should have thought that the place to do so is in Committee.

I want to raise one other issue, which involves the impact on rural areas. I represent a very rural constituency of 350 square miles. To give the House some idea of its size, the whole of Greater London has 74 constituencies in 650 square miles. Overnight in my constituency there are only two police vehicles with four

[Mr. Richard Bacon]

police officers on patrol. If someone is apprehended, they have to be taken to Norwich or, worse, to King's Lynn to be locked up as there are no custodial facilities elsewhere. It requires only one call on the services of police officers to go into Norwich and the whole southern sector of my constituency—an area of 270 square miles, which is equivalent to nearly half of Greater London—is completely without police protection.

In Dickleburgh in my constituency, just last Thursday a store was ram raided in the middle of the night. The person who rented the flat above it alerted the police, because he could hear what was going on, but he was told by the police not to go downstairs and intervene in case he came under threat. However, one reason that caused that person not to intervene was fear that if he were to do so, he would be the one to be had up.

We need a shift in the presumption away from the burglar or law-breaker and towards the householder. There should be a strong presumption against prosecuting any occupant who injures an assailant in some way while resisting the intrusion into his or her home. That is essentially the point that my hon. Friend the Member for North Thanet (Mr. Gale) is making in the Bill.

I have no doubt—my hon. Friend admitted it—that the Bill could be improved. The place to do that is in Committee, and I very much hope that the House will give the Bill a chance to be considered there in more detail. The hon. Members for Broxtowe and for Ealing, North, who have opposed the Bill, have not said what they would do instead. They have both acknowledged that there is a problem and that members of the public out there—

Mr. Pound *rose—*

Mr. Bacon: I will not give way as other Members wish to speak. Both hon. Members have acknowledged that there is a problem, but they have not suggested what they would do to combat it. I believe that it is for the House of Commons to acknowledge the public concern, which is out there, and respond to that by considering the Bill in detail in Committee. That is what the public want.

2.2 pm

Mr. Andrew Stunell (Hazel Grove) (LD): We have had a lively debate in which some strong and deeply-held views have been expressed. I thank the hon. Member for North Thanet (Mr. Gale) for bringing the matter to the House, because there is no doubt that the difficult and challenging cases that have been referred to have produced a deep unease among the public. That led to the "Today" programme's ill-fated exercise, much to the embarrassment of the hon. Member for Ealing, North (Mr. Pound). That embarrassment takes some generating.

The key issue, which we all understand, is how the principle of reasonable force and proportionality applies in such difficult cases. I thank the hon. Gentleman for highlighting the deep problems in basing particular legislation on one or two hard cases, whether that means the Tony Martin case or not. The hon. Gentleman properly drew attention to the Kenneth Noye case, which most of us consider outrageous in the opposite sense.

It is not only the question of the hard cases that makes it difficult to legislate. I am thinking of soft cases, such as a drunk old man staggering across my open-plan garden and knocking over a gnome. If I opened my door and he said, "Sorry mate, it's the wrong house," whether I was reasonable or not, I would be entitled under the Bill to go out there and stab, strangle, shoot, maim or kill him, because it covers "any act done". I suppose if a drunk young woman were involved in such an incident, I would be entitled to carry out an indecent assault on her. Perhaps the milkman might wake me with a start one morning, and I mistakenly assumed that it was an intruder.

While the issue is one of great importance, we must recognise that the Bill's framework is seriously and dangerously flawed. I was a bit disappointed in the speech from the right hon. Member for Bromley and Chislehurst (Mr. Forth). It was flexible, as it contradicted absolutely the speeches he has made in numerous Friday debates on private Members' Bills about the need to be careful, proportionate and considered in respect of any proposed legislation. That reminded me that he was a member of the Government when the dangerous dogs legislation was passed.

There is a kernel of real usefulness in clause 3, although not in its present form. There must surely be a complete defence open to any householder or owner against a claim by an intruder who injures himself penetrating someone's property. Perhaps the Minister may like to comment on how that may be dealt with.

I want to move on quickly. We have had a worthwhile debate. Some key issues have been raised. Some fundamental matters affecting the basis of our society are at the root of those issues: the sanctity of our homes and property, the rights of the innocent and of the guilty, too, because we live in a civilised society that recognises both.

Having said all that, I think that the Bill should not be supported by the House. It does not even protect owners because, as one hon. Member pointed out, if one happens to be squatting in the house, one would have all the powers of an owner. It certainly has not got the rest right either. Therefore, with great regret, I say that I believe that it should not receive its Second Reading today.

2.5 pm

Mr. John Hayes (South Holland and The Deepings) (Con): I will be brief because we need to hear from the Minister and to vote before 2.30. I know that the whole House will wish to do so.

My hon. Friend the Member for North Thanet (Mr. Gale) has done the House a great service in bringing the Bill before us and in offering the House a full and articulate explanation of its purposes and motives. He described the Bill as essentially about the home. The home is deeply evocative. It is where we return at the end of the day and at the end of all our days, for it is often where the dying choose to go in their last hours.

The home is the place that Robert Browning considered when abroad: "Oh to be in England now that April's there".

Mr. Pound: "Whoever wakes in England sees, some morning, unaware"—

Mr. Deputy Speaker (Sir Alan Haselhurst): Order.

Mr. Hayes: The hon. Gentleman is not merely intervening from a sedentary position—he is reciting poetry from a sedentary position.

Mr. Deputy Speaker: Order. I am not sure that either hon. Gentleman is quoting it correctly.

Mr. Hayes: Your advice is always welcome, Mr. Deputy Speaker.

My hon. Friend the Member for North Thanet said that he sought to defend the home and he is right to do so, for our home has a sanctity, a special place in our hearts. Indeed, Dr. Johnson said

"To be happy at home is the ultimate result of all ambition".

G.K. Chesterton said:

"It is when we pass our own private gate, and open our own secret door, that we step into the land of the giants."

Therefore, it is right and proper that we should defend the home.

I wish to say in the plainest possible terms that the good people of our nation are tired of a criminal justice system that appears, at least, to favour the lawless at the expense of the lawful and that, at the same time, has done untold damage to popular faith in the rule of law. The truth is that many of Tony Martin's neighbours, many of the people of Norfolk and of neighbouring Lincolnshire, many of the people of this country were essentially sympathetic to him, but they dare not express that sympathy because of a fear of a politically correct establishment. Because of that establishment, their passion dare not speak its name. Their passion is a Christian sense of right and wrong and a recognition of the malevolence of evil men and evil deeds.

The Bill seeks to some degree to rebalance the scales in favour of the lawful and to some degree to allow people to do what I suspect every hon. Member present in the Chamber today and those observing our proceedings would do if they were genuinely fearful for their home or their family, and that is to take whatever action they deem to be necessary to defend those special and sacred things.

Mr. Pound: Does not the hon. Gentleman accept what he is proposing is a counsel of despair? Would not it be better for us as a House to support the police and not seek to bypass them?

Mr. Hayes: The rule of law depends on proper authority. The hon. Gentleman, who is a great student of these things, knows that. I do not make a case from the Dispatch Box for people taking the law into their own hands as a matter of course, but if the hon. Gentleman were faced with an imminent danger in his own home, he would not first turn to the telephone to dial the police. He would take action, and that is true of any reasonable person. The Bill takes account of the burden of proof to mitigate the excesses that might result from an over-zealous pursuit of the defence of the innocent under attack.

The Bill, which seeks to amend the law so that people acting in defence of persons or property would, in specified circumstances, be exempted from both criminal and civil liability, strikes an important chord. We wait to hear the Government's response. They will understand that the Bill represents immense popular pressure for change. It is important that we once again re-affirm people's faith in the fairness, decency and justice of our system of law, for if we do not do so, that system will gradually be diluted and damaged by that lack of faith. It relies on the Government listening to what has been said today and to the people of England.

I hope we will not hear a cry about civil liberty—liberty was used as a justification for "the terror" in France and as an excuse for slave traders in England. It is a matter not of civil liberties, but of people taking liberties. There is no freedom worth having if one does not have the freedom from fear, and there is no worse fear than fear of invasion of one's special place, one's own home, and the resultant danger to one's family. I wait to hear the Minister's comments. I hope she will understand the passion with which the Bill has been brought, and the very strong feeling of the many people of all parties that lay behind it.

2.11 pm

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): We have had an interesting debate on the Bill and we have ranged widely. I thank the hon. Member for North Thanet (Mr. Gale) for introducing the Bill.

We all recognise the legitimate concerns of householders, particularly those who might be isolated or vulnerable and far from help. They might at any time find themselves called upon to defend themselves or their property against intruders. That concern is real, and we take such concerns seriously. As has been said, it is a commonplace that an Englishman's home is his castle, as is a woman's, and we all have a legitimate right and expectation that we should be able to feel safe in our own homes. But there have been recent cases that have led people to ask themselves, "If I come across an intruder and try to defend myself, could I find myself on the wrong side of the law?" We recognise the public concern about that.

That is why, in what the hon. Member for North Thanet described as a pop-idol approach to politics, such a substantial proportion of the respondents to the BBC Radio 4 "Today" programme poll supported the Bill. We, too, have received a sizeable number of representations on the subject, so we know how concerned the public are and we need to address those concerns. However, the Bill is not the answer.

Some of those who have written to the Home Office do not suggest changing the law or allowing householders the freedoms that the Bill would allow them. Rather, they called for more detailed guidance or rules on how they might lawfully react when defending themselves or their property. The example given by my hon. Friend the Member for Broxtowe (Dr. Palmer) of the pub landlord who was worried about whether he

[Fiona Mactaggart]

could properly prevent a crime illustrates that. Clearly, some of the public concern stems from the fact that people are uncertain about the state of the law, rather than from the belief that the law is not enough to protect them.

We have issued a booklet entitled "Be Safe, Be Secure", which is a practical guide to crime prevention. It was updated last year and covers all aspects of personal safety at home, including how to deal with intruders. It covers the law of self-defence, including the underlying principles, and it is available from crime reduction officers and neighbourhood watch schemes and on the internet. I understand, of course, that faced with a burglar, the householder is not going to flip to the right page in his booklet. Nevertheless, we need to inform people better about the present state of the law. The present state of the law differs from both the popular perception and from what some hon. Members have implied today. We must bear it in mind that each case is different and that guidelines are needed to set out general principles, and we will see whether we can offer further help.

Mr. Leigh: Let us say that an intruder enters my house, I seek to defend my house with a baseball bat and I hit him across the head. He falls to the ground, but tries to rise up again, so I hit him again and he dies. Would I be liable to prosecution?

Fiona Mactaggart: The hon. Gentleman may or may not be liable to prosecution, but he would have the defence of self-defence, and I shall come to exactly what that means and implies. The issue is important, and we must be clear about it, because this debate has not clarified it.

The best thing is proper protection against crime. I am glad to see the right hon. Member for Bromley and Chislehurst (Mr. Forth) returning to his place, because he discussed the Conservative party's proposals to employ 40,000 additional police officers through its fantasy island programme on asylum seekers. The Labour party has introduced record numbers of police officers, which has been part of our substantial success in reducing crime—burglary is down 39 per cent. since the Leader of the Opposition was Home Secretary.

Mr. Hayes: This is about policing, and no party supports the police more than the Conservative party. I fully endorse the Minister's remarks about the importance of providing the police with adequate resources—which, as my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth) said, we intend to do—and giving them special powers. However, that policy cannot be successful unless it is backed up by a criminal justice system that allows the police to do their job, raises their morale and restores public faith in them and the law.

Fiona Mactaggart: Precisely. That is one of the reasons for our series of developments to increase public confidence in our criminal justice system, but the first port of call is to stop people becoming victims in the first place. I expect the House to expect me to make clear the Government's commitment and record of success.

Under the law at present, a person is entitled to use reasonable force in self-defence or to protect another person or property. What constitutes reasonable force depends on the circumstances of each case, and it is a matter for the courts to decide. Clearly, the force that it is reasonable to use in any given situation depends on the circumstances, the nature of the threat and what it takes to counter that threat; the reaction must be proportionate.

The hon. Member for North Thanet suggested a pedantic definition of reasonable force, which is not defined in law and is rightly a question for a jury of 12 citizens making up their minds on the basis of the facts of a particular case. The judge will direct the jury, and the circumstances include the situation as the defendant honestly believed it to be.

Lord Justice Woolf said this about the Martin case:

"it was for the jury, as the representative of the public, to decide the amount of force which it would be reasonable and the amount of force which it would be unreasonable to use in the circumstances in which they found that Mr Martin believed himself to be in."

When a defence of self-defence is raised, the prosecution has the burden of satisfying the jury. The jury is entitled to find a defendant guilty only if it is sure that the force used was unreasonable. The hon. Member for South Norfolk (Mr. Bacon), in querying whether prosecution should take place, implied that the reasonableness test was in the hands of the Crown Prosecution Service, but it is not—it is in the hands of the jury.

The law recognises that in the heat of the moment and in a panic, it may be hard for a householder to assess exactly what level of force is necessary and proportionate. The courts have held that if a person does only what he honestly and instinctively thought necessary to prevent a crime, that would be potent evidence that only reasonable defensive action had been taken. However, the law does not permit an act of retaliation. The punishment of criminals is rightly a matter for the courts: it is not for victims, vigilantes or anyone else to take the law into their own hands. They should not seek to punish an offender for a crime or trespass committed against them, their friends or their family. Prevention and defence is one thing; retaliation is quite another. We think that the law as it stands represents a fair balance between the need for householders to defend themselves and their property and the need for society at large to have confidence in the rule of law.

The proposals in the Bill have something of the wild west about them—attractive at first sight, but designed for an era of anarchy, "might is right", and everyone for himself. That is why it is important to stress the work that we have done to ensure that the law is enforced effectively by a more substantial police force.

Mr. Hayes: Retaliation implies time, thought, and that someone who has suffered an ill will seek by deliberate intent to inflict an ill on someone else. We are not talking about that, but about someone responding as any citizen would—with immediacy, to defend themselves. Defence and retaliation are two very different things, as the hon. Lady must know. Not

everyone is able to escape such situations—many people live on the front line. I appreciate that she has a noble lineage, but most people do not.

Fiona Mactaggart: Those are cheap points, frankly. In fact, I will sign up with those hon. Members who put themselves in the lineage of the retaliators. Only two and a half weeks ago, I was subject to an attempted indecent assault on Clapham common, and it was only because the attempted assailant was the fleeter of foot that he survived without a very substantial thump. If the hon. Gentleman reads the Bill with care, he will see that it would permit retaliation. That is neither necessary nor appropriate in a modern society.

Hon. Members asked whether Mr. Martin would have been protected by the Bill. He probably would, because he needed only to have shown that he believed, whether reasonably or not, that he was acting in self-defence or in the protection of his property, and that the intruder was a trespasser.

Following the Martin case, there has been a cloud of confusion about the current state of the law, and some issues remain properly to be remedied. One of those, which was mentioned by the hon. Member for Hazel Grove (Mr. Stunell) and is addressed in clause 3, is that of civil liability where a householder damages the property of an intruder or kills him. That provision is unnecessary, because we made amendments to the Criminal Justice Act 2003 to ensure that householders and other victims of crime are not subjected to unjustified claims for damages where they have acted reasonably and proportionately in self-defence against a perceived or actual threat. That means that any claim can proceed only in strictly defined circumstances with the express permission of the court, and would not succeed unless the court was satisfied that the householder's actions had been grossly disproportionate.

Those provisions were carefully considered and accepted by Parliament, and they came into force on 20 January. We believe that they represent a sensible and proportionate response to concerns in this area, which the hon. Gentleman mentioned. In addition, the Lord Chancellor has directed the Legal Services Commission to consult on tightening up the rules to ensure that offenders would not be entitled to legal aid to pursue their victims in such circumstances. I hope that the hon. Gentleman will be reassured that that aspect of the Bill is not required.

The proposed Bill would give a person virtual immunity from prosecution for any act done by him if he believed, "whether reasonably or not", that he was acting in self-defence or that he was acting to preserve property, to apprehend a wrongdoer or to prevent a crime, and believed—again, "whether reasonably or not"—that the other person was a trespasser. That is certainly a step too far. We must all be responsible for our actions, and be prepared to answer for those actions if necessary. That is justice. When there was a clearly disproportionate response to an incident, where someone was seriously injured or killed, no responsible person would want to find that the perpetrator did not have to answer for those actions before a jury.

It is for a jury to decide whether someone is acting reasonably or unreasonably and whether their actions are proportionate and justifiable or not. To allow someone to use any means to defend themselves could include, for example, being able to use weapons to kill an intruder. That would clearly be a disproportionate and unreasonable response to an unarmed burglar. It would grant someone a licence to kill with impunity. We do not hang burglars in this day and age, and we certainly would not be happy to suggest that prospective burglars could or should be shot with impunity. They should be pursued with the full force of the law.

I know that in some cases people feel that the law is not protecting them, and that is what has led to this proposal. We need to make sure that the law is operating as it should, but putting householders beyond its reach would not help the law to protect them. Rather, it would create an acceptance of lawlessness and a spiral of violence and retaliation that would make the situation worse. It would create a situation in which people felt that they had to go armed in order to protect themselves. That cannot be what we want to achieve.

We would rather pursue an approach that depends on more robust policing and more effective support for the victims of crime. The sense that there is nothing that victims can do is in many ways disabling, and it is one of the things that has led to the introduction of the Bill. As the hon. Member for North Thanet suggested, we need to address the underlying perception—which we do not believe to be well founded—that the criminal justice system has shifted so that the criminal, rather than the real victim, is seen as the victim.

That is why we have taken so many substantial steps to support victims. A conference for victims was held for the first time this week, and we have introduced legislation that puts victims at the heart of the criminal justice system, including the Criminal Justice Act 2003, the Anti-social Behaviour Act 2003, the Sexual Offences Act 2003 and the new Domestic Violence, Crime and Victims Bill. They are all designed to protect victims more effectively.

We also need to remember too that not everyone who enters private property does so with criminal intent. This law could allow a householder to take action against small boys who are looking for a lost football, against an unsuspecting and unrecognised deliveryman, or against anyone rash enough to set foot on their property, even for a completely legitimate purpose. Members of the House would need to take care when they were next on the campaign trail. The hon. Member for Broxtowe suggested that all of us who spend time in our constituents' gardens could face violent action from a constituent. I do not believe that the constituents of Slough are of the type to which he referred, but we could face that risk if they thought that we were trespassing.

This Bill would give them complete impunity and thus represent a step backwards for democracy. It goes too far. The law already enables people to act reasonably in self-defence, or in defence of their property. However, such a provision—

It being half-past Two o'clock, the debate stood adjourned.

Debate to be resumed on Friday 14 May.

Remaining Private Members' Bills

ORGAN DONATION (PRESUMED CONSENT AND SAFEGUARDS) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 14 May.

WILD MAMMALS (PROTECTION) AMENDMENT (NO. 2) BILL

Order read for resuming adjourned debate on Question, That the Bill be now read a Second time.

Hon. Members: Object.

Debate to be resumed on Friday 21 May.

LOCAL LAND CHARGES (FEES) BILL

Order for Second Reading read.

Hon. Members: Object.

To be read a Second time on Friday 18 June.

Asperger's Syndrome

Motion made, and Question proposed, That this House do now adjourn.—*[Ms Bridget Prentice.]*

2.31 pm

Mr. David Lidington (Aylesbury): I am grateful for this opportunity to raise the case of Piers Bolduc, the son of my constituents, Eugene and Cris Bolduc, and to press the Government about Mr. Bolduc's case and about some of the wider lessons that we may learn as regards the treatment of people with Asperger's syndrome within our secure mental hospitals.

It is now 10 years since Eugene and Cris Bolduc first came to see me. The case of their son, Piers, is tragic. He is now 28 years old, and he has been detained in secure mental institutions for a decade. His childhood, family and school life seemed normal, although with hindsight, it can be recognised that he showed some of the characteristics typical of Asperger's syndrome, such as finding it hard to socialise with other people.

The real problems for Piers started at about the age of 16, while he was studying for his GCSE examinations. At the age of 17, Piers was first prescribed neuroleptic drugs, which as the Minister will well know, are intended for the treatment of schizophrenia and other comparable mental conditions, and not for the treatment of Asperger's. By this stage, Piers was showing increasing symptoms of confusion and an inability to cope with normal society—classic features of Asperger's syndrome. His ability to cope with life was being made worse by the inappropriate drug treatment that he was being given.

While on a course of this drug treatment, Piers travelled alone to High Wycombe and a violent incident took place in which Piers slashed a young man with a penknife. I do not for one moment, and nor would the family, wish to minimise the importance of this event, and particularly the impact on the victim. It also needs to be recorded that the victim's life was not in danger, although he did need stitches in his back.

Piers was later charged with grievous bodily harm with intent. At a hearing at Reading Crown court, he pleaded not guilty on grounds of insanity. That defence was accepted by the jury and Piers was acquitted and then sectioned under section 41 of the Mental Health Act 1983.

The history thereafter is an unhappy one. Initially, Piers was held on remand at Reading prison. After lobbying from his family, in which they enlisted my support, he was transferred to a private psychiatric unit at Stockton Hall in Yorkshire. There, he was wrongly diagnosed as suffering from schizophrenia and once again injected with drugs that were completely inappropriate to his condition.

According to his parents, Piers was locked in a room for eight months while at Stockton Hall, with only a mattress on the floor rather than a bed. No activities or recreations were provided for him and he had no access to radio or television.

The following year, in June 1995, Piers was transferred to Broadmoor. There, in 1996–97, Dr. Lorna Wing finally diagnosed Asperger's syndrome. Few people would claim that a secure mental hospital is the best environment for the treatment of people with

Asperger's. By 2001, Piers's then doctor, Dr. Vermeulen, had told his parents that the hospital wished to transfer Piers to a more appropriate environment where he could finally receive the treatment that would help his condition. In November 2001, Broadmoor began to assess his suitability for transfer to the Eric Shepherd unit in Watford. That transfer proved not to be possible but by 2003 attention was centring on the Hayes unit in Gloucestershire.

It is important to make it clear that the Hayes unit would not, as a matter of principle, have accepted Piers Bolduc as a patient if he had still been considered to be a danger to other people. The fact that the transfer has been in preparation for a number of years indicates a recognition on the part of the NHS, which is responsible for Piers's care, that he no longer appears to pose the threat that he may once have posed.

On 15 December last year, Dr. Julie Hollyman, chief executive of the West London Mental Health NHS Trust—responsible for Broadmoor hospital—wrote to me about the case, saying:

"I can confirm that it is the clinical opinion that Mr. Bolduc is now ready to move from Broadmoor High Secure Hospital to the Hayes Unit."

On 19 December last year, Mr. Shaun Brogan, chief executive of the Vale of Aylesbury primary care trust, wrote to me that

"the PCT have committed to Piers' future care after discharge from Broadmoor".

So there would appear to be no clinical or financial obstacle to that long overdue transfer, but still the family wait.

My understanding is that the transfer needs to be authorised by the Home Office. The family have been pressing both Broadmoor and the Home Office for that to happen, but it seems that, despite all previous correspondence, Broadmoor did not formally contact the Home Office until March 2004, after considerable pressure from Piers's family. It is known that, as of today, no reply has been received from the Home Secretary's office.

If Piers Bolduc had been convicted of a crime and been disposed of through the criminal justice system, perhaps by way of a custodial sentence, it would have been over years ago and he would rightly have been rehabilitated by now. It is an indication of something seriously amiss with the way in which our country deals with people like Piers Bolduc that, after more than a decade, we should still be talking about this young man, incarcerated in an institution like Broadmoor, having had a history of misdiagnosis and mistreatment. He has been let down badly by the system.

May I ask the Minister a couple of direct questions about Piers's case? Can he confirm that there is no clinical or financial obstacle to Piers's transfer to the Hayes unit? Can he say what progress his Department and the relevant trust have made with the Home Office towards authorising that transfer? Will he undertake to press his colleagues in the Home Office, in view of the history that I have recounted, to deal with the case as swiftly as humanly possible?

This case raises wider questions about the treatment in secure mental hospitals of people with Asperger's syndrome. Piers Bolduc's detention in Broadmoor has probably cost taxpayers in the region of £2 million so far for that 10 years, in part for the wrong sort of treatment in the wrong sort of institution. I therefore have several issues to put to the Minister, to which I hope that he will be able to respond during this short debate or, if time does not permit, take advice on so that he can write to me later in greater detail.

First, will the Minister comment on the legality of holding people with Asperger's syndrome under the Mental Health Act 1983? My understanding is that a report by the National Autistic Society back in 1996, instigated by the three special hospitals, suggested that Asperger's syndrome was not actually a mental disorder under the meaning of that term as laid down in the 1983 Act. If that is so, it raises serious issues about the detention of not only Piers Bolduc, but a fair number of other people. I hope that the Government will make their view on that clear.

Secondly, can the Government say how many people with Asperger's syndrome are being detained under the provisions of the 1983 Act? In a written answer to me of 10 November 2003, the Minister of State, Department of Health, the hon. Member for Doncaster, Central (Ms Winterton) told me that the Government did not have that information. The Government should have had that information and, if they did not have it then, they ought to have found it out by now. The Government should inquire into the number of patients with Asperger's syndrome who have been misdiagnosed, as was the case with Piers Bolduc, and given the wrong treatment.

I should make it clear that my aim, and that of Piers's family, is not to point fingers at people who may have taken incorrect decisions in the past. Rather, we want to establish the truth about what is happening in our secure mental hospitals now, and about the scale of the problem, so that we can understand what steps need to be taken to put matters right.

Thirdly, what action are the Government taking to improve the quality of training in the management of Asperger's for the staff at secure mental hospitals? It was two or three years after Piers's arrest before he was diagnosed as having Asperger's at all, despite the fact that his parents had raised that possibility at an earlier stage. Even after that diagnosis, the family expressed to me serious concerns that not all the staff responsible for Piers's care really knew how to deal with a case of Asperger's syndrome. They also commented to me that internal communications between staff from different disciplines often appeared to be lacking.

Fourthly, are the Government reviewing the quality of care available at secure hospitals for people with Asperger's? In a letter to me of 8 February, the Minister of State, Department of Health, the hon. Member for Doncaster, Central stated:

"The normal practice is to allow increasing freedom within the grounds of the hospital followed by escorted visits into the community and to a possible placement."

However, on the information given to me by the family, despite the fact that Piers was approved as ready for transfer three years ago, none of that happened in their son's case until November last year. Coincidentally, that was after critical reports of Piers's treatment were published in *The Sunday Telegraph* and broadcast on Radio 4's "Woman's Hour". All that has apparently happened since then is that Piers was allowed to prepare

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and cook a pizza for himself in the Broadmoor kitchen and has been on two day visits to the Hayes unit. That seems to fall a long way short of what that Minister suggested to me should be the normal regime for a patient being prepared for transfer.

Finally, will the Minister and the Government accept the principle that families ought to be part of a process of healing and readjustment to life outside mental institutions? For me, the most distressing aspect of this case is Mr. and Mrs. Bolduc's feeling of exclusion from their son's life. In fairness, Broadmoor hospital says that such exclusion is at Piers's request, but that, in turn, is based on the hospital's insistence that he is capable of taking that decision himself and is not influenced by the staff. Of course, the people who have assessed him as competent to take that decision are the staff of the very hospital that is the subject of the complaint.

As the Minister will recall, my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning) raised this issue, among others, with him in an Adjournment debate on 10 September last year. It is utterly wrong if families feel that they are being pushed out and excluded from contact with relatives detained under mental health legislation, rather than being engaged in and involved with a programme of healing and rehabilitation.

I hope that the Minister can tell me that, after 10 years, a new life is at last ready for Piers Bolduc to start. But I hope, too, that his tragic case will serve as a lesson—not just to the Government but to us all—that we need to do far more to ensure that people with Asperger's syndrome in our secure mental institutions are given the standard of care and treatment that they are entitled to.

2.46 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I am grateful to the hon. Member for Aylesbury (Mr. Lidington) for securing this debate and for discussing a subject that, as he doubtless knows, is very close to my heart. I also thank him for raising the specific case of Mr. Piers Bolduc, who, as he says, has Asperger's syndrome and is currently in Broadmoor hospital. The hon. Gentleman has raised some interesting issues that we will certainly need to explore further if the House introduces new mental health legislation, for example, as is intended. If I fail to address any of the issues that he has asked me about, they will certainly be dealt with in a letter.

The parents of Piers Bolduc have been unstinting in trying to secure a placement for him in a centre that cares specifically for people with Asperger's syndrome, and in which they believe his particular needs can be better addressed. I should say at the outset that it is very sad if they feel excluded from the process in any way. We should learn lessons from that, and it should not happen. That said, Mr. Bolduc has rights as an adult, and I shall talk about them and what they prevent me from saying a little later. It is clear from what the hon. Gentleman said that we need to do more to square the circle and to make sure that parents feel that they have an input and are being listened to, even if we cannot always act on their wishes because we have to act on those of another party.

I care greatly about improving the experience of people with Asperger's syndrome and of everyone on the autistic spectrum, the vast majority of whom, of course, do not need such highly specialised help as Mr. Bolduc. I shall talk about Mr. Bolduc's case, which involves a person affected by Asperger's syndrome being detained in a secure mental hospital, in a moment or two. First, I want to say a few words about the recognition of Asperger's syndrome in the criminal justice system, and about high secure hospitals.

I must stress that people affected by autistic spectrum disorders, including Asperger's syndrome, do not normally pose any risk to society at large. I am aware of no evidence of any significant association between autism and criminal offending. In fact, because of the nature of autism and the very rigid way in which many people with autistic spectrum disorders tend to keep to "rules and regulations", they are often more law abiding than the general population. It would be a tragedy, and grossly unfair, if anyone inferred from my comments any suggestion that people on the autistic spectrum are a threat or are routinely dangerous. The hon. Gentleman will doubtless join me in that sentiment. Indeed, people with learning disabilities, including autism, are over-represented among the victims rather than perpetrators of crime. In 1999, Mencap reported that 21 per cent. of the people with learning disabilities that they surveyed had been subject to physical attacks in the previous year. Although research in this field is limited, naivety and a lack of social understanding are likely to increase the vulnerability to crime of people with autistic spectrum disorders.

However, some people with autism—in common with some people from every other group in society—sometimes either break the law or are suspected of or accused of breaking the law. When that happens, fair treatment for them is often dependent on the involvement of people—in the police force, the courts or the prisons—who understand autistic spectrum disorders. Before I became a Minister, I was the chairman of the all-party group on autism, and I have long been keen to see steps taken to improve autism awareness in the criminal justice system. I remain keen and I am pleased to say that some progress is being made.

The Youth Justice Board and the Magistrates Association have arranged a joint conference in July this year to raise awareness of mental health issues and autistic spectrum disorders among magistrates and judges. That conference will also give youth panel chairs and justices' clerks an opportunity to hear about policy developments and learn about the roles and responsibilities of agencies involved in providing services for young people.

Progress is also being made to improve autism awareness among police officers. Probationary police officers receive autism awareness training and are taught to recognise the condition as part of their two-year training programme. In addition, when they receive training in investigative interviewing they are given a detailed briefing on conditions, including autism, that could affect communication or that might mean witnesses being easily intimidated. Throughout their

training they are reminded that the skills that they have learned may also be needed when dealing not only with witnesses but with criminals and members of the public.

As the hon. Gentleman will know, responsibility for prison health was transferred from the Home Office to the Department of Health from 1 April 2003 and I am the Minister responsible for prison health. I certainly appreciate, and the prison health team also appreciates, that autistic spectrum disorders and learning disabilities may well be under-diagnosed in the prison population.

The Prison Service, Prison Health and the Youth Justice Board share a commitment to the provision of better specialist health and mental health services for offenders. To give practical effect to that, they have jointly appointed a programme manager for juvenile health. Among the benefits expected from the creation of the post is a greater understanding of the nature and prevalence of all conditions, including autism. That should, in turn, lead to an increased emphasis on the diagnosis and assessment of such conditions at establishment level and the commissioning, by primary care trusts, of appropriate services to meet the needs identified.

One of the first projects being undertaken by the new programme manager for juvenile health is the development of a health strategy for juveniles. The extent to which autism may be a significant problem in individual prison establishments would be expected to emerge from the regular health needs assessments undertaken jointly by prisons and their NHS partners.

I fully acknowledge that people on the autistic spectrum, at all ages, are at above-average risk of developing mental health problems. That makes it particularly important to consider what steps should be taken for people with autism to ensure early intervention when mental health problems arise.

Making an accurate psychiatric diagnosis of people with Asperger's syndrome is a complex process. Features of the syndrome, such as disturbances of communication, obsessionality and preoccupations, can be mistaken for—or, indeed, merge into—mental ill health. That is exactly what happened with Mr. Bolduc. Secure psychiatric hospitals provide care and treatment for people detained under mental health legislation and who are considered to require such care and treatment in secure conditions. That could, for example, be because they are considered to present a potential threat to themselves or others or might abscond if detained in open conditions. They will include mentally disordered offenders and patients who have proved unmanageable in non-secure conditions. If an individual with Asperger's syndrome is considered sufficiently dangerous, he or she will be admitted to a high security hospital until their condition improves enough for them to be managed in a lower level of security.

I know that many hon. Members are concerned about how many current residents at secure mental hospitals have been assessed as having Asperger's syndrome. It is one of the questions that the hon. Gentleman asked me. A few years ago, the Department of Health funded the National Autistic Society to undertake a specific piece of work in this area. Entitled "A Preliminary Study of Individuals with Autistic Spectrum Disorders in Three Special Hospitals in England", it was published in 1999. The report arose from concern among professionals in special—now called high secure—hospitals in England to establish the number of people with an autistic spectrum disorder who were detained in their care under mental health legislation and whether such settings were appropriate. It is available on the National Autistic Society website.

The report identified that there were then 31 individuals with autistic spectrum disorders, of whom 21 were thought to have Asperger's syndrome. Mr. Bolduc would have been a resident in Broadmoor at the time that survey was done. It concluded that

"individuals with autistic spectrum disorders form only a small proportion of all those in the special hospitals".

It is worth noting that the report's conclusions also stated that the

"possibility of the presence of an autistic spectrum disorder should always be considered when assessing offenders in special hospitals."

I am sure we all agree that the relatively small proportion of people affected does not make it any less important to get it right for the people concerned. The important thing is to do all we can to improve services.

The transition from high secure care to conditions of lesser security can be a difficult one for many individuals and needs careful handling. A patient may move out of a high security hospital either on transfer to a less secure hospital or on discharge into the community. The first step would usually be for the patient's responsible medical officer, in consultation with his clinical team, to decide that the patient no longer needs to be detained for care and treatment in conditions of high security.

If the decision is that the patient nevertheless still requires care and treatment in a hospital setting for their mental disorder but that it can safely be provided at a lower level of security, the responsible medical officer or clinical team will seek to identify a suitable alternative placement. The doctor or clinical team at the receiving hospital will need to agree that transfer is appropriate, and the relevant PCT commissioner's agreement to fund the placement will need to be obtained. If the necessary agreements are obtained but a vacancy in the receiving facility is not immediately available, the patient may be placed on a waiting list for admission.

I come to Mr. Piers Bolduc's present situation. I must say at this point that I am limited in what I feel I can say about the specific case. Mr. Bolduc has advised, through his clinicians at Broadmoor hospital, that he does not wish personal details of his case to be discussed publicly. Mr. Bolduc is an adult and has the capacity and right to make such decisions, and there is no reason why that request should not be respected in full. I make no criticism of the hon. Gentleman, because I know that he represents the views of Mr. Bolduc's parents and has their permission to put in the public domain the information that he gave. However, that does not mean to say that I may do so, given that I have Mr. Bolduc's instructions.

I can tell the House, however, that it was following Mr. Bolduc's transfer from Stockton Hall hospital to Broadmoor hospital in 1995 that a diagnosis of Asperger's syndrome was confirmed. A programme of

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therapy and rehabilitation was put in place and has progressed to the point that the clinical team and Mr. Bolduc himself now feel that he is ready for transfer to an alternative, specialist unit. A unit run by an organisation with specialist expertise has been identified, which offers assessment and treatment for people with Asperger's syndrome. In respect of Mr. Bolduc's request for privacy, it is not appropriate to confirm the name of the unit or its location. This unit is well equipped to support Mr. Bolduc with the level of support, safety and security that he both requires and seeks.

All necessary clinical assessments have been undertaken as part of the referral process and Mr. Bolduc has been accepted for transfer to the unit, as soon as a place becomes available. I hope that the hon. Gentleman will be somewhat reassured by that. The necessary transfer agreements are also being pursued by Broadmoor hospital with the Home Office. My understanding is that all involved parties, including Mr. Bolduc's parents, are in agreement that it is in fact the most appropriate placement. Unfortunately it is not possible to say precisely when the transfer can take place, as that is dependent on availability of a bed, although it is anticipated that this should be in the coming months. As the hon. Gentleman requested, I am happy to liaise with colleagues at the Home Office to ensure that there are no undue delays. While Mr. Bolduc remains at Broadmoor hospital, his current therapeutic programme will continue with the aim of developing the skills required both for his next placement and beyond.

Finally, I should like to stress again that the vast majority of people with autism or Asperger's syndrome do not present a risk to society because of their condition. We have been discussing very rare cases. However, when people with ASD, such as Mr. Bolduc, do come in contact with the criminal justice system, they are entitled to interact with people who understand their condition and act appropriately. That is what we are trying to put in place across the board, and I hope the hon. Gentleman will accept that progress is being made and that I am committed to keeping up the pace of reform and to improving services for people with Asperger's. I will do all I can to ensure that Mr. Bolduc's transfer takes place as expeditiously as possible and that the matter is dealt with quickly.

Question put and agreed to.

Adjourned accordingly at Three o'clock.

House of Commons

Tuesday 4 May 2004

The House met at half-past Two o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

HEALTH

The Secretary of State was asked—

Accident and Emergency Admissions

1. **Brian Cotter** (Weston-super-Mare) (LD): What action his Department is taking to help accident and emergency departments cope where there are increases in the number of patients who are admitted for treatment. [169823]

The Minister of State, Department of Health (Ms Rosie Winterton): The Department has set up substantial national support for accident and emergency departments. The latest figures show that more than 90 per cent. of patients were treated, admitted or discharged from accident and emergency in less than four hours, compared with 78 per cent. in December 2002, even though in many areas there has been an increase in the number of patients using the service.

Brian Cotter: I thank the Minister for that reply. Weston-super-Mare has a particular problem, in that a department designed to treat only 25,000 patients in fact treats 45,000. Historically, we have also had problems with fair funding because of our proximity to Bristol. I hope that the Minister will pay special attention to that issue, as we also need assistance for paediatrics and other departments.

Ms Winterton: It is true that the number of patients has increased, and some £240,000 has been provided in the past two years to improve resuscitation services. As I am sure the hon. Gentleman will be aware, the Weston area has put together an action plan to improve the accident and emergency department, in particular by establishing a paediatric minor injuries unit and an urgent care centre. In the past week, Weston NHS trust qualified for a capital incentive payment of £100,000 to be spent on locally determined projects, which should improve the situation.

Phil Sawford (Kettering) (Lab): I thank my hon. Friend for visiting Kettering general hospital a few weeks ago; the members of staff, management and patients to whom she spoke appreciated her visit. If she had been able to stay longer, she could have seen the refurbished and modernised A and E unit, the new CAT scanner, the new MRI scanner, the new orthopaedic theatre and the new ophthalmic unit—I could go on for ever, if you would allow me to, Mr. Speaker. Does my hon. Friend agree that that contrasts starkly with the years when wards were closed and padlocked under the previous Government?

Ms Winterton: I thank my hon. Friend for that question. It was a great pleasure to meet the dedicated and committed staff in the A and E department. They were given a £100,000 incentive payment for achieving 94 per cent. of target two weeks ago, and if they continue in the same way—as I am sure they will—they will qualify for some £500,000 in extra funding to improve services locally. My hon. Friend is right: no one can imagine going back to the bad old days of cuts, under-investment and poor staff morale.

Dr. Richard Taylor (Wyre Forest) (Ind): Will the Minister consider supporting the formation of clinical networks in accident and emergency, so that A and E departments can share expertise and staff with local minor injuries units, thereby increasing the scope of minor injuries units and lessening the load on A and E departments?

Ms Winterton: The hon. Gentleman is right to say that such networks can be helpful. We have established emergency services collaboratives, whereby various A and E departments have been able to spread best practice. We are also setting up emergency care networks to consider some of the issues that he mentions. It is important to consider not only A and E departments but the contribution of ambulance trusts, primary care and pharmacists, so that we can build proper choice into the system of emergency care.

Siobhain McDonagh (Mitcham and Morden) (Lab): What weighting is given to A and E numbers when considering the amalgamation or closure of hospitals, especially in built-up urban areas? In my constituency, we are concerned that St. Helier hospital might move to the Sutton hospital site, which we predict would mean an increase of 20,000 to 30,000 extra patients at St. George's.

Ms Winterton: As my hon. Friend will be aware, it is for local primary care trusts, working with strategic health authorities and trusts, to ensure that any reconfiguration of services is not to the detriment of patient care or involves missing any targets. She will know about the four-hour target and about those for ambulance trusts, which are designed to ensure that people receive care within a certain time. Any reconfigurations must take those targets into account, and I hope that that is happening in her local area.

Racial Discrimination

2. **Dr. Evan Harris** (Oxford, West and Abingdon) (LD): What assessment he has made of racial discrimination in medical careers in the NHS. [169824]

The Minister of State, Department of Health (Mr. John Hutton): The national health service is fully committed to the principle of race equality, both as an employer and as a provider of services. In relation to careers in medicine, new legislation that I expect to come into force later this year will provide new routes to entry on the specialist register for associate specialists and for staff-grade doctors. The postgraduate medical education training board will also oversee the provision of new top-up training, allowing doctors in that group to gain entry to the register.

Dr. Harris: I am grateful to the Minister for that answer. He must be aware that his Department recently had to pay a doctor damages of more than £600,000 for discrimination. The Government did not appeal, on the basis that the tribunal found the Birmingham declaration of 1996, which governs the transition to specialist training in order to become a consultant, to be indirect racial discrimination. Hundreds, perhaps thousands, of other doctors may have been affected. Will the Minister seek them out so that they can be fast-tracked to consultant status with fair treatment, or will he expect each of them to drag the Department to the courts if they are in time to do so?

Mr. Hutton: Obviously, we take all those issues very seriously indeed. The hon. Gentleman is right to draw our attention to that case, but it was complicated by the provisions on permit-free work time that then applied. The arrangements changed subsequently, so I do not think that those problems will be repeated. The key is to get the postgraduate medical education training board up and functioning as soon as possible, and we are committed to doing that. We can then activate article 14 of the new specialist training order, which will allow the postgraduate medical education training board to take a much wider view of work-based experience when assessing whether someone is suitable to go on to the specialist register. I agree that that will take time, but the issues are complicated. I fully accept the hon. Gentleman's premise that it is our responsibility to treat doctors fairly and equally in the NHS, which is precisely why—with that purpose in mind—we have changed the law.

Andrew Selous (South-West Bedfordshire) (Con): We all abhor racial discrimination against NHS staff, but does the Minister think it right that there is so much age discrimination against NHS staff? The policy of one of my local trusts is not to employ people aged over 70, yet there are medical secretaries who want to carry on working and are entirely competent. It is very difficult to recruit such secretaries, so will the Government look into that matter?

Mr. Hutton: Yes, I shall happily look into it for the hon. Gentleman. It is sensible for NHS trusts to adopt a flexible policy in relation to such matters. However, I should point out that he and his hon. Friends constantly complain about ministerial intervention in the decision making of local NHS trusts, so I am not sure that he and his hon. Friends would necessarily be the first to welcome my interference in that case—but perhaps I am wrong.

Medical Students

3. **Rob Marris** (Wolverhampton, South-West) (Lab): If he will make a statement on the number of students entering medical training schools in (a) the current year and (b) 1997. [169825]

The Secretary of State for Health (Dr. John Reid): In autumn 2003, English medical schools admitted 6,030 students. In 1997, the figure was 3,749. That is an increase of more than 2,250 medical students, or more than 60 per cent. since 1997. It is the largest increase in medical school places since the national health service was established.

Rob Marris: As we say in the black country, those figures are bostin'.

My late father was, for more than 25 years, a consultant radiologist at the hospitals that now form the Royal Wolverhampton hospitals NHS trust, and I, too, worked there. Can my right hon. Friend confirm that the Wolverhampton trust is playing its part in helping to train that record number of doctors, and that NHS funding, especially for training, will be maintained?

Dr. Reid: Indeed, I can. I know that my hon. Friend takes a familial and political interest in these matters as well as a constituency interest, so I took the trouble to check the figures on the Royal Wolverhampton hospitals NHS trust. In 2002, more than 180 medical students undertook practice placements in the trust; in 1997, there was none. The trust has expanded its postgraduate doctor placements by nearly 35,000 in two years. My hon. Friend may also be interested to know that the nearby Birmingham medical school admitted 428 students in autumn last year, compared with 215 in 1997—a 99 per cent. increase.

Mr. David Tredinnick (Bosworth) (Con): The Secretary of State has referred to the increase in the number of medical students, but he has not referred to an increase in training in complementary and alternative medicine for medical students or doctors, in line with the recommendations of the Lords report on alternative and complementary medicine, which even his Department admits is a benchmark. What increase has there been in training in complementary medicine for doctors, and does he plan to increase the percentage?

Dr. Reid: There has been an increase in the training of doctors in almost every single field. *[Interruption.]* The hon. Gentleman looks rather quizzical, but between 1979 and 1997, when the Conservative Government were responsible, not a single new medical school was opened and, indeed, two dental schools were closed. However, this Government have opened four new medical schools since the autumn of 2002 alone, so there has been a marvellous upsurge in the number of medical places and doctors in practice as well, and that goes right across the field. As the hon. Gentleman knows, unlike the previous Government, provided that there is always reasonable regulation and empirical evidence to substantiate the efficacy of alternative medicine, this Government are intent on extending choice and information to patients in the national health service.

Dr. Andrew Murrison (Westbury) (Con): In the 1970s, the right hon. Gentleman's predecessors got their predictions for our dental work force very badly wrong, and our constituents are living with the consequences. Given that the best guess that the Minister of State, the right hon. Member for Barrow and Furness (Mr. Hutton), was able to reach in European Standing Committee C for the number of doctors that we would have to train to take care of the European working time directive was between 6,000 and 12,000, how much confidence can Ministers have in his predictions for our future medical man force requirements? Will he tell us the net number of doctor hours that will result from those increases by the year 2009?

Dr. Reid: Today is the 25th anniversary of the unfortunate election of Baroness Thatcher. On that date in 1979, the message repeatedly given was that everything was the fault of the Labour Government in the early 1970s. After 25 years, the record has not changed at all. In fact, there are now 2,000 more dentists than there were in 1997, and the reason most of them are not doing as much NHS work as previously is the disastrous contract that the Conservatives introduced in 1992.

On the working time directive, while we do not for a moment diminish the difficulties that two legal judgments have caused, an enormous amount of work is being done to ensure that, both in methodology and numbers, we can cope in the NHS. The hon. Gentleman talks about the 1970s, but Britain, including the British national health service, is working once again, and it would be an absolute disaster to let him and his colleagues ruin it once again.

Medical Research

4. **Ann McKechin** (Glasgow, Maryhill) (Lab): If he will make a statement on his Department's funding of medical research. [169826]

The Secretary of State for Health (Dr. John Reid): We are making an additional £25 million available for medical research each year for the next four years. That increase of £100 million by 2007–08 will help to increase the total Government budget for medical research from £1billion a year to £1.2 billion a year by 2007–08.

I can tell the House that Birmingham Women's health care trust has won the bid to run the new £1.8 million genetics education and development centre, which will help to educate NHS staff about how they can use the latest genetic knowledge and techniques in the prevention, diagnosis and treatment of common diseases, such as breast cancer.

Ann McKechin: My right hon. Friend will be aware that there is a great deal of interest in gene therapy research, as it could provide a treatment not only for common diseases, such as heart disease and cancer, but for inherited conditions, such as muscular dystrophy. I understand that the Department has recently announced a funding package for further research in that area. Can my right hon. Friend confirm that research institutes throughout the United Kingdom, not just in London, will benefit from that new funding?

Dr. Reid: I can indeed confirm that. As my hon. Friend suggests, I recently announced another £4 million to support research into gene therapy in the United Kingdom—an area of scientific research where I can say with all due modesty and not the least complacency that this country is playing a leading role at the cutting edge, to the benefit of patients here as well as throughout the world. I can also confirm—my hon. Friend will be particularly pleased to hear this—that the beneficiaries of that £4 million grant include Dr. Linda Scobie of the university of Glasgow, who received £450,000 for very important research on the safety of retroviral vectors.

Mrs. Marion Roe (Broxbourne) (Con): Does the Secretary of State accept that the provisions of the Human Tissue Bill and the European Community clinical trials directive seriously undermine the increase in medical research funding that was announced in the Budget?

Dr. Reid: It is rather churlish of the hon. Lady not to accept that, when we announce an additional £200 million for scientific research, it in no way undermines the value of research that is conducted in this country for patients. On the Human Tissue Bill, we are responsible to the people of this country for ensuring that what happened in Alder Hey and other areas never happens again. People's bodies belong to them; we own our bodies and all their parts. We must therefore not presume but seek consent. If there are difficulties, we will listen—as we are currently listening—to an array of interested parties, including researchers, to ensure that the benefits from future research are balanced by the rights of individuals over their bodies.

Miss Anne Begg (Aberdeen, South) (Lab): I thank my right hon. Friend for the announcement of money for gene therapy. However, I emphasise that embryonic stem cell research is also important. The first licences have been issued and I look to the Secretary of State to promise that some of the money that is set aside for medical research will go into that area, which is so important, especially for people with neurological conditions.

Dr. Reid: I thank my hon. Friend for her comments. The subject is important and has potentially enormous benefits. We should be proud that the United Kingdom, with effectively 1 per cent. of the world's population, funds 4.5 per cent. of the world's science and produces 8 per cent. of the world's scientific publications and 9 per cent. of the world's citations. We maintain such a position only by continually making the resources available to the ingenuity, application and determination of the scientific community in this country. The ultimate benefit is to those who suffer from some of the diseases and illnesses that my hon. Friend mentioned and knows only too well. We shall continue to do all we can to alleviate that pain and distress.

Mr. Nick Gibb (Bognor Regis and Littlehampton) (Con): How much are the Department and the Food Standards Agency spending on research into the

carcinogen acrylamide, which appears in, for example, baked potatoes, chips, crisps and other food that is cooked at high temperatures?

Dr. Reid: I cannot give the hon. Gentleman a reply off the top of my head but I promise to write to him with the figures.

Day Surgery Facilities

5. **Mr. James Plaskitt** (Warwick and Leamington) (Lab): If he will make a statement on the expansion of day surgery facilities in the national health service. [169827]

The Minister of State, Department of Health (Mr. John Hutton): The Government are committed to expanding day surgery in the NHS. The proportion of elective care carried out on a day case basis has risen from 59 per cent. in 1996–97 to 67 per cent. in 2002–03. Our investment of £68 million in the past two years in day surgery facilities and more than £350 million in NHS and independent sector treatment centres will help to maintain that expansion.

Mr. Plaskitt: I thank my right hon. Friend for that reply. We have a successful 23-hour ward in Warwick hospital. It opened in temporary accommodation in January but moved to its permanent site two weeks ago. It has already treated 600 patients and is contributing to a further reduction in waiting times and waiting lists at the hospital. Does my right hon. Friend agree that more such units will be needed if we are to reach our target of performing 75 per cent. of all elective surgery on a day care basis?

Mr. Hutton: Yes, I agree that we shall need more facilities such as the excellent example that he has drawn to the House's attention. I should like to put on record my appreciation of the hard work of staff in his local NHS trust and of the excellent service that they provide to his constituents. It is more convenient for patients to be treated on a day case basis and more efficient for the NHS. All Labour Members want the extra investment to which we are committed to make that difference in treatment for NHS patients.

Sir Sydney Chapman (Chipping Barnet) (Con): The Minister will know that the Audit Commission report for 2001 stated that there was scope for an additional 120,000 day surgery cases to be carried out with the facilities that were available then. What progress has been made on fulfilling that report's recommendations?

Mr. Hutton: As I said in my answer, we are treating more and more NHS patients as day cases, and that is an excellent way to ensure that the extra investment in the NHS reaches the front line and improves the service for all our constituents. There are now 850,000 more operations being done as day cases than in 1996–97, and I hope that the hon. Gentleman, who always takes a balanced and fair approach, will recognise that we are making good progress in this field.

Mr. Andrew Lansley (South Cambridgeshire) (Con): I am sure that the Minister will agree that increasing the proportion of day case surgery is indeed a way of heightening efficiency in the NHS and that leading hospitals are already treating about 75 per cent. of elective in-patient admissions as day cases. Will the Minister therefore tell us why he and his colleagues are discussing—privately, in ministerial meetings—what is referred to as "official data" showing that productivity has fallen steadily since 1997, with a 10 per cent. decrease overall and a 15 to 20 per cent. decrease in health and education? On what statistics are Ministers basing that 15 to 20 per cent. reduction in health productivity? Will the Minister also tell the House why 200,000 finished consultant episodes, which in past years had been used for comparison, have mysteriously disappeared from the statistics in the Department's annual report on hospital activity trends, which he published 10 days ago?

Mr. Hutton: There is only one message that the hon. Gentleman wants to give to the people of the country and to Members of the House, and that is that the NHS is getting worse, but every published indicator reveals that it is getting better. In relation to his point about productivity, it is fair to say that the current measure of productivity fails to take into account some very important things that are going on in the NHS. One example is that we are making more statins—the cholesterol-busting drugs—available to all our constituents. As a result, fewer people who would have gone on to develop coronary heart disease will now need coronary artery bypass grafts and other procedures that we count as an activity in the NHS. So on one measurement, because we are making our constituents healthier, the NHS is said to be becoming less productive. What a ridiculous state of affairs! Anyone who has a reasonable view of these matters would say that the case for looking again at that measure of productivity was overwhelming.

Health Care (West Worcestershire)

6. **Sir Michael Spicer** (West Worcestershire) (Con): If he will publish his latest plans for the future of the health service in west Worcestershire. [169828]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): South Worcestershire primary care trust is responsible for commissioning health care in west Worcestershire to meet national and local health priorities. Over the current three-year period, the funding allocation to enable the PCT to achieve this will increase in cash terms by £60.6 million, or more than 30 per cent.

Sir Michael Spicer: Is the Minister aware that South Worcestershire primary care trust is seriously concerned that it might not have sufficient funds to honour the commitments to the GP contracts arranged by the Government, let alone to service the capital requirements for the four new medical centres and two community hospitals promised in my constituency?

Dr. Ladyman: Funding in the hon. Gentleman's constituency has massively increased. If there are any concerns about what funding is to be available in the years to come, let me put them in context. In the last year

of the previous Conservative Government, spending per head in his constituency was £623. In 2002–03, the last year for which we have audited outturns, it was £894, and by 2005–06 his constituents will be having £1,061 per head spent on them. There should therefore be no concerns whatsoever about having the resources to meet those obligations.

Mr. Michael Foster (Worcester) (Lab): Will my hon. Friend explain how the 31 per cent. increase in funding for South Worcestershire primary care trust was raised? Does he agree that, while the residents of south Worcestershire have every right to ask for more resources to be spent on our local health service, there are two residents of south Worcestershire, both of whom are Conservative Members, who have no right to call for extra money, given the way in which they voted in the House when the money was allocated?

Dr. Ladyman: My hon. Friend is absolutely right. The huge increase in local spending resulted from this Government's decision to increase national insurance by 1 per cent. to pay for extra investment in the national health service. The Conservatives opposed that. The 70 per cent. per capita increase that I have just described would be wiped away if they ever got back into power.

Mr. Peter Luff (Mid-Worcestershire) (Con): Does the Minister not recognise that the Government's mismanagement of those increased resources has led to cuts in services for the primary care trust, a massive debt at the acute hospital and the prospect of all the new services that we need for GP surgeries and cottage hospitals being abandoned? We know that the extra money the PCT has is not enough to pay for the GP contract and those extra surgeries and hospitals, so will he say over what time scale those new surgeries, and the new hospital at Pershore, will be delivered?

Dr. Ladyman: The hon. Gentleman takes my breath away: the Conservatives would not spend one penny extra on health services if they were returned to government and he voted against the increases that we are discussing. Local decisions are now being made about prioritisation, because we have decided that we cannot make all the decisions for his constituency at the centre. I am flattered that he would like me to make all the decisions for his constituency, but that simply would not be a good way of doing things, so the funding of new GP premises in his constituency will be prioritised locally, which is exactly as it should be.

NHS Dentistry (Liverpool)

7. **Mrs. Louise Ellman** (Liverpool, Riverside): How many dentists in Liverpool have ceased providing NHS dental treatment over the past two years. [169829]

The Minister of State, Department of Health (Ms Rosie Winterton): There has been a net reduction of 34 dentists providing NHS dental services in the Liverpool area over the past two years. However, that figure should be treated with caution because it is not a whole-time equivalent. It also includes people who have retired. The three PCTs in Liverpool have been allocated £356,700 specifically to improve access to NHS dentistry locally over the next year.

Mrs. Ellman: I thank the Minister for that answer and welcome the information on the extra funding for NHS dentistry in Liverpool, but can she give us any further information on how the proposed new contract will help to retain and recruit dentists to work in the NHS?

Ms Winterton: As I am sure my hon. Friend is aware, if a dentist leaves the NHS the money spent on NHS dentistry in the local area returns to the centre. The new contract and the proposals in the Health and Social Care Act 2001 will ensure that the money to support dentistry goes to the local level so that there can be proper provision made locally—the money stays locally. The contract removes the treadmill and bureaucracy introduced by the previous Government, which have been so unpopular with dentists and caused them to walk away in the first place.

Mr. John Baron (Billericay) (Con): What is happening in Liverpool is typical of what is happening around the rest of the country. Indeed, recent Government figures have shown that, after seven years in power, over half a million fewer patients are registered for NHS dental treatment than in 1998, while the British Dental Association stated recently that millions of people are unable to register with an NHS dentist. Five years ago, the Prime Minister pledged that everyone would be able to see an NHS dentist within two years. It is now blatantly obvious that this Government have yet again failed to deliver on a promise. Will the Minister be honest, admit that the Government have got NHS dentistry badly wrong and set about putting it right immediately?

Ms Winterton: That is a bit rich coming from the Opposition. It has been said before, but it is worth repeating, that they introduced the incredibly unpopular new contract in 1990, cut dentists' fees and closed two dental schools. We have brought about the biggest reform of NHS dentistry in 50 years. We know that—

Mr. Baron: Half a million fewer patients.

Ms Winterton: About 1.7 million more courses of dental treatment have been provided within the last year. There are undoubtedly particular problems in certain areas, which is why we have put aside about £90 million in the last year to address access problems at local level. That is for the short term. In the longer term, we are changing the system so that the money held centrally is given to local PCTs, enabling them to plan with local dentists the provision at local level. That has been welcomed by the BDA, in contrast to what it has been saying recently about the contract introduced by the Tories and the way in which they closed dental schools and cut fees.

Edgware/Colindale Hospitals

8. **Mr. Andrew Dismore** (Hendon) (Lab): If he will make a statement on the planned sale of land at Edgware and Colindale hospitals. [169830]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): In accordance with local plans, Barnet primary care trust and Barnet, Enfield and Haringey mental health NHS trusts are disposing of surplus land at Colindale and Edgware hospitals. The land sales are being managed locally to ensure that the needs of the local NHS are met.

Mr. Dismore: Given the substantial growth in population expected in the area—45,000 extra people in Barnet over the next few years, and possibly extra people in Harrow and Brent—the real demand that has been identified for parking at Edgware and the need for affordable housing for key workers locally, particularly those in the NHS, will my hon. Friend consider reviewing the decision on those land sales? It is pretty clear that we will soon need some of that land for NHS purposes, rather than selling it off for expensive housing, which is what is likely to happen otherwise.

Miss Johnson: I am sure that my hon. Friend has made his representations to the local PCTs, who are responsible for commissioning and providing services. As he will know, the trusts are currently considering a land disposal at the Edgware hospital site and, as part of that, building key worker homes at the Colindale site. One of the options on the disposal of some land at Edgware is that part of the land may be retained for car parking and other facilities at Edgware community hospital. If my hon. Friend is not content with the discussions that he is having locally, I am sure that we would want to meet him and discuss his concerns in the Department.

Chris Grayling (Epsom and Ewell) (Con) *rose—*

Mr. Speaker: The hon. Gentleman is keen to get in, but the question is about north London.

Chris Grayling: May I ask about land sales in the south-east?

Mr. Speaker: That is too wide.

General Practitioners

9. **Mr. Bill O'Brien** (Normanton) (Lab): What advice is given to primary care trusts to assist with recruitment of general practitioners; and if he will make a statement. [169831]

The Minister of State, Department of Health (Mr. John Hutton): The Government have established work force confederations to take forward local recruitment initiatives to expand the national health service. In addition, we have invested more than £38 million in financial incentives to support flexible and new ways of working to encourage doctors to enter, and return to, general practice. As a result, the NHS now has more GPs than at any time in its history.

Mr. O'Brien: I thank my right hon. Friend for that reply. I congratulate the Government on the increase in nurses, doctors and consultants, more of whom are now employed by the NHS than ever before. My concerns are that in the north of England, and particularly in the Wakefield area, we seem to have shortages of GPs, which affects a substantial number of my constituents. From my exchange of correspondence with the chairman of the Wakefield West PCT, it appears that it has little influence in trying to engage GPs to fill vacancies. Can my right hon. Friend give any further advice to ensure that my constituents, particularly the elderly and disabled, have GPs, and to ensure that the requirement for GPs in the Wakefield area is met?

Mr. Hutton: I am grateful to my hon. Friend for acknowledging the progress that has been made. In Wakefield, there are now 27 more GPs than there were in 1997. I accept entirely his view that there are still not enough. Clearly, we look initially to primary care trusts to fill those vacancies, and a range of resources is available to help them to do that. As he knows, we are making more progress in making sure that every primary care trust has its fair share of resources, and that the extra growth available for the NHS goes to those parts of the service that need it the most. That would certainly include my hon. Friend's constituency.

Mr. Paul Burstow (Sutton and Cheam) (LD): The Minister will know of the important role played by GPs in community hospitals up and down the country. Given that, will he offer some assurance about the current state of play with GPs who are already opting out of working in community hospitals, or who plan to do so in the near future? Health Ministers in the Welsh Assembly and the Scottish Parliament have recognised the disaster that that would represent and have started negotiations about the problem, so why does it appear that he still has his head in the sand?

Mr. Hutton: On this occasion, I hope that I do not have my head in the sand. The hon. Gentleman should remind himself of the recommendations of the doctors and dentists review body this year, which suggested that we should take this forward as part of the review of the non-consultant career grade for doctors in the NHS. We are happy to do that. Those issues are being discussed with the British Medical Association as we speak. Obviously, we also need to take the view of the NHS Confederation, which from this October will become the new employers' organisation for the NHS. Clearly, it is important that we make sure that services are provided to community hospitals by GPs. The new GP contract has nothing whatever to do that, as those arrangements are dealt with separately, and I hope that we will be able to make an announcement on that in the very near future.

Mr. David Watts (St. Helens, North) (Lab): The Minister will know that it is most difficult to recruit and retain GPs in some of the poorer areas. Is there not a case for add-in incentives to persuade them to come to and stay in very deprived areas?

Mr. Hutton: There certainly is. That is why—as my hon. Friend, who takes a close interest in these matters, will be aware—we have increased the golden hello scheme payments for GPs in areas with too few doctors from £10,000 to £12,000. The increase has partly succeeded, in that it has enabled us to recruit more GPs, but, as my hon. Friend will know, we are looking

carefully at all the issues. I have received representations from a number of my hon. Friends about GP shortages in their constituencies. Along with the NHS, we are trying to find ways of providing further incentives. As my hon. Friend rightly observed, general practice is at the heart of all our NHS reforms.

Mr. Tim Yeo (South Suffolk) (Con): Will the Minister confirm that Government claims to have met the GP recruitment target are complete and utter nonsense? Is it any wonder that no one believes a word Ministers say, now that they have been caught blatantly distorting the true picture by ignoring the difference between full-time and part-time GPs?

Will the Minister confirm that the number of long-term GP vacancies is now rising alarmingly? Will he also confirm that as the country faces an incipient crisis with the retirement of large numbers of GPs in the next three years, it is a disgrace that the Government's only answer is to try to fiddle the figures?

Mr. Hutton: I was wondering when we would hear from the hon. Gentleman. Unfortunately, I do not think that any of us would have minded too much if he had spent the half-hour session just nodding quietly to himself—*[Interruption.]* Was that the best that he could do? He is trying to carve out more space for himself and other Front Benchers by recognising improvements in the NHS when they happen; but where was that today? May we hear one word from him acknowledging that there are 2,000 more GPs in the NHS today than there were in 1999?

The hon. Gentleman says that we are fiddling the figures. We collect the figures for the number of GPs in exactly the same way as they were recorded in 1997 under his party's Administration. He should be careful about chucking around allegations that the figures are not correct. They are collected by the Office for National Statistics, and if he thinks that the ONS is fiddling the figures he should raise the matter with the National Statistician rather than chucking around pathetic and totally unfounded allegations about their accuracy.

David Taylor (North-West Leicestershire) (Lab/Co-op): Are not GPs more likely to be recruited if practices are well funded and well housed and offer a wide range of services? How often do we see the situation described to me in recent weeks by practices in North-West Leicestershire? Following the implementation of the general medical services contract, a number of doctors have been unable to offer minor injury and other non-core services because the funding for primary care trusts and the prices that they are offering are not enough to pay for such facilities. What guidance is given to PCTs about minimum levels of off-contract funding? What happens if the levels are very low?

Mr. Hutton: We have introduced a number of reforms to the way in which primary care is funded. I suspect that those local difficulties are partly connected with arguments about the definition of the new class of enhanced services under the GMS contract, and I hope that they can be resolved.

It should be borne in mind that the new contract will be accompanied by a 33 per cent. increase in spending for primary care, which I am sure my hon. Friend will welcome. First and foremost, however, disputes need to be resolved at local level. I do not think it would be very sensible for me to try to intervene in each one, but I assure all my hon. Friends that the new contract is being fully and properly resourced. We have introduced important reforms that will help to ensure that the additional money we have earmarked for primary care is spent on improving GP services.

Waiting Lists (Romford)

10. **Andrew Rosindell** (Romford) (Con): If he will make a statement on waiting lists in Romford. [169832]

The Minister of State, Department of Health (Ms Rosie Winterton): The main acute hospital providing health services for residents of Romford is Barking, Havering and Redbridge NHS trust. The trust is currently achieving both the elective admission and first out-patient appointment waiting time targets.

Mr. Rosindell: I do not think my constituents will be convinced by that response. I have countless examples of people from Romford who have been waiting for months, if not years, for essential operations.

What does the Minister say to senior citizens in my constituency, who worked hard, paid their taxes, expect a health service now that they are older and feel utterly betrayed and let down by the Government?

Ms Winterton: No doubt the hon. Gentleman will be keen to let his constituents know that the number of patients waiting for elective surgery in Barking and Havering health authority in March 1997 was 10,077 and that the number of patients waiting in Havering PCT in February this year was 5,268. That is a difference of about 50 per cent. Those figures speak for themselves.

Angela Watkinson (Upminster) (Con): When the new Oldchurch hospital was planned, a series of specialist GP practices throughout the area was also planned, to be developed concurrently. The purpose was to relieve pressure on the new hospital and to shorten waiting times. The hospital is due to open in 2005, but to date it has not been possible for the primary care trust to develop one single specialist GP practice. What assistance can the Minister offer to the primary care trust to enable it to meet its deadline?

Ms Winterton: As the hon. Lady knows, under the policy of shifting the balance of power, decisions on local provision of services rest at local level. Obviously, if she wishes to raise a particular problem, she can write to us about that with notice and we will respond to it accordingly.

Green Minister

11. **John Barrett** (Edinburgh, West) (LD): If he will make a statement on the work his Department's Green Minister has undertaken in the last three months. [169833]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I have a number of responsibilities that contribute to sustainable development goals. Those include tackling health inequalities, healthy eating and physical activity. Our public health consultation, "Choosing Health?", which will run until the end of May, will also make an important contribution to the sustainable development agenda.

John Barrett: Given that disposable nappies cost the NHS £1.5 million a year and that often no choice is available to new mothers in maternity wards, does the Minister agree that one way of tackling the environmental damage caused by hospital waste would be to make a commitment to promote the use of the traditional towelling nappies?

Miss Johnson: There is no reason why individual NHS trusts and individual midwifery units should not pursue policies in line with the hon. Gentleman's suggestion. Indeed, I have had discussions with colleagues in the Department for Environment, Food and Rural Affairs on just those topics. We try to ensure that all the material that goes out to new mothers clearly indicates that disposable nappies and terry nappies are both options and should be considered alongside each other in making decisions.

Bob Spink (Castle Point) (Con): Could the Green Minister, in the drive for sustainable development, ensure that the move towards centralised, very large GP centres in communities that previously enjoyed many dispersed small practices does not unnecessarily reduce access to those practices for vulnerable people—in other words, that the centres are not too centralised and that there are a number of different centres in a community?

Miss Johnson: From what he is saying, I am sure that the hon. Gentleman basically agrees with our policy, which is to decentralise decision making and services as far as possible. There is increasing support for access centres and for rural provision to ensure that people do not have to travel long distances, except where they need specialist facilities that can be provided on only a limited basis. Most patients would rather go where they can get the best possible care.

In-patients

12. **Dr. Phyllis Starkey** (Milton Keynes, South-West) (Lab): What progress has been made in reducing waiting times for hospital in-patients since 1997. [169834]

The Secretary of State for Health (Dr. John Reid): We have made huge progress in reducing waiting times. In 1997, there were 118,000 patients in England waiting longer than nine months for an admission. I look forward to the publication of figures this Friday, which I am confident will show that the nine-month waiting list has been eliminated in the same way as the 12-month, 15-month and 18-month waiting lists, on which now only a handful of people remain.

Dr. Starkey: I remind my right hon. Friend the Secretary of State that thanks to the Government's overseas clinical teams initiative, Milton Keynes general hospital has just benefited from a team of anaesthetists and clinicians from France using our spare operating theatre capacity at weekends. As a result, the waiting lists for varicose veins and hernias have been reduced from over nine months to under six months. While thanking the Secretary of State for the additional money he has given to Milton Keynes to cope with population growth, I remind him of the extremely high rate of that growth. Will he continue to keep the situation in Milton Keynes under review so that if additional funding is needed, we can keep those waiting lists at their current low level and, if possible, reduce them still further?

Dr. Reid: I can assure my hon. Friend that I will keep the situation under review. We have only recently made an additional allocation that I hope assists in that direction, not least because of the efforts made by the hospitals in Milton Keynes. My hon. Friend will know that we have met our targets to abolish 18-month, 15-month and 12-month waits. Our target now is to go ahead and abolish nine-month waits, on our way to eliminating six-month waits, on our way to reaching a target of a maximum of three months by 2008. I am glad to tell the House that, in Milton Keynes, there have been no breaches of the 12-month target for over a year. I fully expect that there will be equal success in eliminating nine-month waits.

Mr. Nigel Evans (Ribble Valley) (Con): Whether the Secretary of State likes it or not, being at the heart of Europe means that we have to take on the working time directive. How many extra staff will be needed post-1 August to ensure that waiting lists and times do not spiral out of control? Are there any specialties where we are having more difficulty in recruiting? Will we have to scour the world again for nurses and doctors to ensure that those waiting times and lists do not increase?

Dr. Reid: First, I thank the hon. Gentleman for the congratulations to NHS staff on achieving the reductions in waiting times that I am sure he would have given in his question had he time. Secondly, enormous efforts are being made to make sure that we can balance fairness to staff, through the working time directive, with the continuation of services to patients. A word of caution; to use expressions such as "scouring the world" in relation to the many members of NHS staff who, over the last 60 years, have come here and provided marvellous health care to the people of this country is to do those staff less than justice, despite the Conservative party's intrinsic dislike of foreigners.

Lawrie Quinn (Scarborough and Whitby) (Lab): Given the welcome and encouraging earlier answer from my right hon. Friend the Secretary of State, does he share my concern about a leaflet being circulated by BUPA Heartbeat personal health plan that is well out of date, by over two years, and claims that well over 1 million people are currently waiting for an operation? Does he agree that BUPA needs better information and must get up to date, and that in trying to put facts into the public domain, it should not rely on past propaganda?

Dr. Reid: I do not want to make any comment about any particular private care operator. [HON. MEMBERS: "Go on."] I genuinely do not, because, Mr. Speaker, you will have read in the *Financial Times* and other newspapers recently that the NHS is now beginning to improve not only itself, but the whole of the health market. If anyone has a publication that says that more than 1 million people are on waiting lists, those concerned are way out of date; they are obviously thinking of the last Government. We now have considerably fewer than that figure and have had for each of the last 12 months. I suppose that by the time they reprinted the leaflet with today's waiting list figures, it would be out of date, such is the rate of reduction in waiting lists and waiting times.

Hywel Williams (Caernarfon) (PC): Can the Secretary of State confirm that the NHS in England has had to bail out the Labour-run Welsh Assembly Government with extra hospital places? Despite the Secretary of State's heroic efforts, however, because of that Government's incompetence more than 6,000 people in Wales are still waiting for a first out-patient appointment, 8,500 have waited 12 months for their first in-patient treatment and 1,401 pour souls are still waiting more than 18 months for in-patient treatment in Wales.

Dr. Reid: In all the time that I was a territorial Secretary of State I never had a compliment from a nationalist, and it is nice to receive one today. However, I am afraid that I cannot respond to the hon. Gentleman's point because figures for the Welsh health service are outwith my responsibility.

Schoolchildren

13. **Bob Russell** (Colchester) (LD): What recent discussions he has had with the Secretary of State for Education and Skills about the health of schoolchildren. [169835]

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): My right hon. Friends the Secretaries of State for Health and for Education and Skills meet regularly to discuss a wide range of issues about the health, social care and education of children.

Bob Russell: Will the Minister confirm that for the first time in 100 years life expectancy is falling, because today's schoolchildren are less fit and healthy than their parents, grandparents and great-grandparents were at the same age? With that in mind, if we are to have a national health service rather than a national sickness service, will she work better with the Department for Education and Skills to ensure that our children have a minimum of two hours' physical education in the school curriculum?

Miss Johnson: The hon. Gentleman has got that wrong. First, life expectancy is continuing to extend and, secondly, we work very closely with the Department for Education and Skills on all sorts of aspects of health in schools and matters that relate to the health of young children. In addition, I point out to the hon. Gentleman that we have a major consultation under way. I agree with him that obesity is a major issue, but that is why we are having the consultation, with a view to publishing a White Paper on public health during the summer. That consultation is open until 28 May, and I look forward to receiving the hon. Gentleman's remarks.

Mr. Mark Todd (South Derbyshire) (Lab): I am sure that the Minister agrees with me that one critical aspect of improving the health of schoolchildren is encouraging the eating of fresh fruit. I am sure that she shares my constituency experience of encountering widespread enthusiasm for the adoption of the fruit in schools programme, which this Government have pushed forward. However, does she share my wish that the current programme, which is confined to key stage 1 except where a school chooses to extend it, should be extended to key stage 2 children, many of whom are very envious of what is being offered to key stage 1 children?

Miss Johnson: I obviously share my hon. Friend's enthusiasm for the fruit in schools programme, which is encouraging infant children to eat more fruit both in and out of school. It has been shown that 25 per cent. more of them are eating fruit outside school and that 50 per cent. of families are recognising the value of fruit and vegetables in a healthy diet. That is why we are rolling out the programme across the country, at a cost of £77 million. We will evaluate the programme, and I will bear my hon. Friend's remarks in mind when we do that.

Chris Grayling (Epsom and Ewell) (Con): Central to that issue is childhood obesity. On Thursday, the Minister will chair a summit on obesity, a sure sign if ever there was one of Government policy failure. Can she tell us what her plans for that summit are, whether the Department for Education and Skills is involved in it and why, if it is a serious event, she needs a television presenter to chair it?

Miss Johnson: We have been discussing all those matters widely with the DFES, and part of Thursday's event is to ensure that we are feeding the views of a wide range of people into the public health consultation that I mentioned a moment ago.

Midwives

14. **Mr. Kerry Pollard** (St. Albans) (Lab): What steps he has taken to ensure that local health services publicise details of how women can access midwives directly; and if he will make a statement. [169836]

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): "Building on the best: Choice, responsiveness and equity in the NHS", published in December last year, encourages local health services to publicise contact details for midwives. The children's national service framework, which will be published later this year, will emphasise best practice.

Mr. Pollard: I thank my hon. Friend for that reply. How can we encourage more people to take up training as midwives, to ensure that more women can have access to the midwife service?

Dr. Ladyman: We are working closely with the Royal College of Midwives and a range of other partners on a whole raft of initiatives, including a leadership programme and an examination of the barriers to midwife recruitment. We are doing everything we can to increase midwife numbers, and I am pleased to say that we are having some success: there are now 1,500 more midwives in the NHS than there were in 1997.

Rev. Martin Smyth (Belfast, South) (UUP): The Minister agreed that it is a long time since the Select Committee advocated increased midwifery services. What is the hindrance? Midwives, as opposed to obstetricians, still deliver more than 70 per cent. of babies, so surely they should be given more of lead role.

Dr. Ladyman: The hon. Gentleman is absolutely right: there is a much greater role to be found for midwives in the future. We are doing as much as we can to ensure that mothers are aware of that. For example, just before Christmas I launched a guide, produced with Dr. Foster, to explain to new mothers what services were available in their locality. We have to go a lot further to ensure that women have a genuine choice of a midwife-led birth if that is what they want.

Treatment of Iraqi Prisoners

3.31 pm

The Minister of State, Ministry of Defence (Mr. Adam Ingram): I am grateful for this opportunity to report to the House following the serious allegations that have been made in recent days about the conduct of some British soldiers in Iraq. Any decent-thinking person will have been disturbed by photographs published in the *Daily Mirror* on Saturday, appearing to show the mistreatment of Iraqi prisoners by British soldiers.

From the outset, we have taken the allegations seriously and taken the photographs at face value, and we will continue to do so unless there is evidence to the contrary. The special investigation branch of the Royal Military Police was immediately informed, and an investigation launched. RMP special investigation branch teams are currently following up lines of inquiry in Iraq, in the UK and in Cyprus, where the First Battalion, The Queen's Lancashire Regiment is currently based. Investigating officers are in touch with people at the *Daily Mirror*, to see what further information they have that might help get to the bottom of the incident. To date, they have handed over a total of some 20 photographs.

It would be wrong for me to speculate about the outcome of this investigation, which must be allowed to take its course. As right hon. and hon. Members will be aware, it is not appropriate for Ministers to interfere with police investigations. I can assure the House, however, that if British soldiers are found to have acted unlawfully, appropriate action will be taken. Our immediate priority is to establish the truth as quickly as possible. That is why I urge individuals with relevant information to come forward. We are determined to leave no stone unturned.

The House will know that a number of other allegations have been made concerning instances of mistreatment of Iraqi prisoners and Iraqi civilians, some of which have resulted in fatalities. These are also serious matters and are being thoroughly investigated. There have been suggestions that such investigations are not being pursued properly or are unduly slow. I believe this to be unfair to the investigating personnel. Many of these investigations require detailed work to be undertaken in difficult and often dangerous circumstances. They cannot and should not be rushed. I am confident that they are being carried out properly.

It is my intention to release as much further detail as possible on all these incidents, bearing in mind the rights of all those involved. It would be quite wrong to prejudice this process by applying undue pressure for haste, or indeed to point the finger of guilt outside the due process of law.

The *Daily Mirror* article will have caused some people to question the integrity of British soldiers and the validity of their mission in Iraq. Thousands of service personnel have served in Iraq over the past 14 months. They have done an exceptional job in testing circumstances, and in turn have secured the support of the majority of Iraqis. I hope that right hon. and hon. Members will join me in paying tribute to the superb work that our armed forces are doing both in Iraq and elsewhere around the world. While treating these allegations with full seriousness, we should not allow them to colour our judgment of the quality or integrity of our troops, or of the Army as a whole.

Very grave allegations have been made that challenge the reputation of the British Army here, in Iraq and elsewhere. We must ascertain their truth or otherwise. At best, such allegations undermine the excellent work that our armed forces are doing under the most difficult conditions today in Iraq. They undermine the progress that we have made with our coalition partners in moving Iraq forward from the tyranny that the Iraqi people suffered under Saddam Hussein. Our forces serve with distinction throughout the world, whether in Iraq, Afghanistan, Sierra Leone, the Balkans, Northern Ireland or elsewhere. Their achievements and professionalism are rightly praised worldwide. That is why we must establish the truth or otherwise of these allegations.

3.35 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): I thank the Minister for his statement and for providing an advance copy earlier this afternoon.

The allegations in the *Daily Mirror* are extremely serious and must of course be thoroughly and swiftly investigated. But the whole House will agree that they are the more shocking because of the outstanding reputation of the British armed forces not only for their remarkable war-fighting capabilities, but for their abiding humanity and decency in peacekeeping operations, and because of the ethos and values of the British Army, which have sustained it so successfully down the ages.

A great deal is expected of our soldiers. They are required sometimes to deploy on operations that are extremely dangerous, to obey orders that may put their lives at risk, and to live and work for long periods under the most challenging conditions. This House, the country and the media badly need to understand that military service is like no other in the demands that it places on individuals and the organisation. Soldiers exist to engage in war, and war places unique demands upon them. They overcome those challenges only if morale, discipline and training are of the highest order. From every soldier is demanded an exceptional level of commitment, self-sacrifice and, above all, mutual trust. We therefore wholly support the most vigorous and detailed investigations to restore the good name of the British Army.

As I said, the allegations made in the *Daily Mirror* are serious and must be pursued as a matter of urgency. I should be grateful if the Minster clarified the following. Has his Department's investigation been able to confirm the authenticity of the photographs published by the *Daily Mirror*? Has his Department any evidence of the *Daily Mirror* offering financial inducements for providing alleged evidence of such behaviour? How many alleged incidents of the abuse of Iraqi prisoners by British soldiers have been reported? How many alleged incidents involving British troops are being investigated by his Department, and when will they reach a conclusion? Is the Minister satisfied with the training given to our troops in the handling of detainees prior to deployment and when they are in theatre?

[Mr. Nicholas Soames]

If these incidents have indeed taken place, the most vigorous action must be taken to protect those in military custody in Iraq and elsewhere, and to restore the good name of the Army. The values and standards of conduct under which our soldiers are trained make it absolutely clear that in bearing arms they have an exceptional responsibility of respect for others, and those values and standards demand from them the ability to distinguish clearly between right and wrong, and to maintain the highest standards of decency at all times.

Finally, the allegations centre on the Queen's Lancashire Regiment, which is more than 300 years old and carries more battle honours on its regimental colours than any other infantry regiment of the line. Its battle honours include Quebec and Waterloo. It fought with distinction throughout the South African war, in France and Flanders, and at Ypres, the Somme, Paschendale and Gallipoli. It covered the evacuation at Dunkirk, fought in the far east and north Africa, and was one of the two assault battalions of the 3rd Division that captured the beachhead at the Normandy landings. In the recent campaign in Iraq, its commanding officer was awarded the distinguished service order, and the regimental sergeant-major was awarded the military cross. If wrong has been done, it is clear that it must immediately be dealt with, but let this House and the wider country keep in perspective 300 years of the most loyal, gallant and distinguished service to the Crown and the nation.

Mr. Ingram: I am grateful to the hon. Gentleman for his message of support for our troops and the superb work that they are doing. He asked several questions about the authenticity of the photographs, but, as I said in my opening statement, it is not for Ministers to interfere and involve themselves in the minutiae of an ongoing investigation. It is a matter for the investigating authorities to bring to a conclusion. I therefore have no evidence one way or the other on the matter. Clearly, given the speculation outside, it is right and proper that the appropriate authorities are pursuing that line of inquiry.

The hon. Member for Mid-Sussex (Mr. Soames) asked how many cases are currently in the process of investigation. So far, 33 cases of civilian deaths, injuries or ill treatment have been investigated in Iraq: 12 are ongoing, and 21 have been completed. Of the completed cases, 15 were found to have no case to answer, and six recommendations are currently being considered. That is the current position. Those recommendations will go through the appropriate process of law, which means independent of the chain of command and with no ministerial involvement.

The hon. Gentleman also asked about the training of our troops and I know that he is aware of the answer. We give our troops the highest level of training in all aspects of international law, the Geneva conventions and human rights issues. Indeed, we are renowned internationally for the work that we do in helping failed states to raise their standards through various post-conflict initiatives. We sometimes help countries to come back into the wider community of nations. Anyone visiting such countries would hear of the qualities spoken about by those who have been trained by our troops, showing that what we teach our troops is imparted with full vigour elsewhere.

The hon. Gentleman rightly ended by highly commending the QLR, which is indeed a first-class regiment. He is right to point to the significant number of high awards received by its troops during the recent conflict in Iraq. I am sure that the vast majority of them, if not all, will be very concerned about these allegations.

Mr. Paul Keetch (Hereford) (LD): I, too, thank the Minister for advance notice of his statement. I welcome it and I congratulate him on his words. We believe that there are serious doubts about the authenticity of the *Daily Mirror* photos. Whether or not they are genuine, I agree with the Minister that, the sooner we can sort out this story, the better for all concerned. However, there can be no doubt about the photos taken of US troops, or, indeed, those of UK forces taken by a fusilier who was arrested last year. I ask the Minister to tell us the outcome of that investigation.

Liberal Democrat Members have asked many questions about the alleged instances of mistreatment. When will those questions be answered—they have not been answered since January—and how many legal cases does the Minister expect to be brought as a result of families' actions this week? It is suggested that the US military did not co-operate with the Red Cross at Abu Ghraib prison camp. Will the Minister give an assurance today that the Red Cross will be given full and complete access to all detainees held under UK control in Iraq?

Finally, the Ministry of Defence stated last month that the European convention on human rights does not apply in Iraq, despite the fact that the UK has signed it and that many courts believe that it applies to the agents of those states that have signed it. Under what position and under what human rights laws are Iraqis held in UK custody in Iraq?

The men and women of Her Majesty's armed forces have an unequalled reputation for professionalism and honour—and that includes the QLR. If they continue to demonstrate that in Iraq as they have been, the whole House and the country should support them. However, if that reputation is to be preserved, the Government must act on this matter with speed and with transparency.

Mr. Ingram: In closing, the hon. Gentleman asked a pertinent question about the need for openness. That is why I said that I would seek to impart to the House as much information as possible about all these ongoing investigations when we are able to do so. Subsequently, the information will be imparted to the wider public. We must also bear it in mind that we have to protect the rights of everyone associated with what may be a legal process. It is not for us to judge—only, perhaps, to examine, to ask questions and to move the process forward by ensuring that all the proper procedures are being applied.

The hon. Gentleman asked how many legal cases we expect to emerge from this matter. I cannot predict that. Aggrieved persons must determine what laws they will seek to apply in any given circumstances. Our best judgment is that the European convention on human rights does not apply. I assume that that will be tested in

law, as I believe that a community of people exists who will seek to do just that. We know that some groups of lawyers have already indicated that they propose to bring actions against the Government in this matter. We shall have to see how all that plays out.

The hon. Gentleman also asked whether the International Committee of the Red Cross would be given full access. The answer is yes: we seek at all times to work closely with the ICRC, which sets very high standards. It is right that we give it access, and that we listen to any comments or criticisms that it may make about how we deal with people in our custody.

I hope that that answers the hon. Gentleman's questions. If not, or if any other points arise, we can return to the matter at a later stage.

Mr. Peter Mandelson (Hartlepool) (Lab): Many aspects of this matter will worry people, and that is understandable. However, what worries me is that, although the leader in today's *Daily Mirror* says that the matter is the subject of "concern and investigation", the headline on the front page talks, apparently conclusively and as though it were a proven fact, of British Army torture of Iraqis. That is a most unfortunate piece of journalism. Will my right hon. Friend take this opportunity to reaffirm that the rules of natural justice still exist in this country? Is not it an important principle that people against whom allegations are made remain innocent until they are proven guilty? Will my right hon. Friend reassure the House that that principle will govern the approach of the Army and the Government to this whole matter?

Mr. Ingram: I agree wholeheartedly with my right hon. Friend, and in my statement I tried to highlight the principle to which he refers. I also noted that the SIB is in touch with the *Daily Mirror*, and I hope that the newspaper will give the investigators the fullest co-operation.

In its leader last Saturday, the *Daily Mirror* said that

"for the sake of the British Army's reputation and the integrity of every decent member of our forces, those who carried out this and other savage acts must be court-martialled."

I think that everyone can understand those sentiments, but the implication is that guilt has been established already. That is not the case. The *Daily Mirror* claims to know the identity of one of the attackers, saying that he and a colleague provided the photographs and the information that were the basis for the allegations. Nevertheless, the newspaper appears intent on protecting the identities of its informants, because, it says, the soldiers fear reprisals by the Army.

I genuinely do not understand the concern about reprisals. I have every confidence that everyone with relevant information will be treated fairly and lawfully, and that their rights will be fully respected. That is why I hope—and I am sure that my right hon. Friend the Member for Hartlepool (Mr. Mandelson) will agree with me on this—that the *Daily Mirror* will reconsider its position and assist the investigating authorities in getting to the bottom of these most serious allegations.

Dr. Andrew Murrison (Westbury) (Con): At each stage of the detention process, from apprehension to theatre internment facility, it is very important that there is external scrutiny by independent non-governmental organisations. That is helpful for individuals, and for Army units. What reports has the Minister received from external organisations about the way in which detainees have been handled?

Mr. Ingram: I fully recognise the point made by the hon. Gentleman, whose question I sought to answer in my response to the hon. Member for Hereford (Mr. Keetch). We do not deny access, as the hon. Gentleman will know from his own military experience. We fully comply with the requirements placed on us by international law. Indeed, we often tend to go beyond what is asked of us, to ensure that appropriate NGOs have adequate access to prisoners. Sometimes we go further, and allow individuals to visit detainees as well. That allows tremendous scrutiny of what is going on.

The hon. Gentleman asked whether I had received any adverse or other reports. To date, I have received no such reports, but some may be in the process of being compiled. The ICRC is authoritative and operates in a precise and structured way. It will make known its concerns, and if we need to act on them, we will.

Ann Clwyd (Cynon Valley) (Lab): The allegations, if true, shame every single one of us. Preventing abuse requires compliance with rules for the treatment of prisoners. I went to Abu Ghraib prison and the facility at Basra a few weeks ago. Many detainees in Iraq have been held virtually incommunicado under rules that have never been made public. I have been concerned about the general treatment of detainees since June and have made that point over and over.

I have a particular case to raise. An Iraqi woman who was taken prisoner was held for a long time without charge. I went to her house in Baghdad where she told me her allegations of ill treatment. Those allegations were passed on to the appropriate authorities. They did not concern British troops. They were made against American troops. In some cases, such allegations have been proved. I must tell the Minister, who has always been most helpful in assisting me to visit prisons and talk to people in Iraq, that it must be made perfectly clear to the US military, as well as ours, that the Geneva conventions must apply in all cases when prisoners are held.

Mr. Adam Ingram: I pay genuine tribute to my hon. Friend, who has worked more than assiduously on all the tasks that she has just described and more. She is highly respected across the Iraqi civilian population, and rightly so.

On her comments about the United States, I must say that that is not really a matter for the UK Government, although we would be concerned if any coalition partner were in breach of parts of international law to which they had subscribed. There is a process by which we could raise that with them while working alongside them.

Insofar as our own troops and any mistreatment are concerned, I cannot respond to my hon. Friend's detailed points or any other cases that she may have in mind. I should be grateful if she would meet me to go

[Mr. Adam Ingram]

through each example and see what we can do to take cases forward. I would be concerned if matters had been reported and not acted on.

Mr. Nigel Evans (Ribble Valley) (Con): The Queen's Lancashire Regiment has a base and a museum at Fulwood in Preston. The people of Preston and Lancashire are proud of their close association with the regiment for all the reasons that have been given about its distinguished past service, most recently in Bosnia and Northern Ireland.

Does the Minister agree that it might have been better for the *Daily Mirror* to pass on the photographs at the beginning so that their veracity and validity could be worked out and an investigation started before allegations were thrown about? Will he assure us that there is a way in which any serviceman or servicewoman is able to complain should he or she believe that any wrongdoing has occurred so that it can be thoroughly investigated? Will he assure us that the current investigation will be speedy and thorough so that the good name of the Queen's Lancashire Regiment can be restored?

Mr. Ingram: I echo those sentiments about the QLR and all the regiments that have served in Iraq and elsewhere in Her Majesty's name. So far as the *Daily Record* is concerned—[HON. MEMBERS: "Daily Mirror".] Did I say record? What is in the *Daily Mirror* is a matter of record, so perhaps that is what I had in mind, although the two papers are in the same group. I am grateful to hon. Members for correcting me.

In terms of what the *Daily Mirror*—I will say it again to make sure that I am not misunderstood—should have done, it must make its own judgment calls. It is currently assisting with the investigation and that is why I said that I hope that it will co-operate fully. These very serious allegations must be fully investigated and that can be done only if people co-operate fully, and that includes the journalists and editors of that newspaper.

The hon. Gentleman also asked about wrongdoing and whether service personnel would feel confident about reporting it. I hope so. Given the scrutiny—the correct scrutiny—of such allegations, and everything that we are doing in Iraq, I hope that all officers in the command chain realise that they have to act with the utmost integrity. I do not question their integrity by saying that, but given the nature of what has happened I am sure that they will encourage full compliance and openness throughout the ranks.

The hon. Gentleman also asked about a speedy and thorough investigation. I can promise a thorough investigation. Speed may be of the essence, but it should not be the priority. We do want to get to the bottom of the matter as quickly as possible, but it is better to get it right than to get it done quickly.

Mr. Gordon Prentice (Pendle) (Lab): The QLR is my local regiment and has the freedom of the town of Colne in my constituency. I wish to return to a question posed earlier by an Opposition Member. Has the *Daily Mail*—*[Interruption.]* I blame the Minister for that slip-up. Has the *Daily Mirror* been asked specifically if any money changed hands for the photographs? That is a central question, which has been asked by several hon. Members, but no answer has been given as yet.

Mr. Ingram: I recognise my hon. Friend's interest in protecting the good name of the QLR, but he cannot have heard what I said. It is not for Ministers to interfere in the minutiae of investigations—[HON. MEMBERS: "Why?"] Well, because if we answer one question, there will be another and then another. I therefore say to hon. Members who may be concerned about the issue that we should let the investigating authorities—the SIB of the Royal Military Police—carry out their actions according to their powers in the matter. The *Daily Mirror* has been asked by other newspapers—perhaps even the *Daily Mail*, although not the *Daily Record*—whether money changed hands. It is a matter for the newspaper. If it wants transparency from the armed forces, it should operate by the same standards.

Mr. Andrew Mackay (Bracknell) (Con): Will the Minister accept that at a time of war the armed forces and Ministers in our free, open society bear special responsibilities, but so do the media? It is especially incumbent on an editor such as Piers Morgan to satisfy himself completely that allegations are correct and photographs are accurate. If they turn out not to be so, will action be taken against him and his newspaper?

Mr. Ingram: The right hon. Gentleman strays into areas for which I have no responsibility. It is a concern that when the press make such charges they can walk away having laid waste to people's reputations. The press have an obligation, but there is another issue. Those allegations have been spread across the Arab world, including Iraq, and the question arises whether lives have been put at risk by what may prove to be unfounded allegations. That should be on the consciences of those who have run such allegations. However, it is not for me to judge whether there would be any legal implications in that case.

Janet Anderson (Rossendale and Darwen) (Lab): While I understand what my right hon. Friend the Minister says about allowing the investigation and any possible legal process to take their course, does he agree that the allegations against the QLR are so serious that, should they prove to be unfounded, the editor of the *Daily Mirror* should resign forthwith?

Mr. Ingram: I am conscious of the anger that has been expressed, but my focus is on the good name of Her Majesty's armed forces, not on the good name or otherwise of particular newspaper editors.

Adam Price (East Carmarthen and Dinefwr) (PC): The Minister mentioned the European convention on human rights. Is he aware that a case against the Turkish armed forces, following an incident in northern Iraq, has already been ruled admissible by the European Court of Human Rights? In the light of that, and regardless of the legal opinion, will he not send a positive signal to the Iraqi people that the Government are making a policy decision that article 2 of the convention,

on the right to life, and article 3, on the prohibition of degrading and inhuman treatment, apply equally to Iraqi citizens and to citizens of the United Kingdom?

Mr. Ingram: I know the hon. Gentleman's position. He has been campaigning on a basis of presumed guilt in some cases, although no doubt he will disagree. The finger of suspicion has been pointed at our forces and we have debated that previously. In relation to the corpus of law that applies in this matter, I hope that the hon. Gentleman is not implying that we do not apply international law with full rigour. The UK has the highest standards in its application of international law and its adherence to the Geneva convention. If any part of domestic law is wrapped up with that, as a result of a judgment, we have to apply that, too. We must carefully consider those parts of the law that are applicable and those that may or may not have import. That is a matter for best legal advice.

I know that the hon. Gentleman has come to a conclusion. I do not know whether he is a lawyer or whether he has taken legal advice—his opinion may be political—but I prefer to wait and see the argument in the round.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Is my right hon. Friend aware that, as well as having a distinguished 300-year history, the Queen's Lancashire Regiment has more recently helped to rebuild 30 schools and two orphanages in Basra, and that it has also trained the police force in Basra? It is thus vital that the inquiry is undertaken as quickly as possible, given the caveats that my right hon. Friend has already mentioned, because the Queen's Lancashire Regiment and indeed our other forces in Iraq need to regain the trust of the people of Basra so that they can continue to do the vital work of rebuilding that society.

Mr. Ingram: My hon. Friend is right to point out that the QLR and other regiments have done good work. They have made truly magnificent efforts, way beyond the call of duty, to re-establish—or establish—normal society in Iraq. Their good name has undoubtedly been besmirched, and we must demand all the information that is held by anyone so that we can find out the truth about the allegations. It is difficult to judge how much damage has been caused to our ongoing relationship with the people of Iraq, but I have no doubt that British troops and all that they do are held in high regard in our area of operation and that that will continue. That is why we must lay the matter to rest. Let us see whether the allegations are founded.

Dr. Vincent Cable (Twickenham) (LD): As British private security companies play an extremely important role in Iraq, can the Minister say what arrangements exist to regulate their relationship with Iraqi prisoners and civilians?

Mr. Ingram: First, their staff will have to be properly trained and their capability assessed. They will then be obliged to comply fully with the legislation relevant to their operations. I shall write to the hon. Gentleman with the details about the regulations under which those companies operate—there are legal constructs and that is another matter where we must get proper explanation into the public domain.

Mr. David Borrow (South Ribble) (Lab): I share the concern expressed across Lancashire by colleagues from all parties about the impact of the allegations in the *Daily Mirror* on our constituents and on families involved at one level or another with the QLR. Does my right hon. Friend agree that if the allegations were true they should have been reported when the incidents were seen by members of the QLR? Had they been reported at that time—last summer, if the allegations are true—six or nine months would have been saved in relation to the torture or harm to Iraqi prisoners that may have taken place. Will my right hon. Friend explain the duties of soldiers serving in Her Majesty's forces who see something that should not be happening?

Mr. Ingram: All our troops are trained to report wrongdoing, no matter from what source. That deals with the first part of my hon. Friend's question. If true—of course, that is the important phrase—the incidents should have been reported much earlier, and we may have to establish why they were not, either during the investigation or at some point thereafter. If lessons have to be learned, we must ensure that no serving member of Her Majesty's forces feels obliged in any way whatsoever to cover up for wrongdoing, as that is a complete denial of what they are sent out to do in the name of this country.

Hugh Robertson (Faversham and Mid-Kent) (Con): The fastest way to clear up this matter would be for the Ministry of Defence to have access to the *Daily Mirror's* sources. If that paper's editor is not prepared to give them up voluntarily, has the Ministry of Defence investigated whether there is any way in which under military legislation, such as the Army Acts or something similar, it can compel the *Daily Mirror* to reveal those sources, given the security implications?

Mr. Ingram: We are too early in the process to give an opinion on that. We should call on the good name of the editor and the journalists of that newspaper to note the expressions of concern that have been raised in the House and elsewhere about the information that they claim to have—they state categorically that they have it—about those who carried out these acts. Perhaps they hold other information as well. We should allow them to co-operate; they are currently talking to our investigating officers, and we must take things step by step.

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): Has my right hon. Friend yet consulted the chairman of the Press Complaints Commission about what the code says about payments by a newspaper to those who have committed or are complicit in criminal offences? Does my right hon. Friend agree that, if it is established that those offences were committed, the sternest action must be taken against those involved? I say this as someone who served for nine years as a member of the *Daily Mirror's* staff and as a Member of Parliament for Lancashire who has visited the war graves of young men

[Mr. Gerald Kaufman]

in the Queen's Lancashire Regiment who died in their young manhood to defend the justice and rights of this country. Does he also agree that, if those offences are not shown to have been committed and the pictures are not shown to be authentic, the sternest action will be taken in those circumstances as well?

Mr. Ingram: In this case, my focus has been on the allegations against members of the QLR. Although I treat all the attendant matters with equal seriousness, we will have to come to them at a later stage. Again, I hope that those in that newspaper and in other parts of the media that may have acted similarly will listen to the views expressed in the House, so that they realise that they should tread warily. Again, it is not for me to take such action, but we can seek to stimulate it. It is for others to judge whether there has been any wrongdoing and, if so, what penalties should be levelled against anyone who breaches any Act of Parliament. If the stories are untrue, we have to ensure that the QLR's good name is reinstated. We have a lot of work to do to ensure that those untruths are put to rest in Iraq and elsewhere, where members of Her Majesty's forces are serving in some very difficult circumstances.

Mr. Hugo Swire (East Devon) (Con): While I have doubts about the authenticity of some of the photographs, I have no such doubt about the wisdom of the editor of the *Daily Mirror* in publishing them at this time. We underestimate at our peril the damage in Iraq and the wider Arab world that the allegations cause to the reputation of the allies. Has the Minister held any discussions with our American allies, given the timing of the release of some of the photographs that allege wrongdoing by the Americans? If so, will he inform us of the nature of those discussions and what priority the Ministry is giving to talking to the Americans about restoring our reputation in Iraq and winning back the hearts and minds of the Iraqi people?

Mr. Ingram: In one sense, I do not believe that we need to talk to the United States if we consider the serious way in which senior members of that Administration have reacted to the appalling photographs that involve US troops. Clearly, talks take place at the highest level—between the Prime Minister and the President and between my right hon. Friend the Secretary of State for Defence and Donald Rumsfeld. All those discussions are continuing but we must bear in mind that the allegations that relate to the United Kingdom are very new. We must therefore establish the truth and get to the facts. If wrongdoing has occurred, the perpetrators must be brought to justice, but their human rights must be protected. We cannot and should not take away people's rights in law. We must therefore be careful about ascribing blame or pointing the finger before any evidence that can stack up in a court has been presented.

The flavour of the comments today highlights the fine line that we are walking. Only time will tell the extent of the damage that has been done to our troops in Iraq and perhaps elsewhere.

Mr. Mark Hendrick (Preston) (Lab/Co-op): There is anger and sorrow among the soldiers of the Queen's Lancashire Regiment and their relatives and friends. The photographs have besmirched the name of the finest regiment in the country. If they are found to be fraudulent, will my right hon. Friend ensure not only that the regiment's reputation is restored but that legal action is taken against those who produced and published the photographs? Does he agree that, if they are found to be fraudulent, the *Daily Mirror* will henceforth be known to Labour Members as "The Dodgy Daily"?

Mr. Ingram: I think that it is better to try to get to the facts. Although the reputation of the Queen's Lancashire Regiment—and the entire British Army—has been damaged, its good name ranks high internationally, as the hon. Member for Mid-Sussex said earlier. The more hon. Members continue to play in the same territory as those parts of the media that want to undermine the quality of the work that has been done—I do not place my hon. Friend in that category—the more they will drag down our troops' capacity to deliver the sort of normal society that we support. That applies not only to Iraq but to Afghanistan, the Balkans, Sierra Leone and other parts of our troubled globe. Big issues are at stake and we must all be careful in rushing to judgment. Let us get the facts, ascertain what has happened and take it from there.

Rev. Martin Smyth (Belfast, South) (UUP): While I agree that we should get the facts, does the Minister agree that, in the past, newspapers have rushed speedily into print with specious claims? One distinguished officer of the British Army, Colonel Tim Collins, was slurred but ultimately cleared. Given that some people have another agenda in the far east, Afghanistan and other places, Parliament and all our people must bear in mind the dangers that beset our troops.

Did the editor of the *Daily Mirror* approach the Ministry of Defence to say that the treatment of Iraqi prisoners had been brought to his attention and to ask for comment or did he publish without verification or notice? Should not we all keep quiet until investigations show what really happened?

Mr. Ingram: The hon. Gentleman has rightly referred to a previous case, and I am sure that other right hon. and hon. Members could enumerate other examples of the media and others rushing to judgment before they have established the true facts of the matter involved. I do not think that this should be a "knock-the-press" day, or that we should knock the press in this statement and the question and answer session thereafter. The *Mirror* notified the Department early on Friday that it was going to publish the photograph. We did, therefore, have notice, but I understand that the photograph might have been in the newspaper's possession for some time. We did not have a lot of notice, and that is why, when we did get the information, we acted so promptly; I think that it is right that we did so.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. We must now move on; I have time-limited business to protect.

Domestic Energy Efficiency

4.15 pm

Mr. Jim Cunningham (Coventry, South) (Lab): I beg to move,

That leave be given to bring in a Bill to make provision for energy efficiency in relation to fuel poverty and social housing.

The Bill will ensure that all agencies involved in the provision of social housing, both public and private, work towards the elimination of fuel poverty, particularly in the social and private housing sectors. It will also ensure that they provide information about effective insulation and the most efficient heating systems. This can be achieved in a number of ways. For example, proposals have been made to ensure that the new requirements under building regulations in the Government's Housing Bill apply to social housing as well as to the private sector.

It is not my intention to substitute my Bill for the Government's Bill. My Bill will try to introduce a number of remedies that the Government could support and incorporate into any future legislation. It must be recognised that the Government have achieved a great deal on fuel poverty. Their fuel poverty strategy, published in November 2001, sets out policies for ending fuel poverty in vulnerable households by the target date of 2010.

In the Department for Environment, Food and Rural Affairs' UK fuel poverty strategy report for 2004, the Government have recognised that the elimination of fuel poverty remains one of their core objectives. They are committed to working with energy suppliers and organisations to focus on assisting the neediest households. This is the Government's second report on fuel poverty, and there are notable signs of progress being made. The estimated figures for 2003 show a further drop in the number of households in fuel poverty. The number of households in the UK estimated to be in fuel poverty in 2002 fell to about 2.25 million from about 3 million in 2001. Although it is evident that the Government have made progress on fuel poverty, more can be accomplished. A household that needs to spend more than 10 per cent. of its income on household fuel can be defined as suffering from fuel poverty. That includes maintaining a satisfactory heating regime.

Fuel poverty is caused by a variety of factors, such as the energy efficiency of a home, fuel costs and household income. It can lead to damaged health, especially for disabled or elderly people and those suffering from long-term illness. The Government have a legal obligation to end fuel poverty by a specific target date.

Various organisations need to be thanked for their commitment to the elimination of fuel poverty and for their recommendations on tackling this complex issue. The Fuel Poverty Advisory Group has made specific recommendations to the Government on improving the energy efficiency of homes and appliances, extensions to the successful schemes on energy to increase benefit take-up, and the use of the social fund to encourage the purchase of energy efficiency appliances instead of extremely inefficient appliances. Peter Lehmann, the chair of the Fuel Poverty Advisory Group, has warned:

"Business as usual will not make sufficient inroads to remove fuel poverty and we hope that the Government takes our recommendations on board."

An estimated 1.4 million vulnerable households in England—many containing older people—lived in fuel poverty in 2001, and could not afford sufficient warmth to ensure their health and comfort, due to a combination of poor housing, inefficient heating and low income. Peter Lehmann recommends a package of insulation and energy-saving light bulbs to enable householders to keep warm without extra cost or to save £100 a year on their fuel bill. That is a considerable sum when the income of a single pensioner on benefit can be as low as £5,500 per annum.

The Carbon Trust is another organisation that has maintained a commitment to drag forward the UK's transition to a low carbon emission economy. Its programme, "Action Energy", promotes energy efficiency. The trust has estimated that 2.9 million tonnes of carbon dioxide was saved in 2002 as a result of its programmes. Following consideration of the various recommendations made by those organisations, my Bill will contain specific inspections and assessment of boilers and heating and cooling installations; energy certificates to establish general frameworks for calculating and integrating energy performances; the implementation of partnership programmes between health care professionals, local energy suppliers and social care professionals to identify those suffering from fuel poverty; and the development of standards for housing stock as well as the promotion of consumer awareness and demand for sustainable energy homes. Lastly, it will also contain a proposal to eradicate fuel poverty for all social tenants by requiring landlords to set, and work towards, achieving energy-efficient standards at an affordable cost.

I recognise that the Government have done much to eliminate fuel poverty, but much more needs to be done if we are to eradicate fuel poverty and achieve the Government's targets. For those reasons, I propose to introduce a Bill and ask for the support of the House for the proposals that I have outlined.

Question put and agreed to.

Bill ordered to be brought in by Mr. John Lyons, Mr. Brian H. Donohoe, Andy King, Mr. Bill Olner, Mr. Brian Jenkins and Mr. Jim Cunningham.

Domestic Energy Efficiency Bill

Mr. Jim Cunningham accordingly presented a Bill to make provision for energy efficiency in relation to fuel poverty and social housing: And the same was read the First time; and ordered to be read a Second time on Friday 16 July, and to be printed [Bill 100].

Orders of the Day

Scottish Parliament (Constituencies) Bill

Considered in Committee.

[Relevant documents: The First Report from the Scottish Affairs Committee, Session 2003–04, HC 77, on the Coincidence of Parliamentary Constituency Boundaries in Scotland and the Consequences of Change, and the Government's response thereto, and the First Special Report from the Scottish Affairs Committee, Session 2003–04, HC 514.]

[SIR ALAN HASELHURST *in the Chair*]

Clause 1

CONSTITUENCIES AND REGIONS

Mr. Jimmy Hood (Clydesdale) (Lab): I beg to move amendment No. 8, in clause 1, page 1, leave out lines 5 to 11.

The Chairman of Ways and Means (Sir Alan Haselhurst): With this it will be convenient to discuss the following:

New clause 1—*Commencement (No.1)*—

'(1) The provisions of this Act shall come into force by order of the Secretary of State for Scotland.

(2) The Secretary of State shall not make an order under subsection (1) until the appropriate date of the commencement of section 16 of the Political Parties, Elections and Referendums Act 2000.'.

Mr. Hood: Mr. Haselhurst, I rise to—

The Chairman: Order. I am sorry to interrupt the hon. Gentleman at the outset, but, so that we may get matters right, I remind the Committee that I should be addressed either as Mr. Chairman or as Sir Alan.

Mr. Hood: My apologies, Mr. Chairman, are all the warmer as I am one who should know the procedures as well.

The Bill when first hatched may have been considered a little blip in the Government's business programme, or, in the words of my right hon. Friend the Member for Cunninghame, North (Mr. Wilson),

"the legislative follow-up to a political fix"—[*Official Report*, 9 February 2004; Vol. 417, c. 1180.]

Along with a number of my right hon. and hon. Friends I enjoyed my right hon. Friend's comments on Second Reading and found them very, very interesting. In supporting some of what he said, I think we must ask what public interest the Bill serves when we seek to gerrymander a constitutional agreement made in Scotland, by Scotland, for Scotland? What are we seeking to do with the Bill? It is not a tidying-up exercise of some constitutional arrangement. It destroys fundamentally the consensus achieved in Scotland in support of the Scottish Parliament in the 1980s.

The Bill will be passed tonight with the Government's comfortable majority, against what the then Secretary of State for Scotland and first First Minister described as the settled will of the Scottish people—the Scotland Act 1998. The consultations have been much vaunted, yet it was not explained why there had to be two, or that the first bash had to be extended for six months because little interest was shown. It appears that sometimes there can be a thin line between consulting people and canvassing support for causes.

To those of my colleagues who do an exceptionally good job in the Scottish Parliament, and who do not get credit for their work but criticism, for reasons known better to those who seek to criticise them—and to anybody who may question my motives in forming my view—I want to make it clear that I am on their side. Those who thought of this fix to save the 129 MSP jobs were not looking after the real interests of MSPs. They were not serving the good governance of Scotland. They were involved in what my right hon. Friend said—a political fix—and were not thinking through its consequences.

I caution my colleagues if they think that the Bill will serve such causes, whether or not it saves a few careers of a few senior politicians. If so, they have failed to read the small print, because the consequences of the Bill will be that we have at least four different electoral systems in Scotland. The Secretary of State for Scotland, to his credit, identified that early, and has accepted, as we all do, that the status quo is not defendable. If we are not to support the Scotland Act 1998, I say to my colleagues in Holyrood that it will be replaced by something that is far worse.

Our colleagues on the Opposition Benches, both here and in Holyrood, will be arguing for full proportional representation—single transferable vote for parliamentary elections. Those who propose that are thinking of narrow political interests, not of what is right for the people of Scotland. I am delighted to take on the charge, because the Labour party has had historically, and still has, huge support in Scotland, which, by the way, is well earned. I do not disguise other motives by saying that the people are better served when they have a representative on whose door they can knock, to say, "I've got a problem."

4.30 pm

If the Bill is passed tonight, the boundary changes are made at the next general election and there are 59 MSPs instead of 72 or 73, the consequences will be quite interesting. On Second Reading I gave the example of the Lanark and Hamilton, East constituency, where there would be one Westminster MP, three first-past-the-post MSPs, 16 list MSPs and 20 councillors. The Scottish Parliament is now discussing the STV system, and talking about halving the number of councillors in Scotland. There would then be twice as many MSPs as councillors in one constituency.

That does not stack up. That is why I am telling my colleagues in Holyrood that the 1998 Act represented the settled will of the Scottish people. It is what we campaigned for, what we had a referendum on, and what we were comfortable with. For some reason, however, people in high places outwith the governance of the people and the Parliament decided that it was

better to keep 129 and accept all the consequences. I think that all the consequences are dire, and that Back Benchers like me have a responsibility to say so. When it happens, people should not be able to point the finger and say "Why did you not tell us this in Parliament?"—for I doubt very much that there will be many plaudits for those who support the measures we are discussing.

Mr. Michael Connarty (Falkirk, East) (Lab): My hon. Friend has stressed the issue of the settled will of the Scottish people. Surely one of the biggest arguments against multiplying the number of election systems still further is provided by the present list Members, who flounder around in our constituencies sending press releases with absolutely no local relevance just so that they can get a snippet into the newspaper, and sticking up surgery notices in villages where they may or may not turn up for half an hour before turning up in another village 40 miles away. Should we not be dealing with that problem rather than producing yet more systems and yet more confusion for the electorate?

Mr. Hood: I understand and sympathise with what my hon. Friend says, and might even go as far as to say that I agree with much of it, but I remind Members that it is all too simple to pick out the easiest argument and take your eye off the ball. We do not know who wanted the 129 MSPs to remain, but they took their eyes off the ball. I am talking about what is right for governance. The 1998 Act was thought through, and was part of a consensus on the constitutional convention.

Pete Wishart (North Tayside) (SNP) *rose—*

Mr. Hood: Is it not interesting that as soon as I mention the constitutional convention, the first Member to rise is from the Scottish National party, which wanted no part of it?

Pete Wishart: The hon. Gentleman speaks of a political fix and a consensus. The "political fix" includes some notable names, including the Scottish Labour party, the Scottish Liberal Democrats, the Scottish National party, the Scottish Trades Union Congress, the Convention of Scottish Local Authorities and the Electoral Commission. All those people believe in the 129: there is a consensus. I have heard no one speak in favour of a reduction in the number. Perhaps the hon. Gentleman can say who supports it.

Mr. Hood: I have tried to draw a distinction between canvassing and consultation. The political fix was fixed long before the SNP had an opportunity to get on board.

John Robertson (Glasgow, Anniesland) (Lab): Does my hon. Friend not agree that the SNP had plenty of opportunity to take part in the constitutional convention and to formulate what was going to happen? It just chose not to do so.

Mr. Hood: The constitutional convention was a difficult process for many of us. Some of us were dragged reluctantly to the table to agree to the electoral system—*[Interruption.]* Perhaps we were dragged kicking. We did not want anything to do with proportional representation. We know the dangers of proportional representation and of giving the 5 per cent. the power to say how the 95 per cent. will be governed. We know what we get from proportional representation. People say that votes under that system are fair. Well, they are unfair. It is power to the minorities, not to the majorities.

Mr. Alan Reid (Argyll and Bute) (LD): The hon. Gentleman mentioned power to majorities and minorities. Does he accept that in Scotland all political parties are minorities in that no political party got anywhere near 50 per cent. of the vote?

Mr. Hood: I accept that no system is absolutely perfect. Every system will always have problems of legitimacy, but first past the post has more legitimacy with the electorate than anything else. We are about to have an election on a proportional representation system. The last time we had European elections, it was a closed list. This time, it is an open list. Talk to some of my constituents, or even talk to me and ask what the difference is. There is not much difference between the two. It is a fix. Who are people voting to elect? Are they electing someone to represent them? They certainly are not under any list system.

Mr. Alex Salmond (Banff and Buchan) (SNP): Has there been a change in the proportional system for the European elections? The hon. Gentleman says that it has moved to an open list. It is still a closed list as far as I understand it.

Mr. Hood: Is it a half-closed list or a half-open list? The hon. Gentleman has just proved the point. It is confusing him and it is confusing me. The election before the previous one was first past the post. Then we went on to a PR system. Now we are on the new system. Turnout was 24 per cent. in 1999. Here is a wager. If turnout is more than 24 per cent. in the June election—and I will try to ensure that it is—the tea in the Tea Room is on me. That is how confident I am.

Several hon. Members *rose—*

Mr. Hood: I ask hon. Members not to tempt me. I do not intend to speak for too long. I just want to make a few points, and the more I am tempted, the longer I will be. The constitutional convention got consensus. Everyone was okay. We went for a referendum and thankfully all the parties got together then and we got the vote.

I remember that there was a huge row. I do not know what the rows were like in the Opposition parties but in the Labour party it was quite difficult. In fact, a Front-Bench spokesman resigned when the Prime Minister announced that we were going to have a referendum to entrench the will of the Scottish people.

I remember going to the Scottish executive committee of the Labour party to hear the Prime Minister when he came to put his case—I was on the Scottish executive committee then. I supported him then overwhelmingly. The biggest reason for supporting the referendum was that one of our greatest concerns during the whole debate in favour of a Scottish Parliament was what guarantee we had that what we gave the people of

[Mr. Hood]

Scotland with one Government could not be taken away by another Government. In other words, we were worried about the Tories. If we gave Scotland a Parliament, would the Tories take it away or change it? The biggest argument for a referendum was that it would entrench the will of the Scottish people. Once that was done, no Government would try to amend it. However, the first attempt to amend it has come from our own Government.

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): My hon. Friend is arguing strongly that the Scotland Act should not be changed with regard to the 129 MSPs. However, his name is attached to every single amendment that effectively calls for an end to the PR system for the Scottish Parliament. Surely there is some inconsistency. On the one hand he does not want to change the number of MSPs; on the other, he is happy to call for the abolition of PR.

Mr. Ian Davidson (Glasgow, Pollok) (Lab/Co-op): He is just a lawyer.

Mr. Hood: He is a courageous lawyer to intervene on me to ask about PR. It was my hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz) who used his casting vote to give us PR when the Scottish Labour party would not have supported it. Perhaps we would not be having this debate were it not for my hon. Friend. We would have had the Scottish Parliament, because we had a big enough majority in 1997 to deliver it. We would have had first past the post, and a Labour Government in Holyrood. I admire his gall in intervening on that subject.

Mr. Lazarowicz: I realise that, eventually, my casting vote will be engraved on my hon. Friend's heart: he seems to remember it long after everyone else has forgotten. If someone had to use a casting vote, it suggests that at least half of those involved were also in favour of PR at the time. Leaving that aside, will my hon. Friend answer the question that I posed in my previous intervention?

Mr. Hood: It should not be difficult for my hon. Friend to work it out but, as a lawyer, he may be confusing those who were for, those who were against and those who were in between. He may have found out on his travels that I have been, am and always will be for first past the post. I have never been seduced by any proportional representation system. If it had been left to me, the Scottish convention would not have gone for PR. Had I been in my hon. Friend's position, we would not have had PR. I think that we are being pushed towards a full PR system, away from the compromise of part first past the post, part PR. If so, I am on the side of first past the post and I will do what I can to argue that case.

Pete Wishart: I am always interested in the views of the hon. Gentleman on PR. For the comedy value, will he give us his view on the decision of his colleagues in Holyrood to adopt PR for local government so enthusiastically?

The Chairman: Order. I may be able to help. The debate is moving into much more generalised matters. I ought to remind the Committee of the amendment that I hope the hon. Member for Clydesdale (Mr. Hood) will propose. If we go too far afield—I have allowed the hon. Gentleman 22 minutes of background—the Chair may take a niggardly view on the stand part debate.

4.45 pm

Mr. Hood: Thank you, Sir Alan, for rescuing me from myself, if nothing else. The amendment seeks to delay the enactment of something that will have consequences for local government. Many of my hon. Friends—although not too many of them, because we could never have enough—are experienced in local government. I am fortunate to have been in local government for 14 years and I know the value of local government from having been in it and seen what it can do.

As hon. Members know, I do not make too many party political points, but during the years of the Thatcher Government we had two institutions that we could go to for defence. We had the trade unions, which were important at the time, although Baroness Thatcher was set against them, and we had local authorities, which protected us in some good measure. It took the Thatcher Government a long time to damage the local authorities, although they abolished the metropolitan councils and did away with the Greater London council. It was important that we looked to our local authorities and that is why I value local government; I have been in there and I value it. The people who value it more, however, are the people who rely on it more. As I said earlier, we do not want to have a situation where no one goes and knocks on people's doors to get them to respond. PR would do away with all that in local government.

John Barrett (Edinburgh, West) (LD) *rose—*

Mr. Brian Wilson (Cunninghame, North) (Lab) *rose—*

Mr. Hood: I am going to move on, but I will give way to my right hon. Friend the Member for Cunninghame, North (Mr. Wilson).

Mr. Wilson: I want to support my hon. Friend and bring him back to his amendment. There is unnecessary division here, because there seems—I wonder whether my hon. Friend will agree—to be a remarkable degree of consensus in the Chamber. The consensus in favour of maintaining coterminous boundaries has extended, not decreased, since our last discussion. The nationalists, who tended to ridicule the principle last time, are now signed up to coterminous boundaries. No one on our side supports what is going through. The Tories oppose it. There is remarkable consensus, which my hon. Friend will want to build on. The only people who support the measure that is going through might be a couple of Liberals and perhaps the Minister. Everyone else regards it as a load of old rubbish.

Mr. Hood: I thank my right hon. Friend for those helpful and supportive comments. He is absolutely right. Coterminosity is the key to anything that we do. Without it, I do not know where we would be. Perhaps

it is difficult to get our heads around the issue, and perhaps we are just using figures and not thinking it through, but we should seriously try to imagine life as a Westminster MP with 10 councillors and 20 MSPs, with everyone going down different roads on the same subject. What we have is a war between the political classes, with members of the chattering classes starting to score points off one another.

If we have gone into politics to do anything, surely it is to serve—to serve our communities and to help our constituents. They seem to be well down the pecking order when we discuss this constitutional reform and we need to put them back up it. The No. 1 priority on our agenda should be how we serve them, not how we find a political fix that suits all parties.

Mr. Peter Duncan (Galloway and Upper Nithsdale) (Con): I am trying to get to the root of the hon. Gentlemen's amendment. If, as the right hon. Member for Cunninghame, North (Mr. Wilson) suggests, the Bill is a load of old rubbish and there is little support for it across the Chamber, why is it being introduced and what does the hon. Member for Clydesdale (Mr. Hood) think that that says about the power balance in the Scottish Labour party?

Mr. Hood: I shall resist the temptation from the hon. Gentleman, but I shall say this: the Bill deserves the criticism that it has attracted and my right hon. Friend was right to say that there are not many people who argue its case, although a few loyal souls have put their heads above the parapet. Perhaps that tells the story better than any speech in the House of Commons.

To seek enactment of the Bill before the commencement of section 16 of the Political Parties, Elections and Referendums Act 2000 is evidence that the Government are in difficulty and are seeking shortcuts to cement this political fix. I commend the amendment and the new clause to the Committee.

Pete Wishart: Unlike the hon. Member for Clydesdale (Mr. Hood), I wish to speak to the amendment. I support it not for any reason that he gave but because I hope that the Secretary of State will take this opportunity—this window of delay—to ensure that the Scottish Parliament is consulted and gives its consent before any changes are made to its voting arrangements or how its membership is determined.

It would be almost inconceivable for such a significant change to be effected without consent. If the Scottish Parliament is to make such changes work, it needs to be on board. The idea that the House could impose them on a possibly unco-operative Scottish Parliament is simply not tenable and should be rejected out of hand. It would be almost impossible for a working relationship to continue in such circumstances.

Mr. Davidson: If the hon. Gentleman is saying that Westminster should not impose a system of election on the Scottish Parliament without its consent, does he also take the view that the Scottish Parliament should not impose a system of election on Scottish local government without its consent?

Pete Wishart: The Scottish local authorities are fully engaged in the debate about the single transferable vote. The Scottish Labour party has just enthusiastically accepted proportional representation for local government and it should be congratulated on that big step forward. Labour Members should be cheering that to the rafters.

Mr. Tom Clarke (Coatbridge and Chryston) (Lab): I have been listening carefully to the hon. Gentleman, as I always do. I have a closer link with the Scottish Labour party—if I may say so, with my modest local government background—than he has, and I can find no support for PR in local government anywhere in Scotland. Of course, you would rule me out of order, Mr. Cook, if I referred to the Welsh Assembly and the Scottish Parliament, but I hope that they will bear that view in mind.

Pete Wishart: I can detect no support for PR for Scottish local government on the Government Benches here, which is truly remarkable given that it is now Labour party policy. We are witnessing the emergence of two different Labour—

The Temporary Chairman (Mr. Frank Cook): Order. I have no wish to inhibit the enjoyment that is evident in the Chamber, but the Committee has already been admonished to the effect that it is seriously endangering any debate on clause stand part if that enjoyment continues in the same vein. We are not debating PR anywhere, so can we please make our comments more specific to the amendment?

Pete Wishart: Of course, I shall return to the amendment, Mr. Cook, but it is interesting that there seem to be two Labour parties emerging: Lanarkshire Labour in Edinburgh, and London Labour down here—and never the twain shall meet.

Mr. Wilson: I am not enjoying this at all, Mr. Cook. I want to get away from this banter and recognise the seriousness of what the hon. Gentleman is saying. If, for whatever reason, the nationalists are supporting an amendment calling for postponement until 2006, is that not a point of the utmost seriousness? As the nationalists are the official Opposition in the Scottish Parliament, and they support the amendment, and the Tories support it, and the vast majority of my colleagues support it, why on earth is the measure being driven through today?

Pete Wishart: That is a very good question, and the right hon. Gentleman can put it to his Front Benchers if he wants to. I have said clearly why I want a postponement until 2006. I want the Secretary of State to be able to consult, and seek consent from, the Scottish Parliament. That should be a prerequisite for any change in membership to, or voting arrangements for, the Scottish Parliament.

We know that the membership, voting arrangements and constitution of the Scottish Parliament are matters reserved to this House. I have heard no good reason why that should be the case other than, "That's just the way it is." We should remember this House's record on these arrangements. It put in place, and enthusiastically adopted, the additional member system. It has not exactly covered itself in glory in dealing with these

[Pete Wishart]

issues, perhaps because it got them wrong before. Let us think about giving the decision to somebody who might get it right, because we certainly have not got it right here so far. We have had the additional member system for only five years, yet we already have had seven amendments to try to put right a decision that was clearly wrong in the first place.

The Scottish Parliament is perhaps unique among European legislatures, in that it has no right to determine its own voting arrangements and voting system. I have looked at some European legislatures, and even the most modest domestic regional assembly has the right to a say about its membership and voting arrangements. The Länder in Germany, for example, are responsible for their own constitutions. They can determine their own size, which can vary from 51 members in the small Saarland region, to 231 in the most populous area of North Rhine Westphalia. Surely, that is right. Is it not a sign of maturity and responsibility that any self-respecting Parliament worth its salt should have that responsibility and key function?

All hon. Members will agree that the Scottish Parliament is now a fully grown institution. It is well into its second term and is the predominant and pre-eminent political institution in Scotland. The people of Scotland expect the Scottish Parliament to clarify and personify the national voice. Surely it should be allowed at least a say in its membership and voting arrangements.

A couple of weeks ago, I was fortunate enough to be with several hon. Members in Dover house, where we heard about the new Scottish social attitudes survey. During that session, we heard the key concerns about the performance of the Scottish Parliament and discovered that the Scottish people are several steps ahead of us politicians. They want increased powers for the Scottish Parliament—[HON. MEMBERS: "No, they don't."] Hon. Members say that they do not, but they should look at the Scottish social attitudes survey. Every survey commissioned in the past couple of years has suggested that more than 50 per cent. of the Scottish people want increased powers for the Scottish Parliament. That is a matter of fact. Given that the Scottish people want increased powers for the Parliament, we should at least make sure that we consult, and seek consent from, the Scottish people in respect of the Scottish Parliament's voting arrangements.

Mr. Lazarowicz: I, too, was at that presentation. The hon. Gentleman will recall that, at the end, the Minister warned against interpreting statistics too selectively. Will the hon. Gentleman confirm that one conclusion of the survey was that support for devolution has increased since the referendum, whereas support for independence continues to slide?

Pete Wishart: We are debating particular systems and I will continue to put the case for independence, just as the hon. Gentleman will doubtless continue to put the case for devolution. Who is in the best position to assess the requirements of the Scottish Parliament in terms of its size and membership?

Mr. Connarty: The hon. Gentleman has wandered away from the amendment. He started by saying that he supported the amendment, which would in fact postpone implementation of the changes. Will he take a little time to tell us why his party thinks that the changes should be postponed, rather than focusing on his own amendment—it dealt with the role of the Scottish Parliament—which was not selected?

Pete Wishart: With respect to the hon. Gentleman, I have already done that. I want this delay and window of opportunity to be used by the Secretary of State to seek the consent of the Scottish Parliament. In not addressing the amendment, I would be entirely consistent with the hon. Member for Clydesdale, who spent 25 minutes before he even got close to addressing it.

I can sense that I am stretching your patience, Mr. Cook, so I will conclude. As I said, who is in the best position to assess the voting requirements for membership to the Scottish Parliament? Is it this House with its increasing and developing hostility to the Scottish Parliament—as evidenced by the remarks of some Labour Members today—or those who work in the Scottish Parliament who are accountable to the Scottish people for the decisions that they take? Surely those who live and work there and who are accountable to the Scottish people should be responsible for the voting and membership arrangements of the Scottish Parliament.

The Secretary of State is happy to have his new commission report jointly to him and the First Minister. I congratulate him on that, because it shows that he is prepared to see a role for the Scottish Parliament in all of this. He obviously sees the Scottish Parliament having a role in developing arguments about its voting and membership arrangements. All I am asking for now is to have built into the Bill his acknowledgement that the Scottish Parliament has an important role and the fact that consent should be sought before bringing about any change to its voting or membership arrangements.

5 pm

Mr. Wilson: I shall be brief. I did not intend to speak at all, because I said my piece on Second Reading. However, I see some glimmer of hope in what we have heard so far, which we should build on. I am not interested in the banter or why the Scottish National party is supporting the amendment. However, the fact that it is doing so is of considerable significance, so we should examine the amendment to see whether something productive could emerge from it.

I shall briefly outline the sequence of events that led us to this point. The Government made a commitment to reduce the number of Scottish seats at Westminster. That is settled and agreed: no one disputes it. The logic of that position, as enshrined in the Scotland Act 1998, was that the number of seats in the Scottish Parliament should be correspondingly reduced. At that point, the fix that my hon. Friend the Member for Clydesdale (Mr. Hood) described took place. There were discussions and it was concluded—wrongly, in my view—that the political imperative was to retain the 129 MSPs, so an amendment to the Scotland Act would be necessary.

I believe that the fix was arrived at not because the overwhelming burden of Scottish opinion was in favour of 129 MSPs, but because the other political parties would perceive it as bad faith if the number of MSPs

were reduced unilaterally by a decision taken at Westminster. That is why the unsatisfactory compromise facing us—to cut the number of MPs at Westminster without reducing the number of MSPs at Holyrood—was arrived at.

I understand how that was all agreed, and I have already said that I believe that it was the wrong decision. I also understand the difficulty of escaping from it if the charge of bad faith could be levelled again for not implementing the agreement, but what we have today is something quite different. From a range of standpoints, virtually everyone in the House has come to accept the absurdity and lack of reason in what is being done.

At this point I shall revert to my speech on Second Reading, in which I made it clear that I do not approach the matter from a party political or even a constitutional point of view. The only direction that I come at it is from the interest of our constituents—a fact that seems to have been totally overlooked in the calculations of those who created the fix. What is being created is gratuitous confusion, misunderstanding, cynicism and, in some cases, real deprivation for our constituents. In particular there will be gratuitous and quite unnecessary confusion over constituency boundaries—where it has never existed, was not envisaged under the Scotland Act and about which no one in Scotland has any interest in creating now.

Mr. Salmond: We may be talking slightly at cross purposes. Our argument is that there is a consensus—certainly in the Scottish Parliament, where everyone except the Conservatives agree—that the 129 MSPs should be retained. My hon. Friend the Member for North Tayside (Pete Wishart) is arguing—I think, persuasively—that, when it comes to designing an electoral system for the new Parliament, those in charge of the process of producing, hopefully, a more satisfactory system than the present one should be the Scottish parliamentarians themselves.

Mr. Wilson: I fully understand that. I understand the SNP's reasons, which are slightly different from my reasons. I do not necessarily disagree, but I have different reasons for opposing the proposal and for supporting my hon. Friend's amendment. That, however, is a secondary issue. The point is that the SNP is supporting the amendment, as the hon. Member for North Tayside (Pete Wishart) made crystal clear. I was so interested that I requested confirmation in an intervention.

What the hon. Member for North Tayside is saying should be of interest to the Government. Any postponement would be made not out of cynicism, but for the reasons that I am setting out. Presumably, the statement of policy that the Scottish nationalists have made is the same as what they are saying in Edinburgh. The proposal has the support of the official Opposition in Westminster, and of the great majority of those Labour Back Benchers who are involved in the matter. Surely, therefore, it should be possible to hold some all-party discussion about how we go forward. Why does there have to be this lemming-like procession towards an outcome that everyone knows is wrong? The victims of that outcome would be our constituents.

A lifeline has been thrown today, and it should not be blithely ignored. If the Committee ignores it today, I hope that those along the Corridor will take note. There can be no justification for going ahead with a plan that no party in this Chamber supports.

Mr. Connarty: I follow my right hon. Friend's logic in supporting the amendment, which would postpone the implementation of the legislation. However, he said earlier that he wanted a different system, so it seems that he is arguing against the result, rather than the time scale. If, after a postponement of a number of years, the same proposals were brought forward again, would he oppose them?

Mr. Wilson: With respect, that is not even an interesting hypothetical argument: it is just a hypothetical argument. We are talking about something that could happen years from now. I have always maintained that no logical system of voting practices in Scotland would contain the provisions that will be driven through the House tonight.

I have no problem with the Scottish nationalist amendment that would introduce a system of single transferable votes based on contiguous constituencies. However, that is just my personal view. If the introduction of the Bill were to be delayed, all-party talks could be held and a logical structure for Scottish constituencies arrived at. There are plenty of formulae available for avoiding all the pitfalls in the Bill.

Even at this late stage, we should build on the wide consensus that exists. We should not drive through a Committee of the whole House a measure whose real victims, I repeat, would be our constituents. The only winners would be the tiny minority of politicians with a vested interest in not losing face through backing down on this matter.

Mr. Peter Duncan: I am glad that I was able to hear the Scottish nationalist spokesman announce his party's change of policy on the matter. I have great sympathy with the hon. Member for Clydesdale (Mr. Hood), who wants to amend the Bill in a way that would render its format acceptable to him and his colleagues. Clearly, the Bill was drafted in a very expert manner. It took a long time, and the aim was to restrict as much as possible the debate on any amendments that might be tabled. However, I think that the hon. Gentleman has come up with a proposal that should be of interest to hon. Members of all parties in the Chamber.

There is a consensus across the political spectrum, on both left and right—among Back Benchers and, I respectfully submit, most Front Benchers too—that the Bill is a shambles. No one wants what it proposes, and the result is chaos and confusion. Everyone knows that it will have a hugely detrimental effect on election turnout, yet we are expected to wave it blithely through the Chamber.

I have great sympathy for the amendment, and for the endeavour of the hon. Member for Clydesdale to secure a postponement. The amendment would allow another opportunity for reflection. The incidence of U-turns among Government Front Benchers has become somewhat frequent lately, so perhaps there is a chance that the Government will make another—who knows?

[Mr. Peter Duncan]

That would be a U-turn on a U-turn, as the whole Bill already amounts to a U-turn on previous Government policy.

This is an opportunity for Labour Back Benchers to engage more productively with the Minister. I counsel them against falling out with anyone, but if we cannot get all parties in Scotland to recognise that we are sleepwalking towards an electoral system disaster and feel unable to do anything about it, there is something deeply wrong with how we organise politics in Scotland. We all know that disaster is looming. The amendment gives us a chance to take some time before we take an irreversible action.

John Robertson: Why should we not want to wait to formulate a decent Bill and why do we have to rush into things? The consultation organised by the Government was a sham and a waste of everybody's time; the Labour Members who did not take part knew that. I want the Minister and the Secretary of State to take that fact on board and, in the words of the song, "Tae think again". They should do a proper consultation.

It is my opinion, unlike the hon. Member for North Tayside (Pete Wishart), that the Scottish people do not have the feeling that they did for the Scottish Parliament. We won their hearts and minds for the original vote, but the fine detail was not discussed then. Today, we are discussing fine detail, and the amendment gives us a chance to take another look at that. Why anyone would not want to do that I cannot understand. My colleagues among Members of the Scottish Parliament certainly see the need to look at the matter again, and I am sure that Opposition MSPs feel the same.

I want to hear why the Liberals, who intend to oppose the amendment, do not want to make the Bill better. Why do they want to disrupt the whole Scottish political system and then, following a commission, do it all over again? Why would they want to do that twice, unless it was for political motives or so that they could put the Scottish people off voting? I would not put that past them; they have not distinguished themselves in getting out their own vote, whatever has happened with everybody else's.

We have to engage in a conversation, like the big conversation that the Prime Minister is having. We have to listen to the people. I agree that we have to listen to the Scottish Parliament; I have no problem with that. Then again, the Scottish Parliament also has to listen to us, and we have legitimate cause for concern.

My hon. Friend the Member for Clydesdale (Mr. Hood) has moved an excellent amendment that has the support of two of the Opposition parties and many Labour Back Benchers. I doubt that many people in Scotland feel differently from me. I ask the Minister to accept the amendment, to look again and to bring forward an Act that the people of Scotland can be proud of, rather than one that they do not understand.

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I listened with great interest to the introduction to this short debate given by the hon. Member for Clydesdale (Mr. Hood). He made a full and eloquent speech, and I waited for him to explain his amendment. I waited quite a long time, and I am not entirely certain—it must be due to my powers of comprehension rather than his eloquence—that I fully understand what he seeks to achieve. As I understand it, the amendment would simply delay the Bill's provisions until 2006.

Mr. Hood: The hon. Gentleman has been unkind to himself; he has understood exactly what the amendment would do.

John Thurso: I am grateful to the hon. Gentleman for confirming that I have read the papers correctly. I shall not disappoint Labour Members, because I have to say that I disagree fundamentally with his proposition. Like the right hon. Member for Cunninghame, North (Mr. Wilson), I believe that this is an important matter that goes to the heart of how the people of Scotland are represented. As he rightly says, it is our constituents who will benefit—or suffer—from whatever we choose to do this afternoon.

5.15 pm

However, I differ from the right hon. Gentleman in that I believe that this modest Bill is highly desirable. It will retain the status quo and will not make any great changes to the voting system. It contains nothing that was not foreseen during the passage of the Scotland Act 1998. All that will happen is that the status quo of 129 MSPs will be preserved, which was the will of all those who spoke in the Scottish Parliament when the issue was debated.

Mr. Wilson: On balance, would the hon. Gentleman prefer the status quo or a variant of the status quo based on contiguous boundaries?

John Thurso: I would have liked to have had time to deal with the matter properly in this Parliament before the next general election. Given that the Government did not consider the matter early enough in this Parliament, we are left with a choice between contiguous boundaries at some point in the future—which would not happen under the present legislation—or the chance to preserve the status quo. The best option is to preserve the status quo and to seek to have an input into the commission that the Secretary of State has set up. We will have to see what conclusions the commission reaches after input from all interested parties on the issues of coterminosity and the best voting system for the Scottish Parliament.

Pete Wishart: Is the hon. Gentleman aware that the amendments would significantly change the membership of the Scottish Parliament and the way in which it is constructed? They would do away with most of the additional Members and mean that two Members would be elected from most constituencies. We do not know what we will have by the end of the debate, because these amendments could change the face of the Scottish Parliament fundamentally.

John Thurso: If the amendments were successful, my party's position on Third Reading might well change.

However, at this point and given the likelihood that the Bill will emerge little changed, my party will support the Bill.

The Bill—including clause 1—would not have any impact on the voting system. I hope that it is not uncharitable to point out that one effect of new clause 1 would be to delay the implementation of the changes that the Boundary Commission recommended for elections to this House. That might be one aim of certain Labour Members. My party sees no reason for delay and we wish the Government's proposals to be enacted. We want the status quo at Holyrood to be preserved, which is the settled will of Scotland, and we want the commission to do its work as soon as possible. We will provide our input into that process and await the results.

Mr. Davidson: The hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) mentioned the commission and how it will be conducted, as well as the issue of timing. The amendment is all about timing. When the result of the first consultation became known—other hon. Members have given their opinions on its validity—part of the fix was a commission at some vague and unspecified time in the future. That was then moved forward and promises were made that the commission would be set up quickly, that it would report quickly and that its recommendations would be implemented quickly.

However, if the commission is to be set up almost immediately and if it works hard and produces a report that may be implemented—as we have been told—before 2007, why are we making changes to the system now? We might have to change it again before 2007. Either the suggestion that the commission will report and that its recommendations will be enacted by that time has been put forward when there is no guarantee of success, or we are duplicating work that will be done later on in any case. In such circumstances, clarity from the Government about their intentions is essential.

The Parliamentary Under-Secretary of State for Scotland (Mrs. Anne McGuire): I thank hon. Members for their contributions to the debate. By way of introduction, I will restate the two commitments that underpin the Bill from the Government's point of view. We are committed to reducing the number of Westminster MPs to 59, as a result of the boundary commission proposals. We are also committed to maintaining 129 MSPs in the Scottish Parliament. Those are the twin pillars that support the Bill.

I hope that colleagues will accept that we did not approach those issues in some Machiavellian way but that we actually consulted the Scottish people through the organisations that represent them. I put that on record so that we do not read in *Hansard* that somehow real people out there were not consulted. In total, there were 237 responses to the consultation; of those, 21 were from councils, including COSLA—the Convention of Scottish Local Authorities. There were responses from the Scottish Parliament, the Scottish Executive, Scottish Parliament groups, 27 individual MSPs and so on.

Colleagues who have studied the history of the consultation know that there were responses both from civic and political Scotland before the Government made up their mind to maintain 129 MSPs.

Mr. Hood: My hon. Friend entertained us at Second Reading with the impressive list to which she has just been referring, but can she tell us who responded to the first consultation—the process that she had to extend for six months?

Mrs. McGuire: I am glad that my hon. Friend raises the alleged extension of the consultation process. I assure the Committee that the consultation process was not extended; it ran from December 2001 to the end of March 2002—exactly as planned and announced. It is regrettable that we seem to be talking about the claim that the process was extended because in fact it never was.

Mr. Lazarowicz: Can my hon. Friend inform the Committee whether there was a great upsurge of opinion in the consultation to support the position set out by my hon. Friend the Member for Clydesdale (Mr. Hood)?

Mrs. McGuire: It is fair to say that some people supported the position taken by my hon. Friend the Member for Clydesdale. I should like to put on record the fact that my hon. Friend has been entirely consistent. His response to the consultation stated that he thought there should be a reduction in the number of MSPs and that the Scotland Act 1998 should be enacted in its entirety regardless of any other factor. He has been wholly consistent in his approach and for that I congratulate him.

Mrs. Helen Liddell (Airdrie and Shotts) (Lab): I may have missed this point when my hon. Friend was going through her list of people who had replied to the consultation, so can she tell us how many Members of this House replied and how many were opposed to the maintenance of 129 MSPs?

Mrs. McGuire: My right hon. Friend is right to suggest that some Members who responded to the consultation asked for the Scotland Act to be enacted in its entirety, but the overwhelming majority of those MPs who responded wanted the Scottish Parliament to maintain the position at 129 MSPs.

Anne Picking (East Lothian) (Lab): Does my hon. Friend agree that, as I have said many times, there are consultations and there are meaningful consultations? Some of us said vociferously that the consultation should consider the whole voting system, that the voting system and the Act should not be considered in isolation and that we should deal with the bigger picture. We now see the folly of our ways, as we seek to justify what we are trying to ramrod through today, even though it is not based on a meaningful consultation.

Mrs. McGuire: I fully appreciate that some colleagues are struggling with this, but we cannot avoid the fact that a consultation exercise was held on preserving the number of MSPs. I accept that some of my hon. Friends

[Mrs. McGuire]

think that the consultation should have been wider, but it took place within the remit and context laid down by my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell) at the time, and we have the results of that consultation process.

Mr. Salmond *rose—*

Mr. Bill Tynan (Hamilton, South) (Lab) *rose—*

Mrs. McGuire: I will take an intervention from the leader of the Scottish National party because I am particularly interested in the position that the SNP has adopted this afternoon.

Mr. Salmond: I am glad that the Minister is doing so because, unlike others, our concern is not with the figure of 129—the result of the consultation was overwhelming—but with the fact that the Bill is subject to amendment that would fundamentally alter the electoral basis of the Parliament. The Secretary of State can set up the commission, but will the Minister assure the Committee that she thinks it inconceivable that an altered electoral system could be imposed on the Scottish Parliament without its consent?

Mrs. McGuire: My right hon. Friend the Secretary of State made it perfectly clear on Second Reading that we have established an independent commission to consider some of the concerns, including those about electoral matters and—dare I say?—some of those raised by my right hon. and hon. Friends about coterminosity.

Mr. Tynan: My hon. Friend makes play of the consultation process that took place and the fact that that resulting decision seemed to produce the figure of 129. Does she believe that that consultation process resulted in the decision to reduce the number of MPs to 59?

Mrs. McGuire: With the greatest respect to my hon. Friend, the very purpose of the consultation process was to consider whether there was support for maintaining the number at 129 in the Scottish Parliament, essentially to decouple the number of MPs in Westminster and the number of MSPs in Scotland.

Let me move on specifically to the amendment because it is important to reflect not just on what has been said today, but on what the amendment would mean if it were agreed to this evening. Amendment No. 8 would remove the provisions that introduce schedule 2 to the 1998 Act, which makes provision to deal, if necessary, with the period before the functions of the boundary commission for Scotland are transferred to the Electoral Commission. The proposed replacement—new clause 1—would give the Secretary of State the power to bring the provisions of the Act into force, but only after the commencement of section 16 of the Political Parties, Elections and Referendums Act 2000.

Section 16 of the 2000 Act relates to the transfer of functions of the boundary commission and allows the Secretary of State to transfer the boundary commission for Scotland's functions to the Electoral Commission

"at such time as the Secretary of State, being satisfied that they have no further functions to perform, by order directs."

The Government previously said that the current boundary commission's functions would not transfer until it had completed its reviews. I think that my hon. Friend the Member for Clydesdale believes that the amendment reflects that.

5.30 pm

However, the amendments would delay the Bill's enactment until after the boundary commission for Scotland had reported to the Secretary of State on its current review, had been formally wound up and had its functions transferred to the Electoral Commission. If the amendments were accepted, the order required to implement the boundary commission's report would have to include a provision for amended regional boundaries for the Scottish Parliament election as well as that for a reduction in the number of seats at Westminster. The amendments would therefore proportionately reduce the number of Scottish Parliament constituencies for the time being since, at that stage, no power would exist to decouple them from Westminster seats. That is why I find the Scottish National party's position utterly perverse.

If SNP members support the amendment, they will vote for a reduction in the number of Members of the Scottish Parliament.

Pete Wishart: That is not the case.

Mrs. McGuire: If the hon. Gentleman is right, I should like to hear him argue with greater force than he expressed in his contribution.

Pete Wishart: I am delighted to have the opportunity to restate my earlier point. If the amendments tabled by the right hon. Member for Cunninghame, North (Mr. Wilson) were accepted, such a fundamental change to the voting arrangements of the Scottish Parliament would have to be a matter for that body, which would have to consent to it. It is ludicrous to say that we can sign up to something that could change fundamentally the nature of the Scottish Parliament.

Mrs. McGuire: I wonder whether the hon. Gentleman realises which amendments we are currently debating. I tell him in all sincerity and generosity that if he and his party vote for the amendments, they will vote for a reduction in the number of Members of the Scottish Parliament as a consequence of not decoupling. That would be the result of the amendments, which make no provision for maintaining 129 Members of the Scottish Parliament.

Mr. Salmond: Will the Under-Secretary give way?

Mrs. McGuire: Here comes the cavalry.

Mr. Salmond: A few seconds ago, the Under-Secretary said that the Secretary of State had given an assurance that, if any change were made to the electoral arrangements, either through his commission or amendment to the Bill, it would be inconceivable to impose it without the consent of the Scottish

Parliament. That is the position that she outlined. *[Interruption.]* A few seconds ago, she said that the Secretary of State had given that assurance. I merely ask her to restate what is already on the record.

Mrs. McGuire: It is unwise to put words into my mouth. I said that the commission would consider a general consensus throughout Scotland as part of developing consensus on moving forward on coterminosity and voting systems.

I revert to the perversity of the SNP position on the amendments. I repeat that, if they were accepted, the boundary commission's report would have to include a provision for amending the regional boundaries for the Scottish Parliament elections.

Mr. Salmond: Will the consensus that the Under-Secretary seeks through the commission or through amendment include the Scottish Parliament, on which the electoral system is being imposed? Will she say that it would be inconceivable to impose a new electoral system without the consent of the Parliament that will use it?

Mrs. McGuire: The hon. Gentleman continues to fail to understand the fundamentals of the constitutional arrangement under which we currently work. The electoral system for the Scottish Parliament, whether the hon. Gentleman likes it or not, is part of the constitutional settlement that established that body and is reserved. That is the top and bottom of the matter. However, having said that, I want to make it clear that, during our discussions on the matter, we have ensured that representatives of the Scottish Parliament, whether through its political or Executive structure, have been involved in the consultation. Earlier, I read out the list of those who were involved.

Mr. Wilson: Are not the principles of this debate more important than the legalistic mumbo-jumbo about the precise translation of amendments provided by lawyers? If there is consensus among the nationalists, the Tories and the vast majority of the Labour party that there should be a delay until this whole thing has been considered holistically and we have achieved a rational outcome to the discussions in the interest of all our constituents, does my hon. Friend not agree that that consensus should be built on rather than being swept aside, which would be the effect of driving the Bill through?

Mrs. McGuire: I do not accept my right hon. Friend's analysis. He and I go back a long way in terms of dealing with so-called mumbo-jumbo in motions and amendments, and I know that he and I were always of the view that what is meant by an amendment is what is in the amendment. I am trying to point out to him in the gentlest possible way that what is in the amendment might not be what he intends to happen. Perhaps, however, I am doing him a disservice; it might well be what he intends to happen.

We have made a commitment to maintain the number of Members of the Scottish Parliament at 129. The consequence of the amendments would be to reduce the number of MSPs. That is not mumbo-jumbo, as my right hon. Friend has suggested. It is the reality of what would happen if the amendments went through, because we would need to undertake a reorganisation of the regional boundaries. If we intend to maintain the number of Members of the Scottish Parliament, it would be ludicrous to reduce it by accepting the amendments, only to reinstate that number at some future date.

I accept that I have perhaps not managed emotionally to engage with some of the arguments that have been made, particularly by my right hon. and hon. Friends. However, may I say to them in all sincerity that they need to consider what is stated in the amendments? Their effect would be to reduce the number of Members of the Scottish Parliament that the Government have made a commitment to maintain at 129.

Mr. Hood: I have enjoyed our exchanges in this debate. However, it would appear from the Minister's contribution that the lady is not for turning. I am disappointed by that, because I had a feeling earlier that there seemed to be consensus, certainly on her own Benches. She might win the vote if the matter were pressed to a vote in the Lobby, but she has not won the hearts and minds of members of her own party tonight. I had thought that she might say something in her summing-up that took cognisance of some of the points that have been made.

I do not wish to challenge my hon. Friend the Minister, and I am pleased to have received her congratulations on supporting the Scotland Act 1998—I thought that we had all supported it. I supported the figure of 129 on Second Reading because that was the way matters were moving. However, we are now talking about the electoral system, and about how we can preserve the consensus. Perhaps I have not understood my amendments, as my hon. Friend has suggested, but where does it say that the result of putting off the enactment would be to alter the figure of 129? There has been no mention of that, and it is not my intention. Therefore, I am rather disappointed.

I was hoping that my hon. Friend would offer the olive branch of offering to consider some of the contributions that have been made, especially from the Opposition Benches. My right hon. Friend the Member for Cunninghame, North (Mr. Wilson) has a point. While I am pleased to be corrected on the existence of a second consultation—there was just the one—I am led to understand that the motions were set in train long before we started going out to consult. There were consultations going on about keeping the 129 long before the formal consultations started. I would like those consultations to carry on.

There is no argument about the 129. I am not arguing against it; nobody is arguing against it. We are arguing about where we go from where we are now. As my right hon. Friend the Member for Cunninghame, North said earlier, if we have not got the message over to our Front Benchers in the Chamber tonight, I hope that some further consideration is given to the matter when the Bill goes down the Corridor.

Mr. Salmond: Two aspersions have been cast on the hon. Gentleman during the debate—I am sure innocently, of course. It was suggested, or at least implied, that perhaps he seeks to retain the number of MPs from Scottish constituencies at its current level. Then it was suggested by the Minister that his

[Mr. Salmond]

amendment would rule out 129 MSPs. Can the hon. Gentleman say explicitly that neither was his intention in framing the amendment?

Mr. Hood: Not at all. Not for the first time in my life, I am innocent. I stand wrongly accused, Mr. Cook. Nothing could be further from the truth. Anybody who has followed my contributions on this matter would never conclude that it was ever my intention not to support the cut to 59. That is not what this is about; it is about the good governance of the Scottish Parliament and of electoral systems in the country that we are here representing.

This is where I take issue with Scottish nationalist Members: they do not have total ownership of representing Scotland and we Labour Members represent the Scottish people in equal share to anybody else who is a Member of Parliament here. How we are represented in Scotland is as much my concern, even though we are down here representing Scotland at Westminster. I happen to have a family in Scotland; I happen to live there; I happen to have roots there.

It is so important that what happens in Scotland is done in the best interests of the Scottish people, but what I am seeing here tonight is not good governance. The Bill is not about that or about doing good for the people of Scotland. I think it will harm the electoral systems and, through that, the people of Scotland. That is why we are so passionate about these matters.

The Minister could have her victory in the Lobby, but—let me put it this way—it would not be a total victory. I shall not push my amendment to the vote for one or two reasons. First, I would not wish to embarrass some of my colleagues on the Labour Benches who passionately share my views, but who may be compromised by that. Also, I want to give the Government an opportunity not to trap themselves in the corner in which they have put themselves, but to come out of it.

I hope that there are some discussions as the Bill travels down the Corridor; if we in the Chamber have closed minds, I hope that consideration is going on elsewhere. I beg to ask leave to withdraw the amendment.

Mr. Patrick McLoughlin (West Derbyshire) (Con): No!

Question put, That the amendment be made:—

The Committee divided: Ayes 138, Noes 347.

Division No. 157] **[5:43 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burt, Alistair
Butterfill, Sir John
Cameron, David
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Cran, James *(Beverley)*
Curry, rh David
Davidson, Ian
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Donohoe, Brian H.
Duncan, Peter *(Galloway)*
Duncan Smith, rh Iain
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Hague, rh William
Hamilton, David *(Midlothian)*
Hammond, Philip
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Hood, Jimmy *(Clydesdale)*
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lansley, Andrew
Leigh, Edward
Letwin, rh Oliver
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Picking, Anne
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, John *(Glasgow Anniesland)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Selous, Andrew
Sheridan, Jim
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Skinner, Dennis
Smyth, Rev. Martin *(Belfast S)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Swayne, Desmond
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tynan, Bill *(Hamilton S)*
Viggers, Peter
Walter, Robert
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Willetts, David
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George

Tellers for the Ayes:
Mr. David Ruffley and Mr. Hugo Swire

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'by NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Banks, Tony
Barnes, Harry
Barrett, John
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne

Beith, rh A. J.
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chidgey, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corston, Jean
Cotter, Brian
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, Fabian *(Leeds NE)*
Hancock, Mike
Hanson, David
Healey, John
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Holmes, Paul
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Hughes, Simon *(Southwark N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jamieson, David
Jenkins, Brian
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keetch, Paul
Kelly, Ruth *(Bolton W)*
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McCartney, rh Ian
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Miller, Andrew
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oaten, Mark *(Winchester)*
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Pickthall, Colin
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Short, rh Clare
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Sutcliffe, Gerry

Tami, Mark *(Alyn)*
Taylor, Dan *(Stockton S)*
Taylor, David *(NW Leics)*
Teather, Sarah
Thurso, John
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tyler, Paul *(N Cornwall)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Webb, Steve *(Northavon)*
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Woolas, Phil
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek
Younger-Ross, Richard

Tellers for the Noes:
Derek Twigg and Charlotte Atkins

Question accordingly negatived.

6 pm

Clauses 1 to 4 ordered to stand part of the Bill.

Schedule 1

SUBSTITUTION OF SCHEDULE 1 TO THE SCOTLAND ACT 1998

Mr. Brian H. Donohoe (Cunninghame, South) (Lab): I beg to move amendment No. 1, in page 3, line 12, leave out from 'Shetland)' to end of line 14.

The Temporary Chairman: With this it will be convenient to discuss the following amendments: No. 2, in page 3, line 14, at end insert—

'(2A) For each constituency provided for by Article 2 of the Schedule to the Parliamentary Constituencies (Scotland) Order 1995 (SI 1995/1037) there shall be two Scottish constituencies'.'.

No. 3, in page 3, line 15, leave out sub-paragraph (3).

No. 4, in page 3, line 18, leave out 'eight' and insert 'two'.

No. 5, in page 3, line 19, leave out sub-paragraph (2).

No. 6, in page 3, line 22, leave out sub-paragraph (3) and insert—

'(3) Six members shall be returned for one region and five members shall be returned for the other region.'.

No. 7, page 4, line 41, at beginning insert—

'( ) The Boundary Committee for Scotland shall submit to the Electoral Commission a report with recommendations on the arrangements to be put in place under paragraph 1(2A) above.'.

Mr. Donohoe: As we saw earlier, politics is not a pure science. On the basis of the previous debate, that is perhaps more the case in respect of the Scottish Parliament (Constituencies) Bill than other Bills that have been before the House.

In my estimation, the Scotland Act 1998 got some things wrong, but I believe that the position would worsen if this Bill were passed and that it would compound the problems created by that Act. From talking to hon. Friends and other hon. Members, I have identified the fact that both in my constituency and elsewhere in Scotland there have been real problems with that Act—not least because the existence of the added list Members has created mayhem in the Scottish Parliament and in the constituencies of both MSPs and Members of Parliament. I am sure that hon. Members on both sides of the Committee have examples of that.

Mr. David Marshall (Glasgow, Shettleston) (Lab): I congratulate my hon. Friend on touching on what is a sore point with many of us. In the city of Glasgow, for example, the 10 constituency MSPs can only raise cases relating to their own constituency, yet the seven additional Members can raise cases in all 10 constituencies. Not only that, but they raise reserved matters that are nothing to do with them. It is a prime example of mischief making. I am grateful to my hon. Friend for taking steps to remedy that.

Mr. Donohoe: I am grateful to my hon. Friend. As he and others have said to me over the period of the Act's existence, there are real problems in respect of added list Members. Members from every party in the House that is represented in Scotland have told me that.

Pete Wishart: But that is not what the hon. Gentleman is suggesting in his amendments. He is suggesting expanding the range of list Members, who will have more say in more people's constituencies if his amendment is accepted.

Mr. Donohoe: As I develop my speech, it will become apparent to the hon. Gentleman that I have addressed that issue. At that point, if he still does not agree with me, he can intervene again.

I am conscious of the fact that you, Mr. Cook, are a stickler for the rules. I will turn immediately to the amendments themselves. I emphasise that the figures that I have mentioned are based on the current review, which is expected to deliver 59 Members of Parliament. As things stand and as I think every hon. Member knows, that number is now conclusive. We are talking of 59 Members. My proposal is based on that number and not on any other.

I have been made aware of some technical problems with regard to the amendments but, as I have already emphasised, my figures are based on those recommended by the Electoral Commission. I accept that the amendments may not be technically perfect in their own right, but having checked with the draftsman and others I have concluded that they are competent to be debated and voted on in the Committee. After all, they have been recommended by the Electoral Commission as the basis on which to calculate.

Mr. Davidson: Does my hon. Friend agree that, if any technical adjustments are required to his proposals, the best way to proceed is not to defeat the amendments but to make technical adjustments in another place?

Mr. Donohoe: That is a possibility. My hon. Friend is right. That is what I will try to convince those on the Front Bench to accept, if that is required.

A number of hon. Members, not least my right hon. Friend the Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes), who has just entered the Chamber, are on my side and support the amendments.

Some 24 Members the length and breadth of the Committee support the idea that we need to look at the boundaries within the Scottish Parliament as well as within Westminster.

Mr. Salmond: If the chairman of Heart of Midlothian is lined up for the amendments, there must be something to be said for them. None the less, how many Members of the Scottish Parliament has the hon. Gentleman consulted, given that it is their electoral system that he is changing, and how many have come out in favour of his proposals?

Mr. Donohoe: That is not my responsibility but the responsibility of others. The consultation was open to MSPs. What is fundamentally important—I am glad the hon. Gentleman intervened—is what my constituents and his think about the proposal. My constituents will be concerned about the matter today, but when the changes come about they will become even more concerned. Of that there is no doubt. I will expand on that issue as we move through the debate.

What I am trying to say more than anything else is that we should not allow ourselves to sleep walk into things again, as we did in 1998. By virtue of what we have today, I am clearly of the opinion that we should address the issue with far more purpose than we have to date.

The amendments call for Scottish Parliament and Westminster Parliament constituency boundaries to be coterminous. That is as far as they go. I do not go any further, although I could. I do not discuss the voting systems that we could create. I do not do anything in terms of gender balance. I say nothing of some of the other elements and problems.

Mr. Lazarowicz: I accept that the amendment says nothing about the voting system, but does my hon. Friend not accept that, in moving to a system of two-Member constituencies and of hardly any top-up Members, we will inevitably move away from the proportional system that was included in the Scotland Act? Is that not the effect, and indeed the intention, of his amendments?

Mr. Donohoe: I would not expect anything less from the architect of PR north of the border, but I will develop the argument. I have perhaps allowed too many interventions, but I stress that I am not dictating terms. In the previous debate, it was said that my hon. Friend the Member for Clydesdale (Mr. Hood) was perhaps dictating terms, but I am leaving it open.

Without coterminous boundaries, we will create complete confusion as well as additional bureaucracy for political parties, the structure of elections and electoral rolls. That will cause mayhem and the measure has not been thought out as it might have been.

Mr. Frank Roy (Motherwell and Wishaw) (Lab): Is my hon. Friend aware that I represent 15 wards at the moment, but that that will rise to 19, whereas the MSP for the same area will still represent 15? In effect, two constituencies with the same name will represent two different places, which is an absurdity.

Mr. Donohoe: That further example reinforces my argument. Difficulties will be created for the party structures, as well as for returning officers. Most importantly, it will create havoc for our electors. That is more important than anything else and needs to be addressed. There is no doubt that that is the major complication of the existing system.

Mr. Peter Duncan: Does the hon. Gentleman share my surprise that all this havoc and chaos was predicted in 1998 during the passage of the Act, as can be seen from the debates on Second Reading, Third Reading and Committee? Everyone knew that this would happen if we strayed away from coterminous boundaries. It is the Government who have done the U-turn, in an embarrassed fashion, to create the second pillar to which the Under-Secretary referred in her speech.

Mr. Donohoe: I am sure the hon. Gentleman is right, but I return to the most important plank in my argument—namely, the creation of problems in the minds of the voters whom he, I and other hon. Members represent.

I have seen the confusion in the minds of the public. Earlier this year, the Secretary of State said that he had gone to a polling station and met an old woman who asked how she should vote. We are moving towards four different forms of election, which is wrong and ludicrous. This measure must be thought about carefully by the Under-Secretary and those responsible.

It is patently obvious that the existing system is not working, and we need to know the commission's timetable. I am not indicating in the amendments what form of voting there should be, and I leave the options open for further discussion. I have said that I do not want to construct a form of election.

The report of the Scottish Affairs Committee, chaired by my hon. Friend the Member for Paisley, North (Mrs. Adams), contains much that I feel should be adopted as the way forward. The report is worthy of more consideration by the Government and I look forward to a positive response from the Under-Secretary.

6.15 pm

Not everything about the Bill's Second Reading was bad. The best part was when I heard the Secretary of State bring forward the commission to this side of a general election. By doing that, he gives me confidence that sensible changes will be made. We heard about the commission and that it would be implemented shortly, but I have not heard a single thing since that statement. How many people will be on it and whom will they represent? Who will chair the commission? I certainly hope that it will not be the chairman of the Scottish Constitutional Convention. What discussions have taken place with other parties? I have had no indication that there have been such discussions, and that is a fundamental point.

Mr. Roy: Does my hon. Friend think that there is a danger that the commission could be filled with professional people such as lawyers, rather than working people?

Mr. Donohoe: I will not rise to the bait, although it would be better if there were no lawyers on the commission; it seems that it will be full of lawyers.

Mr. Salmond: These are legitimate questions that the Under-Secretary will be answering shortly. The hon.

[Mr. Salmond]

Gentleman says that he is not prescribing any electoral system, but as I understand the amendments, he wants 118 people elected at constituency level and 11 elected at list level. We can argue the pros and cons of that, but how can he maintain, with this unaccustomed modesty, that he is not prescribing an electoral system in his amendments?

Mr. Donohoe: There are different forms of election within constituencies, as well as potentially different boundaries. I have had discussions with the hon. Member for Banff and Buchan (Mr. Salmond)—perhaps these were off the record but should now be put on the record—that suggested that some things might be attractive even to the nationalists.

Mr. Hood: On the question of the make-up of the commission, some have said facetiously that lawyers, people from Edinburgh or others of that ilk might be on it. It would be unusual if that were the case. Does my hon. Friend agree that it is sometimes easier to get the verdict one wants when one picks the jury? It is important that the commission is seen to be independent of Government and of those who appoint it.

Mr. Donohoe: I trust that my hon. Friend the Under-Secretary has heard my hon. Friend making the very point to which I am seeking an answer. I would rather that the great and the good appointed to the commission are of a mind to take on board the point that he made.

Mr. Davidson: Will my hon. Friend give way?

Mr. Donohoe: This will be the final time.

Mr. Davidson: I am grateful to my hon. Friend for giving way in those circumstances.

On the question of the commission, in which decade does my hon. Friend expect a decision or recommendation from it to be implemented? Does he expect a decision to be implemented in this decade in time for the 2007 election, or in some future decade?

Mr. Donohoe: My hon. Friend has been reading my script. Before I come to that point, however, I should like to finish my point on the commission.

My right hon. Friend the Member for Cunninghame, North (Mr. Wilson) said in the debate of 9 February:

"Surely there can be unanimity in the parties in Scotland: whatever the perceptions of marginal short-term political advantage or disadvantage, we do not want to legislate to establish an electoral system that we all know will work to the practical, and in some cases serious disadvantage, of our constituents."—[*Official Report*, 9 February 2004; Vol. 417, c. 1182.]

Of all the statements made during that debate, that is one that hon. Members should bear in mind.

My final point on the commission, which has already been alluded to in part, is that we need to establish the time scales. The next Scottish Parliament elections will be in 19—or, rather, in 2007; let us not go back, although some of us would perhaps like to go back to 1998. Can the Minister give us some idea today of the time scale for the commission? I should like specific answers to specific questions, and perhaps the Minister will address them when she winds up. The most important question to be answered is whether a decision has been made on whether the relevant Act will be in place—because primary legislation will be required—in time for the next Scottish Parliament elections.

If we require primary legislation from the commission's eventual conclusions, I am a little concerned about the need for the commission. After all, this place has the responsibility—and should have the responsibility—to take such decisions for itself. Although I am posing questions about the commission, my major question is whether we need to have a commission at all. We could take decisions here that would bring the whole matter to a conclusion, and we could have done that today. If I may be partisan for a minute, my party has a massive majority, and could have chosen, on the basis of the facts before us, to drive through proposals that would lead to a common-sense position: that taken by the Select Committee on Scottish Affairs and by every single institution in which I have been involved. That is where the nub of today's debate should lie.

On Second Reading on 9 February, the Secretary of State, on announcing that he would be setting up a commission, said that it would be possible to propose a particular solution but that we would need a consensus. I argue against that. Why do we need a consensus when we have such a majority? After all, we are the elected Members who can take the decision, and we have a majority Government here. We do not need to go colluding with anyone else in Westminster; we could take the decision here today if we could table and accept the right amendment. We could vote on that; that is, what democracy is all about, so far as I am concerned.

John Barrett: Would the hon. Gentleman like to remind the Committee on what percentage of the vote that majority was delivered?

Mr. Donohoe: That is the system in operation here, and we should take cognisance of that in this place.

David Hamilton (Midlothian) (Lab): As someone elected with 53 per cent. of the vote, I have such a majority.

There are alternative systems, and surely the most important issue being raised today is accountability. That is what is missing from the current proposals. When I go to the electorate, they will know all the problems that I have had and will determine whether or not I am accepted. That is the same for my MSP colleague, who is elected on a first-past-the-post basis. That is the big issue, and it is the same whether the system is alternative vote or first past the post. There are alternative systems available.

Mr. Donohoe: My hon. Friend is absolutely right, and I support him 100 per cent. in what he says.

As a member of the Scottish Constitutional Convention, I noticed over the years that we seemed to take everything that it said on board as being set in tablets of stone. I do not accept that any longer, because of my working knowledge of the system in operation. I

warned about that before, but I was willing to go along with it. Now, however, my clear opinion is that there is absolutely no doubt, on the basis of what my hon. Friend the Member for Midlothian (David Hamilton) just said, that there must be an attachment to a particular constituency. There must be a clear indication to those who elect us that we are their property. We move away from that when we talk about the situation created by the Scottish Constitutional Convention. There are those here who think that that convention is a sacred cow. I have to say, however, that much that it proposed caused damage, not good, in terms of governance north of the border. We should all be aware of that.

To sum up, when I constructed my speech I was of the opinion that it was possible that we would get some sort of flexibility from the Front Bench, and I am looking for that tonight. On the basis of what I hear and learn about the commission, I am concerned that when its proposals come before this House, they will require primary legislation. It will be difficult for such primary legislation to be included in a Queen's Speech and debated in this House before the 2007 elections, so I wonder about the time scales. We also need to know whether and when the commission will be reporting. Will that be before the end of this year, or at the beginning of next year?

In that spirit, I commend the amendment to the Committee.

Mr. Peter Duncan: I commend the hon. Member for Cunninghame, South (Mr. Donohoe) for introducing this group of amendments. They are a valiant attempt to improve the Bill but, in his heart of hearts, he might well think—and perhaps he will not be reticent about saying so—that this Bill is, arguably, incapable of amendment. It is a bad and unnecessary Bill. It is not necessary to introduce this measure at this time. The Scotland Act was passed in 1998 and there is absolutely no requirement to do anything to resolve the problem of coterminous boundaries.

Mr. George Foulkes (Carrick, Cumnock and Doon Valley) (Lab/Co-op): As the hon. Gentleman knows, I am a humble seeker after truth. He has made the self-denying ordinance not to vote on any English legislation. Can he tell me, then, why all his English colleagues trooped through the Lobby a few minutes ago to vote on purely Scottish legislation?

Mr. Duncan: The right hon. Gentleman—

The Temporary Chairman: Order. The hon. Gentleman would be best advised not to respond to such a tantalising—*[Interruption.]* I am protecting the Committee.

Mr. Duncan: Thank you, Mr. Cook. Perhaps we can engage in that subject later.

The fact is that the Bill that the hon. Member for Cunninghame, South is attempting to amend is unnecessary. Like me, he will recall the comments of Henry McLeish, who said:

"we also believe that the Parliament could operate effectively with fewer Members, and that there are good arguments for maintaining the linkage in constituencies."—[*Official Report*, 12 May 1998; Vol. 312, c. 223.]

Lord Sewel went further when he said:

"In the White Paper, we explained that we believed that the integrity of the Union would be strengthened by having common constituencies for the Scottish parliament and the UK Parliament, with the exception of Orkney and Shetland."—[*Official Report, House of Lords*, 8 July 1998; Vol. 591, c. 1336.]

Mr. Lazarowicz: If we trawl through history, we can find a number of changes of position over the years, but how can the hon. Gentleman claim consistency for his party? If he looks at the report of proceedings in the House on 11 November 1998, he will see that, throughout the debate on the Lords amendments, his Front-Bench colleagues took the position that coterminosity was not that important and that it was right to stick at 129 Members.

6.30 pm

Mr. Duncan: Of course, in the long and involved passage of the Scotland Act 1998, we can find quotations in all directions. I am pointing out the magnitude of the Government's U-turn. It is beyond question that they have gone back on their commitment to implement the Act unamended.

Mr. Salmond: For the sake of clarity, will the hon. Gentleman confirm that the late Lord Mackay was a valiant defender of the Scottish Parliament's right to set its own number of constituencies?

Mr. Duncan: I am happy to confirm that the Conservative party made that argument in both Houses, and we take no lessons in consistency from the hon. Gentleman.

The hon. Member for Cunninghame, South has waved the white flag on 129. Like me, he opposed the political fix in principle, yet the amendment would allow a stitch-up to let things proceed with some kind of amicability on the Labour Back Benches. Scottish Labour Members have capitulated. The amendment does nothing about the fact that there is a widespread view that there are simply too many politicians in Scotland.

Mr. Connarty: I do not agree with that last comment, as surely it is a question of the quality of representation, not the numbers. The hon. Gentleman is skirting around the fact that the amendments deal with a fundamental point with which his party agrees: that there should be a better arrangement for the electorate. As it is clear that the Government want to press ahead with 129, following a consultation, it is best to have something that makes sense to the electorate, and not simply to oppose everything on principle, just to wreck the Government's Bill.

Mr. Duncan: I am coming to some constructive points about the amendment.

I share some of the concerns that were expressed about the commission and its open-ended nature. The Scottish Conservative party has declined the invitation to nominate someone to the commission, on the basis that it is unnecessary at present. The problem that the commission is being set up to solve is that of non-coterminous boundaries, but the fact is that the Bill will create those boundaries. As the right hon. Member for

[Mr. Duncan]

Cunninghame, North (Mr. Wilson) said on Second Reading, the commission is being set up to solve a problem that is yet to be created.

The hon. Member for Falkirk, East (Mr. Connarty) rightly said that I should be more positive about some of the general themes in the amendment, and I propose to do just that. The amendment goes some way towards offering an electoral framework that we would support, but perhaps the hon. Member for Cunninghame, South has shied away at the last minute from some of the more direct first-past-the-post elements that we both instinctively favour.

First past the post creates better elections and engenders better results. We in the Conservative party believe that some of the stagnation in recent Scottish Parliament elections is due in no small part to the proportional system creating a disenchantment with elections and we strongly favour returning to a system that is more focused on first past the post. We would encourage the Government to consider any such possibility carefully in the months and years ahead.

Mr. Foulkes: I have just realised what the hon. Gentleman said earlier. The Conservative party has declined to nominate someone to the commission, and now he is arguing for first past the post. Surely, he should nominate someone to argue that case within the commission. He is guilty of a total abdication of responsibility—typically Tory.

Mr. Duncan: The right hon. Gentleman need not get so excited. Perhaps he did not fully understand me the first time. We take the view that the commission will have its place in time, when the Bill has been enacted, but we have not given up on successfully opposing its passage. If the Bill is not enacted, there is no need for a commission, because we will not have non-coterminous boundaries.

John Robertson: Perhaps the hon. Gentleman can tell me how his party in the Scottish Parliament feels about first past the post, or PR for that matter.

Mr. Duncan: We are on record as supporting first past the post. We argued for it in proceedings on the Scotland Act 1998 and will continue to do so.

Mr. Foulkes: I really am interested in what the hon. Gentleman is suggesting. I note from the amendment paper that his party has tabled no amendments whatever. He has made no constructive suggestions and has said that he is not nominating someone to the commission, in the vain hope that the Bill will be defeated. The Government have a huge majority, so that is absolutely stupid. Surely he can now say that the Conservatives will nominate someone to the commission. To do otherwise is outrageous.

Mr. Duncan: I do not agree that there is only a vain hope of defeating the Bill. To my recollection, only one Labour Member spoke in favour of the Bill on Second Reading. Every single other Labour Back Bencher was directly critical of it. What will be different is if on Third Reading we can tempt them to follow that through and join us in the Lobby.

We believe that the decline in turnout in Scottish Parliament elections has a direct correlation with people's concerns about proportional systems. We believe that the amendment could have been more precise in offering first past the post, although the hon. Member for Cunninghame, South has some imaginative ideas for first-past-the-post constituencies.

Sir Teddy Taylor (Rochford and Southend, East) (Con): Is my hon. Friend aware that, according to all my inquiries, he has the absolute, full and complete support of all the Conservatives on the Back Benches behind him? Is he further aware that it would be absolute nonsense to table amendments to a Bill that is absolutely unnecessary? Does he agree that the best sense of all is to give the people of Scotland a chance once again to decide whether they want to keep this assembly—or whether they would rather not?

Mr. Duncan: I am delighted to have my hon. Friend's company in the Committee tonight. He holds up the esteem of Conservative Back Benchers with aplomb, as usual.

The imaginative proposal for two small constituencies per Westminster constituency offers interesting possibilities. It would allow for a more local voice in the Scottish Parliament, could create a greater link with councils and councillors and could well resolve some of the difficulties with constituencies overlapping council boundaries. It could help with local public service issues, as small constituencies could reflect distinct interests. In my constituency, Wigtownshire and Stewartry face very different issues, and perhaps the two-constituency idea could form the basis of some agreement.

Under the amendment, there would be a reduction in the number of list MSPs from 56 to 11. One of the ironies of Scottish Parliament elections is that the Scottish Conservatives, who were among the greatest opponents of the list system, were among its greatest beneficiaries.

David Cairns (Greenock and Inverclyde) (Lab): A tragedy.

Mr. Duncan: Perhaps the Scottish Conservatives winning the first by-election of that Parliament made that tragedy somewhat more legitimate.

There is considerable resentment among Labour Back Benchers about the role of regional and list MSPs. They were sceptical during the passage of the 1998 Act and I suppose that nothing that has happened in the past five or six years has convinced them that it is other than a bad system, badly implemented, and they feel compromised by it. As I said in an intervention, this issue says more about the power struggle within the Scottish Labour party than about how we govern Scotland. The hon. Member for Cunninghame, South suggests a reduction in the number of list MSPs, but that will not eliminate the problems caused by arbitrating in disputes between list MSPs and constituency MSPs; simply having 11, rather than 56, does not eliminate the problem.

The hon. Gentleman proposes that the number of Scottish Parliament regions should be reduced from eight to two. That has a simplistic attraction in that it is

simple to administer, but it would reduce the commonality of interest across those regions. He has not been specific about how the two regions would be created but, for argument's sake, Glasgow in the west of Scotland could be one region, and Edinburgh in the east could be the other. If so, I look forward to hearing whether Edinburgh or Glasgow should get the additional Member and the repercussions in the press that will result from that argument.

Alternatively, the division could consist of one region comprising the urban central belt and the south of Scotland and another comprising everything north of Stirling. In such a case, regional and local interests could be marginalised. For example, no one from the south of Scotland might be elected, with all the Members coming from the urban central belt.

Mr. Davidson: Does the hon. Gentleman accept that, although many of his arguments against having two top-up constituencies are valid, the rules of the House—given the Bill that was introduced—meant that it was not in order to table an amendment proposing only a single list for the top-up? Indeed, the Bill made it impossible for hon. Members to suggest that there should be no top-up Members whatsoever. The amendments are making by far the best of an extremely bad job.

Mr. Duncan: The hon. Gentleman is right. As I said during my comments on the first group of amendments, this Bill is a clever drafting job. A lot of effort went into its drafting to preclude debate any wider than the Government wanted. It is perhaps unfortunate that we have not been able to discuss some of the issues that he and I want to discuss, even if the Government do not.

The amendments are designed to engage voters with a system that might be more local to their needs and that provides the opportunity of overlaying a first-past-the-post election system. However, it misses the main point by cementing into the Bill the fact that there will be 129 Members of the Scottish Parliament. That is not what the Scotland Act 1998, or the deal that was done with the Scottish public, is all about. The reality is that the Government have gone back on their commitment and I regret that nothing in the amendments gets us close enough to addressing that fundamental problem. The Scottish public believe that there are simply too many politicians and that fact outweighs some of the superficial advantages of the amendments. On that basis, unfortunately, I cannot support them.

Mrs. Liddell: I have a great deal of sympathy with the sentiments behind the amendments of my hon. Friend the Member for Cunninghame, South (Mr. Donohoe) because I know that they are driven by his desire for coterminous constituencies. Coterminous constituencies are vital to the way in which we go about our business. The electoral system should be devised not for our comfort and convenience, but for that of our electors.

A fundamental change took place in May last year in the discussions on the coalition agreement, in that it was decided that there should be proportional representation for local government. I shall not go into the ins and outs of whether I find that attractive, but it does mean that four different systems of election will be available to our electors.

6.45 pm

On polling day last year, a friend—he was not a lawyer but a consultant physician—phoned me as he was about to vote. He asked, "How do I vote Labour twice?" I said, "There isn't an awful lot of point in voting Labour twice because this system is so skewed that it doesn't work properly." The problem that we face is the fundamental flaw in the electoral system that was chosen for the Scottish Parliament. I do not believe for a minute that the Scottish Constitutional Convention envisaged the system operating as it is currently being operated. It did not see it as a life-support system for rejects and retreads who could not get elected first past the post. That is not what proportional representation is supposed to be about.

Although I said that I congratulate my hon. Friend the Member for Cunninghame, South and other supporters of the amendment, I regret that I cannot support them in the Lobby tonight. They have failed to take into account the important announcement by the Secretary of State about the establishment of a commission. Given the four different systems of election available in Scotland, even a commission that consisted 100 per cent. of Edinburgh lawyers—God forbid—would conclude that change to the nature of the electoral system for the Scottish Parliament has to come about. It goes against reason that we should not try to achieve some rationality in the system of election.

I am disappointed in the Scottish Conservatives for not seeking to be part of that commission. They appear to want to have their cake and eat it. They say that they want first past the post, yet they—along with parties even more minor than them—are among the biggest beneficiaries of the present system. They are not prepared to consider a more rational view of electoral systems in Scotland because it does not fulfil their own self-interest.

Mr. Roy: Does my right hon. Friend agree that the Tories' refusal to join the commission is the politics of the petted lip? It is a question of, "It's my ball, and nobody else is playing if you don't agree with the rules."

Mrs. Liddell: My hon. Friend can always think of a good Lanarkshire expression. Certainly, if I were running a ménage, I would not invite the Scottish Conservatives to join it.

Mr. Peter Duncan: I may be one of the few hon. Members on this side of the House who knows what the right hon. Lady is talking about. I accept her point about not wanting to miss the bus, but this commission is being set up to solve the problem of non-coterminous boundaries. Until the Bill becomes an Act, we do not have a problem with non-coterminous boundaries. As and when the Bill becomes legislation, we will talk about the commission.

Mrs. Liddell: One of the key issues that emerged from the vast majority of replies to the consultation on the size of the Scottish Parliament was the broad consensus on the figure of 129. That consensus sprang in some instances from self-interest, but in others from the fact that we have achieved a constitutional change in Scotland, reversed a system that existed for 300 years

[Mrs. Liddell]

and introduced a new one, the most remarkable aspect of which is its stability. Well may the only Scottish Tory in this House mock that: the Scottish Conservatives were root and branch against devolution because they saw, during 18 years of Tory rule, the extent to which their lot in Scotland could be imposed on the rest of us, who did not want it.

Mr. Duncan: The right hon. Lady talks about introducing stability, but the problems that the Government face stem from the fact that they are already changing the system. Their own Labour Members were with them, so there was a "consensus", as they like to call it, on their side. Now, however, they are moving the goalposts and that is what is causing the problem.

Mrs. Liddell: The consensus was expressed by the people of Scotland through Civic Scotland and our own political parties—I remind my right hon. and hon. Friends that what we are talking about tonight is Labour party policy—and there was clear evidence of support for having 129 MSPs. Some of my hon. Friends who oppose that may now regret not taking the consultation process more seriously. I repeat that it is significant that we are here tonight debating something that, despite its difficulties, is a comparatively minor part of the overall constitutional settlement. Since 1999, a stable Parliament has been in place.

Constitutional change has been brought about in a stable way, but there is an inherent anomaly at the root of our electoral systems in Scotland. The problem is that we have taken all the different electoral systems in isolation, failing to take into account their impact on our electors. We now have an opportunity through the proposals before us tonight—particularly the proposals recommended by my right hon. Friend the Secretary of State to establish a commission—to let common sense reign. Let us sort out the mess that is proportional representation and get a system that is fair, transparent and comprehensible.

John Thurso: The hon. Member for Cunninghame, South (Mr. Donohoe) is a serious man and he has proposed a serious amendment, which merits sound argument. It is certainly worthy of debate. I should congratulate him in passing because the last time that I saw him outside this place he was awarded the "Keeper of the Quaich" medal for his outstanding service to the whisky industry—a well merited award, if ever there was one.

The effects of the amendment are principally twofold. The primary effect would be to create coterminous boundaries, which is a good thing. No one can argue against them; they clearly make for a much easier life. However, we should not become over-concerned about what they do. The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) made much of the fact that this is a problem of the Government's own making. The original Bill had the problem in it from day one, because it was structured with regard to the differing boundary commission reviews of the Scottish Parliament and Westminster. That meant that, approximately every eight years and for a period of at least two years between the decision of the two boundary commissions, there would be non-coterminous boundaries. That was always in the Bill, so the problem of non-coterminosity is nothing new.

John Robertson: The hon. Gentleman will correct me if I am wrong, but were not the building blocks of the Bill based around coterminous constituencies? What does he say about the fact that we are dismantling those building blocks and going off at a tangent somewhere else?

John Thurso: I do not believe that we are dismantling the building blocks. Rather, the Bill addresses a provisional position to get from where we are to where we want to be. My point is that if the current Bill were left untouched and the status quo accepted exactly as envisaged under the 1998 Act, because of the different boundary reviews between the two Parliaments, there would be repeated periods of non-coterminosity from time to time.

I want to leave aside the question of coterminosity and move on to the second effect of the amendment tabled by the hon. Member for Cunninghame, South, which is far more important and deserves to be considered seriously. That is the suggestion that each of the current Westminster seats in Scotland should be divided into two, with the remaining requirement for 11 Members being made up from two regions. I have to tell the hon. Gentleman that that drives a coach and horses through proportionality. [HON. MEMBERS: "Hear, hear."]

I want to make it clear that I have the greatest respect for Labour Members who want a first-past-the-post system and face considerable difficulties in introducing it through this short Bill. Returning to first past the post is obviously what they seek. As I said, I respect that; they have been quite open about it. My objective—I shall expand on it when we debate the commission—is a fair proportional system. My hon. Friends and I have always believed that the single transferable vote system provides the answer.

Mr. Foulkes: The hon. Gentleman and certainly Lord Steel and other Liberals agree with us that the current system for electing the Scottish Parliament is crazy. Was not one of the principal architects of that system Canon Kenyan Wright? Is it not interesting that he has now come out in his true political colours as a liberal, so are the Liberals not to blame for this mess and dog's breakfast?

John Thurso: Much as I respect the right hon. Gentleman, he is quite wrong. The convention produced a number of principles and a practical way of delivering them. Key among those principles was that of proportionality. The House and the Government—of whom the right hon. Gentleman was a member at the time—quite properly enacted those principles and the result was the Scotland Act 1998.

Mrs. Irene Adams (Paisley, North) (Lab): The hon. Gentleman is right that proportionality was one of the

key principles of the convention, but one of its other key principles was to have a gender-balanced Parliament. Why did the Liberals not keep their word on that?

John Thurso: I believe that proportionality in the Scottish Parliament is considerably better than it is here, so we are advancing in the right direction.

Mr. Salmond: Can we clear up the point about who devised the detail of the electoral system? Was it Canon Kenyan Wright or someone else? Was it the Labour party or another party? Who was it in the convention who came up with the magnificent idea of having two votes, even in a list system?

John Thurso: I am afraid that I am unable to answer the hon. Gentleman's question. We all accepted what the convention put forward when we debated the issues in 1998. The Bill was before the two Houses, but I must confess that I was in the other place at the time and I am not sure what happened at this end of the Corridor. What was accepted then, however, was broadly what the convention had proposed. That was right and proper. A critical element of what was proposed was that proportionality should be a key part of any electoral system. As I have said, my hon. Friends and I happily argue for STV, but at that time we accepted the system that had been recommended by the convention.

Much has been made of the fact that there are four electoral systems in Scotland. In fact, there are three. These are: the first-past-the-post system for this place; the closed list system for European elections; and the current system for the Scottish Parliament. There may be a fourth system for Scottish local government, and it may be—I hope that it will—STV. However, that is a matter for the Scottish Parliament. We have devolved that power and it is up to that Parliament to take the decision. We have debated devolution many times, but the House must get used to the fact that we have devolved power to the Scottish Parliament. It not for us to argue about STV for local government elections, because the power has been devolved.

Mr. Russell Brown (Dumfries) (Lab): I am listening to what the hon. Gentleman is saying about STV for local government elections. Will he be honest with the Committee and say whether he genuinely believes that STV will also be used for Scottish Parliament elections in future? That would reduce the number of different ways of electing people in Scotland.

7 pm

John Thurso: I would hope that the input that I and my hon. Friends make to the commission—and the input from MSPs and all other interested parties in Scotland—might result in a decision to recommend to this House that STV is the best system. If this House brought forward legislation based on such a recommendation, we would support it. We must deal with the potential consequence of a possible future decision by the Scottish Parliament.

In an earlier debate, the Minister said that there are two pillars to the argument about maintaining 129 MSPs. As the right hon. Member for Airdrie and Shotts (Mrs. Liddell) said, many people want 129 MSPs to be retained in the Scottish Parliament. A variety of reasons can be adduced for that, and self-interest might be one. I believe that the committee system has been one of the successes of the Scottish Parliament, as it has helped to deliver better government for Scotland, and to encourage people to participate in government.

The maths is as follows: if one subtracts the number of Ministers from the total of 129 MSPs—and it can be argued that there are too many Ministers—and divides the remainder into the number of committees, one discovers that each MSP is already involved in 2.9 committees. Therefore, reducing the number of MSPs will clearly create a fairly impossible work load. There is considerable support—if not overwhelming support—for maintaining 129 MSPs.

Mr. Peter Duncan: Will the hon. Gentleman give way?

Mr. Lazarowicz: Will the hon. Gentleman give way?

John Thurso: In a moment. The other pillar to the argument is that it clearly must be right to reduce the number of hon. Members in this House who represent Scottish constituencies. Given that we now have a Scottish Parliament, we do not need a level of representation that predates devolution.

Those are the two principles involved. If we want to enact them reasonably quickly, a holding Bill such as this one is the only way forward. It is obvious that the right way to proceed is to have a commission to deal with the likely consequences of having four voting systems, to replicate the work of the convention, to achieve a consensus and then to make a recommendation to this House in respect both of a future electoral system for the Scottish Parliament and of coterminous constituency boundaries.

The Second Deputy Chairman of Ways and Means (Sir Michael Lord): I call Mark Lazarowicz.

Mr. Lazarowicz: When the hon. Gentleman—

The Second Deputy Chairman: Order. I may have mistaken the intentions of the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso). Has he finished his speech, or is he giving way?

John Thurso: I am giving way.

The Second Deputy Chairman: To whom?

John Thurso: I thought that I was giving way to the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan).

The Second Deputy Chairman: I call Mr. Duncan.

Mr. Peter Duncan: I am very grateful, Sir Michael. After all that time, I was not sure that the hon. Gentleman would come back to me. He mentioned that each MSP was involved in 2.9 committees. Does he not accept that the simple solution would be to have fewer

[Mr. Peter Duncan]

committees? Is not it the quality of legislation and of government in Scotland that is important, and not the quantity of the legislation that is created?

John Thurso: I do not accept that proposition at all. I certainly do not believe that legislation is the only thing that makes a Parliament good. The effective scrutiny of an Executive's actions are of paramount importance. One of the successes of the Scottish Parliament is that—in some ways, although not all—it is able to hold the Scottish Executive to account far more effectively than this House does for any Government.

However, I must say that I find the Conservative party's position on these matters almost incomprehensible. Other hon. Members have mentioned the comments made by the late Lord Mackay of Ardbrecknish. I mentioned them on Second Reading, and I shall not repeat them today. However, it is clear that, when the Scotland Bill was being enacted, the Conservative party wanted fewer than 129 MSPs. When it was obvious that 129 would be the number, the Conservatives made absolutely clear their belief that the number chosen at the beginning should not be changed.

The Conservative party has done a complete volte-face, U-turn or whatever one wants to call it. I can have sympathy for the views of hon. Members of other parties who, even though they disagree with me, have held their views for a long time. I hope that they would accord the same respect—if I may put it like that—to me. However, I find the Conservative party's shenanigans completely inexplicable.

The amendments would not solve the problem. The Secretary of State has set up a commission, which must gather evidence from all parties. It is ridiculous that the Conservatives are not prepared to take part in it.

Mr. Peter Duncan: Yet.

John Thurso: Once again, they have elected to let down their few supporters in Scotland by standing on the sidelines instead of engaging in the game. They really are letting down the electorate, and they should rethink their approach on this matter.

Mr. Salmond: I am following what the hon. Gentleman is saying with interest. From a sedentary position, the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) used the word "yet" when it was stated that the Conservatives did not want to serve on the commission. Are nominations for the commission about to be announced? Is the appointment of the commission being held up until that group decides to catch the bus?

John Thurso: I could not possibly answer for a Tory, but the hon. Gentleman makes the interesting suggestion that the Conservatives, having engaged in fun and games tonight and found a way to oppose the Bill, will do a prompt U-turn yet again and take part in the commission. That is perfectly possible.

I shall conclude by saying that it is right to have a commission to look at electoral systems. I hope that the Conservatives do perform a U-turn, as everyone should be represented on the commission. The appropriate time to discuss electoral matters will be when the commission makes its recommendations to this House. I hope that that will be sooner, rather than later. It is because of that that Liberal Democrat Members, if pressed, will vote against the amendments.

The Second Deputy Chairman: I call Mark Lazarowicz.

Mr. Lazarowicz: Thank you, Sir Michael, and I am sorry that I mistook the courtesy of the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) for the conclusion of his remarks.

When the hon. Gentleman said that the amendment would effectively end the system of proportional representation in the Scottish Parliament, he was greeted by a chorus of some Labour Members saying, "Hear, hear!" There is no doubt that one of the amendment's consequences would be to move away from the proportional basis for election to the Scottish Parliament, and that some hon. Members would welcome that. No amendment that would replace the present system with 118 MSPs chosen by the first-past-the-post method could lead to a system that was anything other than grossly disproportionate. However, one of the amendments being discussed would do just that.

I remind the Committee why we have proportionality in the electoral system for the Scottish Parliament. As my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell) said, the change in the electoral system for local government means that there is a case for looking at the system of proportional representation used for the Scottish Parliament. However, it is worth remembering why the principle of PR was adopted by all the various parties and interest groups involved in bringing forward the proposals that eventually resulted in the Scotland Act 1998.

The PR system was not adopted because of the immense power that I wielded in Labour party committee back rooms over a few months some 15 years ago. To say that it was would be to flatter my role in the political process at that time. The Labour party supported the electoral system eventually presented in the Scotland Act because, at party conferences over more than a decade, it had supported the idea of moving towards a proportional system. That was supported, and still is, by the vast majority of trade unions, including Unison, the biggest union in Scotland. It was also supported by a wide range of organisations outside the political process, and it was supported for a number of reasons.

Some people felt that some proportional system would be fairer than first past the post, which is an argument with which I have some sympathy. One of the arguments put against a Scottish Assembly in the 1970s was that first past the post would lead to domination, based on a small plurality of the vote. If that option had been put forward in the referendum for the Scottish Parliament, it might not have gone through. Others recognised that moving to a PR system would make it harder for the Labour party to win an overall majority in the Scottish Parliament, but would also have the effect of stopping any other party, such as the Scottish nationalists, ending up with an absolute majority on a relatively small percentage of the vote.

There were many reasons why a number of organisations came together to support PR for the Scottish Parliament. Certainly, the idea that we should now reject the principle of PR, which would be the effect of the amendment, should not be adopted in the absence of broad consensus among the political parties and other organisations in Scotland. Clearly, there is no consensus for moving away from a PR system.

David Hamilton: Not everyone agrees with the first-past-the-post system, but there is not only one proportional representation system. I believe strongly in an alternative vote system, which connects the Member with the electorate. It takes 50 per cent. plus to be elected through that system, which is an extremely good one. I wish my hon. Friend would stop justifying his position on the decision that he took some time ago, which has landed us with the problem that we now face. He can rewrite history as much as he likes, but at the end of the day, that is not what this is about.

Mr. Lazarowicz: As we are going into history, which I do not want to overdo for fear of straying from the subject, my hon. Friend will remember that one of the strongest advocates of PR for local government was the National Union of Mineworkers, of which he was an active and leading member for many years. History can take us down a number of paths if we wish to follow them.

It is worth looking at the history because it reminds us that the experience of the Scottish Parliament has not led to a majority of the public moving away from support for some form of proportionality in it. The support among the public for that is as strong as it was at the referendum in 1997. I must tell some of my hon. Friends that it is not me, others who share my view or the Government who are out of step with Scottish public opinion on this matter, but some of those among my colleagues who argue against the principle of proportionality.

Mr. Tynan: Unless I am wrong, my hon. Friend seems to be speaking about political expediency in the introduction of proportional representation in the Scottish Parliament. We have to consider the electorate's participation in PR systems. Does he agree that turning to PR for the European elections has been an absolute disaster for turnout, but that turnout for the last Scottish Parliament election certainly did not suggest that PR was the answer as far as the people of the country are concerned?

7.15 pm

Mr. Lazarowicz: I am not for one minute suggesting that proportionality is any electoral panacea for Scotland or elsewhere. As with history, statistics can be interpreted in various ways. The drop in turnout between the 1997 and 2001 UK general elections, held under the first-past-the-post system, was even greater than the drop between the Scottish Parliament elections of 1999 and 2003. Different things can be drawn out depending on the argument one wishes to make.

The essential point, which cannot be contradicted, is that there is not a groundswell of opinion in Scotland for moving away from some form of proportionality. Given the introduction of PR for local government, which has gone through the Scottish Parliament and which will happen, no matter what, we have to consider how the different systems will mesh together. Although I was as happy 14 years ago to support the principle of proportionality as I am today, I actually spoke against the system of two ballot papers. Unfortunately and regrettably, as on other issues, my wise counsel was ignored by those who made the decisions. There we are; that, too, is history.

There is no broad consensus among political parties and other groups in Scotland, or among the population, if opinion polls are to be believed, for moving away from proportionality. If we are to change the electoral system, one thing we certainly cannot do is impose that change on the Scottish people and the Scottish Parliament from Westminster. For reasons that we might go into later, I do not accept the Scottish National party's position that the right to change the electoral system should be devolved to the Scottish Parliament. However, the spirit of any change in the system should certainly go with any broad consensus not just in this Parliament but in the Scottish Parliament and among the Scottish people.

Mr. Salmond: My old university friend might go the extra step by accepting the principle that a self-respecting Parliament should be in charge of its own electoral system. If he did that, he might gain a few friends in the House, which he seems sorely to need at present?

Mr. Lazarowicz: The hon. Gentleman clearly wants to help me to maintain my friendships on my own Benches. We could debate examples later of how Parliaments and regional assemblies elsewhere in Europe make decisions on changes to their rules. That would be of interest to at least three or four of us.

The principle that we cannot impose change by edict on the Scottish Parliament and the Scottish political settlement needs to be emphasised from the Labour Benches. Since the Scottish Parliament was established, a new political reality has developed. The Scottish Parliament and the political arena around it are well established and as greatly respected as any other political institution in the UK, including this Parliament. That is the nature of the devolutionary change brought about gradually throughout the UK. Politics are not centred here in Westminster, but are being devolved in a real and direct sense.

Mr. Donohoe: Will my hon. Friend give way?

Mr. Lazarowicz: If my hon. Friend would not mind, I shall continue for a moment. We must recognise that the view, which he recommends, that we can do what we want because we have a majority and can force change through the Scottish Parliament is fundamentally undemocratic. Of course there are times when Governments have to make difficult decisions that may be against the broad body of public opinion. That should not be done regularly, especially by political parties that wish to have continued electoral support.

Mr. Donohoe: My hon. Friend has argued that the Parliament is doing well and is settled. Has he had any problems with added list Members?

Mr. Lazarowicz: No, I have not had any difficulties with additional Members and the activities that some of my hon. Friends have described. However, I accept that some additional Members have acted as he described, and that is one reason why we might seek to change the type of proportionality without abandoning it completely.

John Barrett: Does the hon. Gentleman agree that under the amendments the two new regions would have 56 constituencies, with five or six list Members in each? One of the main arguments for a decent proportional system is to avoid the risk of a minority extreme Government ever being elected again. After all, we speak on the anniversary of the day that Margaret Thatcher was elected to Government on 40 per cent. of the vote.

Mr. Lazarowicz: I have made a strong enough case for proportionality already without being tempted down that road.

The establishment of the Scottish Parliament has had one of the consequences that those of us who supported it hoped it would. By establishing a Scottish Parliament, it was hoped that the case for devolution in the UK would be strengthened and the case for separatism would be weakened. That has indeed happened. As support for independence has declined, support for devolution has increased. It is no accident that the Scottish National party is now tearing itself apart over whether to embrace extreme independence or to make use of devolution. The establishment of the Scottish Parliament has sidelined the SNP and its demands for independence.

The irony is that the political victories that have been won by those of us who support devolution and the Union, and oppose independence, could be put at risk by those who would try to impose a political settlement on the Scottish Parliament—in terms of proportionality and number of Members—that would not be supported by our Labour colleagues or, indeed, by the vast majority of Scottish political organisations or Scottish society more generally. To follow the path suggested by some of my hon. Friends tonight would be to snatch political defeat from the jaws of victory.

Pete Wishart: It will not surprise the hon. Member for Cunninghame, South (Mr. Donohoe) to learn that I do not find his amendments attractive, for many of the reasons outlined by the hon. Member for Edinburgh, North and Leith (Mr. Lazarowicz), in a fine contribution. The amendments would cause as many problems as they seek to solve. My impression was that the hon. Member for Cunninghame, South intended that those in first and second places should be elected for the constituencies, but the amendments provide no clear indication as to how he would arrange the election of two Members from one Westminster constituency. I hope that he will tell us when he winds up. Electing those in first and second places might be a good idea compared to what we might actually get.

On Second Reading, several problems were identified, especially by Labour Members, including those to do with coterminosity, a multiplicity of voting systems and the effectiveness—or otherwise— of list Members. Do the amendments satisfy those three basic concerns? They certainly meet the test of coterminosity, because they would be based on the new Westminster constituencies. Do they meet the test of the multiplicity of voting systems? No, they fail dismally. If we were to accept the amendments, we would have first past the post for Westminster, first and second past the post for Holyrood, an additional Member list system for Holyrood, STV for local government and the closed list for European elections. That is five electoral systems, so the amendments would add to that problem.

The third test is whether the amendments would address the problems created by the list Members. They would not do so, because—as I pointed out in an intervention—the list Members would be crawling over half of Scotland, making the situation much worse. On the three critical tests identified on Second Reading by Labour Members, the amendments fail two. That is not good enough.

Mr. Peter Duncan: Has the hon. Gentleman himself been guilty of crawling over parts of Scotland?

Pete Wishart: As I represent the fourth largest constituency in the UK, I crawl over a fair bit of Scotland. I spend quite a bit of time travelling between Kinloch Rannoch and Brechin, although I prefer to drive because it is a more convenient and suitable way to get around.

I took seriously the concerns about coterminosity expressed on Second Reading. Labour Members may have a point, although they over-egg it. I have never had a constituent express concern about differing boundaries for Scottish Parliament elections and Westminster elections, but I agree that we are more effective when we work in conjunction with our Scottish parliamentary colleagues. Different boundaries might cause confusion in the electorate about whom to approach for assistance and advice. However, the problems would probably not be as bad as some Labour Members seem to believe—they appear to think that a lack of coterminous constituencies would mean the end of the western world as we know it.

The more pertinent point is the multiplicity of voting systems, and it must be addressed. If the amendments were accepted, we would have five systems. It is unfortunate that we have not had a real chance to debate the merits of the single transferable vote. We tabled amendments to that effect for this debate, but unfortunately they were not selected—I accept that there were good reasons for that. Surely STV would be the most elegant and sensible solution—*[Interruption.]* Hon. Members shout, "First past the post", but what has happened in Scotland in the past few weeks? Labour Members' colleagues in Scotland are now enthusiastic

champions of proportional representation for local authorities. They are prepared to go on record to champion that cause, and I am sure that Labour Members here would cheer them to the rafters for doing so. The STV system will be used for elections to local authorities in Scotland, and it would make sense to have all domestic Scottish elections settled in the same way.

Mr. Hood: I assure the hon. Gentleman that the voting record on the Scottish Executive is not the same as the voting record of Labour party branches and constituencies. In fact, if a vote were held among Scottish constituencies, as many as 90 per cent. would support first past the post, although that is not the case on the Scottish Executive.

Pete Wishart: Well, there we have it. I am grateful to the hon. Gentleman for that insight into the Labour party's position. We have seen exposed not so much the divisions between London Labour and Lanarkshire Labour, but the divisions between Labour Members in Westminster. Apparently, there are also divisions between branches and constituencies and the Labour party nationally on this policy. I am very grateful to the hon. Gentleman for pointing out the differences between parts of Scottish new Labour, because it is very revealing.

It would be unfortunate to pre-empt and prejudge the outcome of the Secretary of State's commission. We support the commission because we believe that it is a good idea. There is a job for it to do and we shall be judicious workers on it. We have provided our nominee well ahead of the time scale set by the Secretary of State—the Conservatives, unfortunately, could not do that. We at least are fully signed up members of the commission and we want to make it work.

7.30 pm

It is fair and right that the case for STV is made at this stage, if only so that, after studying our debate today, the commission does not conclude that the only solution the Committee could come up with was the half-baked proposal made by the hon. Member for Cunninghame, South. As I said earlier, STV is an elegant and sensible solution, given the overwhelming conversion, which I have enjoyed watching, of Scottish new Labour to PR for local government.

Anne Picking: There are some things that I cannot marry up. The leader of the hon. Gentleman's party has said that it would be wrong to impose an electoral system on a Parliament in a democracy, so why on earth would it be justified for us to impose—with the support of his party and mine in the Scottish Parliament—a PR electoral system for local government when people do not want it?

Pete Wishart: What is behind that sentiment is very revealing and shows where the hon. Lady and her colleagues are coming from—they do not like this matter being devolved to the Scottish Parliament. They would prefer that decision to be in their hands and that is the real intention behind her question.

I listened carefully to the concerns expressed about list Members and about Members elected from the additional Members list. Labour Members have a point about list Members; they have not covered themselves in glory and there are issues in respect of their role. There is real disappointment that the list system has not worked, although as I reminded Labour Members earlier, the House itself decided on that system—perhaps that is a reason for giving the decision to the Scottish Parliament.

Labour Members also have a point when they refer—as several of them did—to the fact that 70,000 Labour voters in Glasgow could not elect one Member in the list. That is a legitimate point, but I wish that Labour Members would show some democratic consistency in applying that principle. What about the 40,000 SNP voters in Glasgow who secured 4 per cent. of SNP councillors in the city? That is equally wrong. It takes about 12,523 SNP voters to elect one councillor in Glasgow, yet it takes only 1,230 Labour voters to do so.

I accept that there are problems about all those wasted votes and that Labour Members have principled objections to that and to Labour votes being wasted, but they must concede that a first-past-the-post system for local authority elections will also give rise to problems of democratic deficit.

Chris Bryant (Rhondda) (Lab): I am grateful to the hon. Gentleman for giving way, especially to a Welsh MP, but is he not missing the point? The worst thing about the current list system is that a candidate can lose in the constituency but still come in by the back door under the list system.

Pete Wishart: The reason for that is because they do so overwhelmingly well under first past the post—that is why they are not selected. That is a key and legitimate point.

Mr. Michael Weir (Angus) (SNP): My hon. Friend might like to point out to Labour Members that Peter Peacock came third in Moray, yet he is a Minister in the Executive for their party.

Pete Wishart: That is a very good point. We do not expect that kind of consistency from Labour Members; they seem to be concerned only with securing a first-past-the-post system.

Only STV will ensure that every vote counts. It will ensure that tactical voting will not take place on the scale that we experienced during the last Scottish parliamentary elections. If we had STV, there would be no second-vote Green; the Greens and the Trots would have to compete for the first votes like the rest of us. Surely, that makes sense.

Given that we could solve all the issues on voting systems for domestic Scottish elections, the only real opposition to STV would be if Labour Members were opposed to proportional representation per se. That is closer to the facts, because we have heard from their contributions that they do not want PR for the Scottish Parliament.

The commission has a big job to do; it will have its work cut out if it is effectively to square all the concerns that we have heard today. However, it must not be used as a fig leaf to cover the real differences that exist in

[Pete Wishart]

Scottish new Labour. It must not be used to try to heal the wounds that have developed between Lanarkshire Labour and London Labour.

Mr. Davidson: Although many views are being expressed from the Labour Benches, the hon. Gentleman makes a mistake if he characterises everyone on them as new Labour.

Pete Wishart: I am grateful to the hon. Gentleman; he sums up the differences in the Scottish Labour party. Indeed, the differences that have emerged during this debate are truly overwhelming. I do not know where he fits into the spectrum, but he certainly has much to choose from.

The fault lines between the two groups are clear. If there was a free vote on PR for local government, I think one Labour Member would be in favour—

Chris Bryant: Two.

Pete Wishart: There would be support from their Welsh colleague, but the rest would reject it overwhelmingly.

Whisky strip stamps are another issue—*[Interruption.]* Labour Members are asking about Divisions, so I would give them one on whisky strip stamps. That is an interesting and indicative—*[Interruption.]*

The Second Deputy Chairman: Order. May we have fewer interventions from a sedentary position? I can hardly hear what the hon. Gentleman is saying. May I also ask him to address his remarks to the amendments before us?

Pete Wishart: I am grateful to you for your guidance, Sir Michael.

My point was that if Labour Members had their way up the road they would oppose whisky strip stamps, but in this place not one of them was prepared to support the whisky industry in its hour of need. That was disgraceful.

We shall support the Bill. We believe that it is right and that we must have 129 Members for the Scottish Parliament. The amendments are not the solution to the problems that we heard about at such length on Second Reading and again today, and if they go to a vote, I urge the Committee to throw them out. We should support the Bill, but throw out the amendments.

Mr. Davidson: I want to consider whether the proposals can be improved. They start from the assumption that the system in the Scottish Parliament is the best of all possible worlds and that the current construction—with 129—is not capable of change or enhancement. There are two main reasons why that is not the case.

First, the existing system is unfair. The situation in Orkney offers an example. The Member for Orkney, who is the Deputy First Minister, was elected with—I believe—3,659 votes. With that figure, he would have won second place in no constituency and would have come only third or fourth in many others. In fact, with 3,659 votes in Strathkelvin and Bearsden, where there were five candidates, he would have come sixth. The absurdity that someone can be elected in one constituency with a vote that would not even have enabled them to come last in another needs to be addressed, so it is reasonable to consider a system that would give us more equally sized constituencies—*[Interruption.]* I hear a Welsh comrade, the hon. Member for Rhondda (Chris Bryant), say that that is the consequence of first past the post, but it is not simply that. The system is being used in constituencies of grossly unequal size and we must address that.

Mr. Weir: Can the hon. Gentleman tell us how that would change under the proposals we are discussing? I understand that there would be two Members for Orkney and Shetland—a joint constituency, which is not being changed under the current boundary commission proposals for Westminster.

Mr. Davidson: Let me come to the answers in a moment, but my understanding of the amendment is that there would be two Members for each Westminster constituency, as proposed under the new system. Orkney and Shetland would each remain a constituency in the Scottish Parliament, with one Member each, but every other constituency would be split in half and their sizes would then be less disproportionate to the size of Orkney and Shetland than at the moment. Orkney would no longer have the gross, disproportionate advantage of being able to elect someone with a vote that would give him or her sixth place, behind the five others, in at least one other constituency. Clearly, that unfairness needs to be addressed, but it was not foreseen when the Scottish convention drew up the current system.

Mr. Weir: Would the hon. Gentleman like to address what the situation would be if the Western Isles constituency were split in two, as it also has a very small electorate, while returning two Members?

Mr. Davidson: That is a fascinating point, about which I invite the hon. Gentleman to submit an amendment. I have identified a difficulty, and I am happy to support the amendment, which would address it. If the hon. Gentleman has subsequently identified another difficulty, let him submit an amendment to try to deal with it.

I certainly want to associate myself with the earlier comments about the difficulties caused by list Members who pretend to represent individual constituencies. In the Pollok constituency, which I represent in the House, Johann Lamont was elected by a clear majority at the first Scottish parliamentary elections. She defeated Kenny Gibson of the SNP and Tommy Sheridan of the Scottish Socialist party, both of whom went on to pretend to be the constituency Member for the Pollok area. They advertised, presented themselves and went round to organisations, making it clear that they were the representatives for the Pollok constituency and deliberately trying to mislead the electorate. The SNP's internal election results have removed Kenny Gibson from the scene since then, but Tommy Sheridan still

pretends to be a Member representing the Pollok constituency. That causes considerable confusion in the minds of many of the electorate.

I want to echo the point made by my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell). Indeed, Australia's gain is our loss in the circumstances. She graphically pointed out the difficulties of the second vote system, which involves substantial numbers of wasted votes because of the way in which it operates.

Mr. Alan Reid: Does the hon. Gentleman not accept that, under the amendment, there would be far more wasted votes in the second ballot because the number of list MSPs would be reduced? So why does he support the amendment?

Mr. Davidson: Let me first outline what the difficulty is before returning to my solution.

In the second ballot in Glasgow, 77,000 people cast a vote for the Labour party, but they got no one elected. Those 77,000 votes were wasted. However, the SNP and the SSP together polled only 66,000, but they got four people elected. Why can 66,000 votes get four people elected, but 77,000 votes get no one elected? That seems to be patently unfair. Similarly, if the figures for the Liberals, the Greens and the Tories are put together, they polled only 45,000 votes, but got three people elected. So it seems that, with the second vote system, someone can fail to get elected even though he or she get lots of votes, while other people with fewer votes can get elected. Indeed, that applies not only in Glasgow, but in the west of Scotland, Lanarkshire, central Scotland, the Lothians and a number of other areas.

Pete Wishart: Will the hon. Gentleman explain how it is fair that it takes 87,313 votes—48 per cent.—for Labour to get 71 seats on Glasgow city council or 90 per cent. of the seats there, when the SNP gets three seats with 37,570 votes or 21 per cent. of the vote? Explain how that it is fair.

Mr. Davidson: Well, we now have someone in the national party of Scotland, as it sees itself, calling for Westminster to take powers away from Edinburgh and to determine how local government elections should be conducted in Scotland. I am prepared to support that suggestion if the hon. Gentleman is willing to table proposals that say that such things should cease to be devolved matters and should be dealt with here. The vast majority of councillors in Scotland, not only from my party but from other parties, would enthusiastically support stripping that power away from the Scottish Parliament.

7.45 pm

John Barrett: Does the hon. Gentleman not remember that the reason for the second vote was that the first vote was for a non-proportional, first-past-the-post seat? The second vote was intended to make the entire result more proportional. It was a case not of holding a completely separate election, but of making the entire election more proportional.

Mr. Davidson: That was not why the system was set up; it was set up to keep the Liberals on board. It was a sweetie given to the Liberals to keep them happy and to stop them walking out of the convention and threatening to sabotage the establishment of the Scottish Parliament. That is why it was done.

John Robertson: Is it not also a fact that, when those people were standing outside the polling stations, they told the people who were going in, "Yes, you can vote Labour. We don't want your first vote. It's okay to vote Labour, but vote for us in the second vote. Don't worry about that; Labour won't mind because their second vote doesn't count"? Is that what we call democracy?

Mr. Davidson: Indeed, that is exactly what was said. Not only were the Liberals saying it, but the Trots, the nationalists and, indeed, the Tories were saying it in Pollok. [HON. MEMBERS: "Tories in Pollok?"] Yes, there are a few Tories in Pollok, and we know where they live. Yes, we have got their names. Everyone was clearly saying that the Labour party's votes in the second ballot would be wasted, so people should vote for the other parties. Of course, many people took that advice, which artificially depressed the Labour party's vote in the second ballot—otherwise it would have been much higher. The 77,000 votes that were cast is a lower figure than the number of Labour votes in the first ballot. It cannot be sensible to have a system with two ballots, when people know that their votes will be wasted if they support Labour in at least five out of Scotland's eight divisions. That is not tenable.

Mr. Lazarowicz: I am grateful to a fellow Labour and Co-operative Member for giving way. As I understand it, he is saying that it is wrong for parties to suggest that voters in the second ballot should vote in a way that does not reflect their preferred electoral wishes but that makes the most of the electoral system. My hon. Friend has been calling for some time for the Co-operative party to do that very thing in the list system for the Scottish Parliament. Has he now withdrawn that proposal, which, of course, has regrettably found no support at any official level in the Co-operative party?

Mr. Davidson: May I say how glad I am to get that introduction from my colleague? I was identifying the difficulties before moving to the solution, and it seems entirely sensible that we examine it in the light of the two problems that I have identified—the unfair sizes of individual constituencies and the preponderance of wasted votes in the second ballot—whether or not the amendment proposed by my hon. Friend the Member for Cunninghame, South (Mr. Donohoe) addresses those issues.

Of course, the amendment clearly addresses both the issues that I have identified. By splitting in half the proposed Westminster constituencies and creating two seats in each, we would bring the seats more in line with Orkney and Shetland, although not sufficiently so in my view. Of course we would also allow a system of gender balance in respect of my own party. That would not involve legislation, but I support that because it would be in line with our view of how any revised system for the Scottish parliamentary elections should be conducted.

However, let us consider the second system that I suggest. If there is no change in the electoral system along the proposed lines, we must all, especially Labour

[Mr. Davidson]

Members, consider how to react. We have two experiences of every Labour vote in the second ballot being wasted. In those circumstances, the rational response is to consider casting one's vote elsewhere. I know that the Tories, the Liberals, the nationalists, the Greens and the Trots have appealed for those votes at some time. However, I believe that it is far better to cast that vote for a party with which we already have an alliance; it is far better to give it to a nice, kind body such as the Co-operative party, which can be trusted to work more closely with the Labour party than with the Liberals.

Like my hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz), I stand for this place as a joint Labour and Co-operative candidate because, on a first-past-the-post system, it makes no sense for a Labour candidate and a Co-operative candidate to stand against each other. However, under the system that we are considering and that I want to amend, it is irrational for Labour to put up candidates in both categories for the Scottish Parliament elections. In such circumstances, I hope that our arrangement with the Co-operative party would be recast to allow the latter to stand and Labour to stand down in order to create a Co-operative and Labour party alliance.

I appreciate that I have outlined a new idea, which is therefore considered dangerous. I also know that it was not invented at head office and must be even more suspect. None the less, I hope that Labour Members will consider it on its merits. We cannot continue to ask our people to waste their votes in election after election and subsequently find ourselves forced into an alliance with people with whom we would not choose to share an enclosed space for any length of time, simply because the other alternatives are worse.

Chris Bryant: Would my hon. Friend want to preclude people from standing for constituencies and the list? That would obviate the problem that we in Wales call the Clwyd, West system, whereby one person wins the constituency seat for Labour and all three losers win list seats and end up in the Assembly.

Mr. Davidson: I acknowledge that that is a difficulty but I would not legislate against it because I believe that the way in which to address it is to try to reduce the numbers of list members and to make it clear that they have a national rather than a local responsibility. Although I would be prepared to amend the figure of 129 to bring it slightly more into line with the balance of first past the post and proportional representation, we are told that it is a sacred number from which we cannot depart. If that is so, and we have identified 118 first-past-the-post seats, I would choose to elect the remaining 11 representatives on a proportional representation system for the whole of Scotland and ask them to take on a national responsibility and perhaps focus on Committee chairmanships or positions so that they are distinct from the constituency Members, who tend to pick up on local issues and present them in the Parliament.

It is an unwarranted intrusion into the flexibility and freedom of political parties to tell them that individuals cannot stand for both lists. I appreciate that especially the lesser known parties would want their leaders both to head a list and stand for a specific constituency, knowing that he or she was unlikely to prove successful. I acknowledge the problem but the suggested solution is not appropriate.

It has been suggested that everyone always accepted the two principles of 59 Members of Parliament and 129 Members of the Scottish Parliament. However, the consensus in the Labour party has always been for the third principle of coterminosity. The majority of Labour Members accept that. The amendments that my hon. Friend the Member for Cunninghame, South tabled would fulfil the three criteria better than the Government's proposals.

I hope that, when the Under-Secretary responds, she will tell us more about the commission. I remain anxious about the decade in which the commission will report and in which its reports will be implemented. If we allow ourselves to move beyond 2007, new facts will apply. I presume that that is the intention of those who support delay. After 2007, local authorities would be elected by proportional representation and there would be enormous vested interest in adopting a specific solution wholesale.

It is more sensible to make decisions quickly, acknowledge our difficulties, judge the success of proportional representation by the turnout for the European elections and conclude that the universal application of first past the post is by far the fairest means of conducting elections in this country.

Mr. Salmond: The hon. Member for Glasgow, Pollok (Mr. Davidson) tempted me into contributing to the debate. I emphasise to him that I have never argued that voting Labour in the second ballot was a wasted vote. I have argued that voting Labour in the first ballot was a wasted vote and I shall continue to maintain that position.

The hon. Gentleman said that his proposal about the Co-operative party was a new idea. I congratulate him on re-presenting an idea that I have heard him present many times in the past few years. However, he has a quality that is not given to everyone participating in the debate: consistency. He was the only Labour Member of Parliament who spoke against the current electoral system for the Scottish Parliament when it was debated in Committee on 28 January 1998. When we consider the system and its faults, we should show a little humility and admit that the hon. Gentleman, who opposed it for different reasons—he said that first past the post was best system—was the only Labour Member to identify difficulties in the initial debate. He therefore has the benefit of consistency.

That does not apply to the Tory Front-Bench spokesman, the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan). When only one Tory Back Bencher was present in the debate, it was a little like old times. The only difference was that that used to happen in debates on Scottish legislation when the Conservatives were in government, and the people who were not present carried the vote. The hon. Member for Galloway and Upper Nithsdale should have a word with Conservative Members who claim to take such an interest in Scottish affairs and want to vote. The party could at least provide some token representation to show some interest. The hon. Gentleman is more interested in Merseyside than his colleagues are in Scottish affairs.

I do not mind the hon. Gentleman's teasing the Labour party about U-turns, but no one has performed more U-turns on the matter that we are considering than the Conservative party. In 1997, the Conservative party in the Lords played a key part in arguing that the Scottish Parliament should have the right to maintain its numbers. It said that it would be impossible for Parliament to impose different systems on the Scottish Parliament. Conservative Members have done a U-turn on that.

Conservative Members are about to perform a U-turn on the commission. I should like an explanation. On several occasions when the hon. Member for Galloway and Upper Nithsdale has been asked about Conservative participation, he has used the word "yet". We are therefore being told from a sedentary position that Conservative Members are about to change their mind. My only concern, as someone who posted my letter, first-class post, to the Secretary of State, is that it is a bit much to have to wait to hear who is on the commission until the Conservative party eventually decides that it will nominate—whenever the hon. Gentleman is told that he can by his party leader. Will the Minister confirm that she is not waiting for the Conservative party, or will she deal with that point later? The Minister indicates that she will deal with the point later. I am glad to hear it. It would be extraordinary if we were waiting for the commission to be established because the Conservative party was playing some game about when it would nominate.

8 pm

I have two points on the subject of debate. I am not an expert on the constitutional convention, for obvious reasons.

Jim Sheridan (West Renfrewshire) (Lab): Before the hon. Gentleman leaves that point, I have no reason to question his integrity or his knowledge of what happened in 1998 in terms of my hon. Friend the Member for Glasgow, Pollok (Mr. Davidson) being the only Labour Member speaking in the debate. However, will the hon. Gentleman accept that, since 1998, there has been a significant change in personnel on the Labour Benches?

Mr. Salmond: I did not say that the hon. Member for Glasgow, Pollok was the only Labour Member who spoke in the debate. I said that he was the only Labour Member who spoke against the electoral system. Five Labour Members spoke in the debate, including the Father of the House, the then hon. Member for Midlothian, whose successor seems to have a different opinion, the hon. Member for Inverness, East, Nairn and Lochaber (Mr. Stewart), who I suspect still has the same opinion, and the then hon. Member for Falkirk, West, who of course is no longer in the Labour party. Only the hon. Member for Glasgow, Pollok was against the system.

I accept the point that we have learned from experience. I was merely saying that very few people had the foresight at the time to identify the problems in the system. Where did they arise from? I am not an expert on the constitutional convention, but I suspect that the story runs something like this. The Liberal party on the convention wanted a single transferable vote. Although, as the hon. Member for Edinburgh, North and Leith (Mr. Lazarowicz) pointed out, the Labour party had accepted proportional representation, it did not accept the single transferable vote and said that there could be a list system. The Liberals then said that they wanted 145 Members in the Scottish Parliament. The Labour party wanted about 100. The figure of 129 was settled on, as the least possible number to ensure some form of proportionality. So there was a process of horse trading, and perhaps it is hardly surprising that the system that arose from that was by no means perfect.

I have no idea which evil genius decided to have two ballots, which is unnecessary in an additional Member system. It is perfectly possible to operate an additional Member system with one ballot. Incidentally, it could be done—I would say this to the hon. Member for Midlothian if he were here—with ATV in the first ballot. Some people do it that way. I do not know exactly where the two ballot proposal arose from. We have heard Canon Kenyon Wright blamed. I thought that it was the hon. Member for Edinburgh, North and Leith, but he has specifically denied it in this debate and we have to accept his word.

The key problem with the current system in the Scottish Parliament arises from the second ballot. With great respect to the Labour Members who are concerned about list MSPs crawling all over their constituencies, I was an MSP and had list MSPs crawling over my constituency, but it never did me any harm. I do not reckon that it did the electorate much good, but it was not the most enormous issue. With respect to the right hon. Member for Airdrie and Shotts (Mrs. Liddell), I do not think that the problem with the two votes is the one that she identified, namely that of people saying that a vote for Labour is a wasted vote. It is perfectly clear from an examination of the statistics on the second vote that a substantial minority, probably the majority of people voting, think that the second vote is a second preference. That applies to every party on the first vote. The fact that some parties reinforce that belief in their campaigning may add to the problem, but it is not the heart of the problem. If someone is given two ballot papers and told that they have two votes, it is a reasonable assumption, even for someone who is quite interested in the political system, that the second vote is not quite the same as the first and might be for a second preference. In my experience, most people think that the second vote is for a second preference. That is the heart of the problem, because it is a real corruption of the political system and must be dealt with, whatever else happens in the commission.

I am not an expert on the workings of the constitutional convention. To be able to plead not guilty to that is something of an asset, but I know a bit about the way in which the referendum campaign was conducted in Scotland. I have mentioned before that the Scottish news archive shows that the late Donald Dewar had 183 mentions during the election campaign. I had 120. The right hon. Member for Airdrie and Shotts had four. The right hon. Member for Carrick, Cumnock and Doon Valley (Mr. Foulkes) had one. The Minister, who was a Back Bencher at the time, had five, and the current Secretary of State for Scotland had seven. Most of them may say that they were Ministers in other Departments,

[Mr. Salmond]

but the right hon. Member for Cunninghame, North (Mr. Wilson) was a Minister in the Scottish Office, and he had 15 speeches and contributions recorded in the referendum campaign. Eleven were references to his previous hostility to devolution; only one was about involvement in the campaign itself. It was launching referendum ice cream, sold by Ricardo Varani, the owner of the Forum café in Kilmarnock. "Very refreshing" was the then hon. Gentleman's comment. He was obviously crawling all over that constituency and sampling the ice cream.

I do know something about the referendum campaign, and the point was that it was not the specifics of the electoral system—and not even the 129 MSPs—but the idea of proportionality that was very much part of the campaign. Wanting to change the system is perfectly legitimate, given the problems that arise in that respect, but those who want a return to first past the post should remember that, although it was not a dominant or overwhelming part of the campaign, a significant argument in the campaign was that the Scottish Parliament would represent all of Scotland and be elected by a form of proportional representation. With great respect to the right hon. Member for Cunninghame, North and the other Cunninghame Member, the hon. Member for Cunninghame, South (Mr. Donohoe), there is a strong suspicion—without going into the detail of the electoral system that he would like to arrive at—that whatever else may be said about it, it is not a proportional system. Therefore, I suspect that he is cutting across one of the key arguments that were made when we jointly sought the consent of the people back in 1997.

Anne Picking: I thought that the hon. Gentleman was about to finish his speech, so I was waiting for an opportunity to ask the same question as I asked a colleague of his. The hon. Gentleman maintained earlier that we should have no right to inflict or impose a voting system on an established democracy. The same established democracy wants to do that by introducing PR in local government. How does he marry the two arguments?

Mr. Salmond: The hon. Lady is correct. It is not a question of inflicting a system. A legislative Parliament should have the right to determine its own electoral system. Electoral systems can be determined only by legislation and therefore only where there is legislation. I am not sure whether the hon. Lady was arguing this, but conceivably under her argument there could be a different electoral system for each local authority in Scotland, which would not be a great idea. If we are concerned about four or five electoral systems, being concerned about 25 might seem a bit much.

The principle of consent comes through the political forces in the Scottish Parliament. I have been shocked to discover in this debate that it is estimated that only 10 per cent. of Scottish Labour party members support the electoral system for local government that the First Minister announced only a few weeks ago as a breath of fresh air and a revolution in Scottish democracy to which his party was fully signed up. I suspect that he has as much influence on these matters as he did with his call to vote against whisky strip stamps, if I can mention that issue again. The fact that the First Minister of Scotland does not represent what some hon. Members understand to be Labour party opinion is, with great respect, a matter for the Labour party and the First Minister, not for the rest of us. What I can say is that there are enthusiastic supporters in local government—certainly in my party and, I think, in others—of a form of proportionality, but Parliament takes the decision. I am sure that the hon. Lady's colleagues in the Scottish Parliament will take a decision for the best of motives on what they believe in, not for any other base objective.

The mechanics of the voting system in Scotland have certain flaws, and nobody who has seen that system in operation, or who has experienced standing for election under it, could deny it. The system is capable of change; it should be changed by the Scottish Parliament, and at the very least I hope the Minister can go a bit further than her disappointing allusion. Previous Ministers in her position, while reserving within their opinion the right to legislate, have always conceded that such legislation primarily affects the Scottish Parliament and its view in the matter certainly should be taken into account. As Lord MacKay of Ardbrecknish said in 1997, it would be inconceivable for someone else to impose on the Scottish Parliament an electoral system that it did not want.

Jim Sheridan *rose—*

Mr. Salmond: I shall give way one last time, for old times' sake.

Jim Sheridan: When the hon. Gentleman speaks about two votes and one being wasted, I work on the assumption that at the next general election he will inform his constituents in Banff and Buchan that if they vote for him to come to Westminster that will also be a second vote for him to go to the Scottish Parliament as well. One way or another, one vote will be wasted.

Mr. Salmond: I am fortunate in that, as yet, my constituents in Banff and Buchan have reckoned it reasonably worth while to elect me to whichever Parliament I have stood for. With great respect, I have more confidence in the judgment of my electorate than I would if they were composed only of the hon. Gentleman. Let us leave that matter in the hands of the people of Banff and Buchan, and I will be delighted to accept their verdict.

On contribution rates—I shall not talk about my own, of course, as modesty forbids—those of my hon. Friends seem to be higher than those of virtually every Labour Member in the Chamber. That is the case not only for contributions made from the Floor—

The First Deputy Chairman of Ways and Means (Sylvia Heal): Order. The hon. Gentleman is straying very wide of the amendment.

Mr. Salmond: I accept your strictures, Mrs. Heal. I think that Labour Members know what I was about to say, so let us leave it there and get back to the heart of the issue.

I believe that the Scottish Parliament—any self-respecting Parliament—should determine its own voting system. The events when this Parliament

determined the voting system and legislated on it on 28 January 1998 provide no basis of confidence for believing that it should have another try. It botched up the first go and the Scottish Parliament should be the place where these things are done. I hope that the Minister is at least able to say more about how she shall consider the views of that Parliament on the electoral system. I hope also that she will confirm that she is not prepared to wait until the Conservative party is ready to nominate at some point in the future before getting the commission up and running.

My last point to the Minister is a serious one, and I hope it is shared widely. Given the problems that have been identified in the voting system for the Scots Parliament from a variety of points of view—for problems there are, without question—can she say whether a new and better proportional voting system will be up and running in time for the next Scottish elections?

John Robertson: I look at the time and see that I have plenty of it, but I do not intend to take up too much.

In relation to his comments about 1997 and 1998, I say to the hon. Member for Banff and Buchan (Mr. Salmond) that hindsight is a wonderful thing, but I wonder how many of my colleagues would now not intervene to try to prevent what was proposed at the time. I agree, as he did with me on Second Reading, with his analysis on ballot papers. One ballot paper is sufficient for anybody. The voting system we might not agree on, but never mind.

This has been an excellent debate and, as usual, we have had a lot of fun. Unfortunately, the people we are here to talk about and represent probably do not care a jot about what we are discussing and what will happen at the end of it. They might eventually care, but at this moment they do not. Something that my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) said of the commission fully fits practically everything that we are saying today. He said:

"To me, the commission sounds like a classic Sir Humphrey mechanism. One can imagine the discussion that took place: 'We are creating a shambles—what are we going to do? We'll set up a commission. When will the commission report? After the shambles has been created."—[*Official Report*, 9 February 2004; Vol. 417, c. 1182.]

That sums up exactly what we are talking about in relation to the system that we have in Scotland.

8.15 pm

The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) asked why we need to open up the Act. I have great sympathy with that question and we have been known to agree in the matter. This comes down to whether we are getting value for money. I am happy to accept 129 MSPs, and I am sure that the people of Scotland would be happy to accept that number if they felt that they were getting value for money. Sadly, I do not think that they are.

That came out in particular in the Scottish Affairs Committee when we took evidence on the subject, as neither the Convention of Scottish Local Authorities nor representatives of the Scottish Executive—I know that the hon. Member for Angus (Mr. Weir) will agree—had anything good to say about the list system. The jokes and the laughter about people crawling over constituencies are only too true.

Other than the annoyance caused to MPs and MSPs elected under first past the post, there is the cost to the nation. The cost, in Scotland in particular, is vast. Questions are asked in duplicate, triplicate and goodness knows what "iplicate" when we get to about 16 questions, which is a waste of time and money. It has to be addressed.

Jim Sheridan: On wasting money, my hon. Friend will be aware that that happens not only in the Scottish Parliament, but at Westminster, where we have MPs asking duplicate questions when the answers are available from the ministerial website. Those MPs refuse to get the information in that way, so they waste Parliament's time by asking the questions and using them in a league table.

John Robertson: My hon. Friend is right. If we are to try to get value for money for any Parliament, not just the Scottish Parliament, we must look seriously at the asking of such questions. Nationalist Members may get involved with league tables, but I have to say that certain Conservatives have to take a really good look at themselves and the number of questions they ask. On opening up *Hansard*, we can find 20 pages filled by questions from one Member. That is not value for money for the constituents he represents, and it is not value for money for the House. It certainly is not value for money for the taxpayer.

Amendments Nos. 1 and 2 would introduce two Members per constituency, but at no time did anyone in whose name those amendments stand talk about the electoral system as such. Two per constituency would keep coterminosity, which, in most cases, has been agreed to be desirable. If not desirable, it is a necessity. Election might be by first past the post, STV or AV—I lean towards first past the post, but then again I would—but that is not to say that there could not be election by another system.

The fact of the matter is that that is not what the amendment is about. It is about keeping coterminosity and keeping a relationship between Westminster and the Parliament in Scotland. Of course, it would be politically advantageous for the nationalist party to get rid of that. The last thing that it wants is Westminster and Holyrood working together in partnership and doing what is right for the people. I do not think that the Scottish nationalists care two hoots about the people, unless they happen to vote for them. Thank goodness for the rest of us, who do not vote for them in great numbers.

Mr. Peter Duncan: The hon. Gentleman will have played a key part in the referendum campaign in Glasgow in 1997. Can he conceive of the reaction if the Labour party had proposed to the Scottish public a system whereby different constituencies would have been in place for Westminster and the Scottish Parliament only six years on?

John Robertson: The hon. Gentleman asks a good question. Sadly, at that time it would not have made any

[John Robertson]

difference, because the debate was about not what was going to happen in relation to the Parliament, but for the hearts and minds of the people and voting for a Scottish Parliament. We all worked hard for that.

I was fortunate enough to be Donald Dewar's election agent, as well as his campaign manager in the constituency because he was out and about in the country. We worked very hard and got a very good turnout in my constituency. We also got a good vote for the Parliament. Lots of parties were involved and that was one of the few times that I have ever congratulated the SNP in my constituency, where it came out, helped and worked hard for a yes, yes vote. The unfortunate thing was that it could not do anything as a party in the Glasgow area to get a yes-yes vote. It was left to the Labour party to do all the work. That was sad, but the good news was that it came out and helped and we got the vote.

What would my position have been if I had known then how it would turn out? I must speak for myself in relation to that. Not too many people come to talk to me about this subject. They might say that the Scottish Parliament is too expensive, or that there are too many MSPs, but it is not generally talked about. People are more concerned about the delivery of services by the Parliament. The question is: is that good? While there are good points, there are also negatives, and the people will decide, but that is not what we are talking about today. We are talking about the amendments.

Many hon. Friends mentioned local government, which is fair. The hon. Member for Banff and Buchan said that there was no legislation on local government in that respect. Well, there is, but it does not come from the Scottish Parliament. Out of 28 councils in Scotland, 24 would like it to stay that way. They are not happy at being told that they are moving to an STV system. They are not happy about a wee cosy get-together in Edinburgh where deals are done long before anything comes out and appear as a fait accompli to the membership. Because of the numbers game at Holyrood, whereby my party has no overall majority, the tip of the tail must be listened to, because they are doing the wagging.

Anne Picking: Does my hon. Friend agree that the coalition is too high a price in giving PR to local government?

John Robertson: I thank my hon. Friend for that point. Again, I can speak only for myself—I would not dream of speaking for anyone in my party or anyone else on this matter—but I must agree. I would never have gone into any kind of coalition with any party under any circumstances. I would much prefer to have been a minority Government, and I believe that we would have got better government in Scotland if we had stuck to that. Hindsight is a great thing.

Mr. Salmond: For clarification—I know that this is what the hon. Gentleman is saying—will he confirm that his problems with this matter are related entirely to decision making in his party? It is no one else's responsibility. If the Labour party want to govern as a minority in Scotland, it has the ability to do it. That was even done in Wales for a time. Those are choices made by his party colleagues and there is no point in criticising the rest of us for something inherent in his party.

John Robertson: I agree to a certain extent, but the fact is that once we enter a coalition, it is difficult to get out of it. We solidify opposition against us and, in this case, we have the SNP, the Greens, the Scottish Socialist party and Uncle Tom Cobleigh and all managing to vote together—

The First Deputy Chairman: Order. I remind the hon. Gentleman of the scope of the amendment under discussion.

John Robertson: I apologise. The hon. Gentleman goaded me into it, and it is not my fault. A big boy did it and ran away. I think that I have made my point.

Amendments Nos. 4 to 6 do away with the connection to eight European constituencies, which would seem sensible, as we are doing away with the eight European constituencies. As of June this year, we will have a list-type system under which the top people will be voted in. They will not have constituencies to represent. Why would we want to set up a system in the Scottish Parliament that mirrors a system that no longer exists? Nobody wants to answer that question, which seems fair enough.

If we do not want eight European regional lists—let us say for the sake of argument that we want to get rid of them—with what will we replace them? Were we to change to the system that my hon. Friend proposes, we could still have a list system of five or six to top up, depending on whether we want to make one seat of the Western Isles. I identified that kind of problem in my submission. Be that as it may, five or six MSPs crawling over the whole of Scotland has a certain appeal to me, as it will keep them busy and well away from me and let me get on with the work that I think that I do very well for my constituents—[HON. MEMBERS: "Hear, Hear."] I thank hon. Members. I do not know to whom *Hansard* will attribute that intervention—[HON. MEMBERS: "Everyone."] That will do for me.

Amendment No. 7 asks for recommendations on which Parliament can decide. The House must make the laws and decisions. We cannot allow a commission or someone else to make the decisions for us. This is our job. In effect, it is what we get paid the big bucks for. Those of us who want to shirk the responsibility should go somewhere else. We must take on the responsibility and, to that extent, we should make the decision. I ask my hon. Friend to consider that in relation to the commission. I would like the commission to make recommendations—in the plural—not one recommendation that suits everybody. I want recommendations so that we can come to the House and have a serious debate, and nothing less.

Jim Sheridan: On recommendations, my hon. Friend will be aware that hundreds of our colleagues are in their offices watching this debate and millions throughout the rest of the UK are listening to it. In the event that this proposal is withdrawn or voted down, what system would he recommend to those in the rest of the UK, particularly in England, when devolved government is rolled out?

John Robertson: I know what my hon. Friend is trying to say, but I will leave that to the English regions. It is not

for me to tell them that the system that we have got is crazy. That will be for them, and I hope that they will find that out before they try it and that at least they will listen to us.

I have spoken for a little longer than I anticipated. The point is that this is the House of government—not just the Front Bench but the Back Benches—and we have the right to our say. The hon. Member for Banff and Buchan said that a mistake was made in the laws back in 1997 and 1998. He is right; I think that there were a great many mistakes. The reason for the House, I thought, was to make laws and amend Bills. Why do we do that? We do it to make those laws better. Is that not what we are here to do? We are here to make the law better for the people of this country. How do we do that without people telling their representatives what they think? I make representations to my party and I stand on the Floor of the House and say what I think is right. The Opposition say what they think is right and we end up with a Bill that is fit for the people of the country. I see nothing wrong with that: it is democracy. What I do know is that whatever we have today, at some stage we shall have to revisit it. That is what government is all about.

Mrs. McGuire: I thank Members on both sides of the Committee for the way in which the debate has been conducted. As one of my colleagues said—I cannot remember who it was—it has been goodnatured and wide ranging. Amendment No. 1 has prompted discussion of many issues, but I want to deal with all the amendments tabled by my hon. Friend the Member for Cunninghame, South (Mr. Donohoe) before giving him—I hope—enough time to consider a little proposal that I shall make after that.

8.30 pm

I thank my hon. Friend for recognising that his amendments involve technical difficulties. As was pointed out by my hon. Friend the Member for Glasgow, Pollok (Mr. Davidson), however, technical difficulties can be ironed out, and even if they did not exist in this case we would not be minded to accept the amendments. Let me deal first with some of the questions he raised in relation to the commission, the timetabled remit and the membership. I hope that he will take some comfort from what the Secretary of State has proposed, and that what I say will address questions raised by other Members, including my hon. Friend the Member for Glasgow, Anniesland (John Robertson), about the way in which the commission will operate.

On Second Reading, the Secretary of State made clear that the commission would be independent, transparent and consultative. Let me respond to concern expressed by my hon. Friend the Member for Motherwell and Wishaw (Mr. Roy) by reminding him that, according to the Secretary of State, the chair of the commission should be a senior politician—not serving—an academic, a business leader or another prominent individual in Scotland. The key qualifications will be transparent independence and a manifest competence in dealing with a complex set of issues. It is clear from this evening's debate that the issues are complex. The chair should be capable of leading an inquiry that will require substantial public consultation.

Mr. Hood: How will it be possible to select an independent chair who is political but not party political, and who will do the selecting?

Mrs. McGuire: It has been made clear that the senior politician—if a politician is selected—will not be a serving politician. I hope that my hon. Friend will accept that the process of appointing the chair and members will involve consultation with the commissioner for public appointments.

I cannot emphasise too much—various Labour Members in particular have raised this issue—that the commission will make recommendations to the Secretary of State and the First Minister, after which the Secretary of State will decide on the Government's response. He will of course take account of the Executive's view, but, as the Secretary of State said on Second Reading, ultimately it will be for the House to decide. An independent commission will not be making decisions for the House. We have the legislative responsibility, and we will continue to exercise it. As for the time scale, the inquiry will start as soon as possible and will be expected to finish within 18 months to two years. The process has already begun.

Mr. Davidson: It is not clear to me whether the recommendations will consist of alternatives, or of a series pointing in the same direction.

Mrs. McGuire: What I am not prepared to do, and what we were not prepared to do on Second Reading, is anticipate exactly what the commission will come up with. If we establish an independent commission with a remit that, in my view, is quite broad but at the same time very focused—if that does not sound like a contradiction in terms—we must allow it to make the recommendations that it sees fit to make. As my right hon. Friend the Secretary of State assured the House on Second Reading, however, they will be recommendations, not proposals made on a "take it or leave it" basis. Ultimately, it will be for the House of Commons and Parliament in general to decide whether to enact whatever emerges from the recommendations.

Pete Wishart *rose—*

Mrs. McGuire: There is another amendment that the Liberal Democrats would like to be dealt with, but I will give way.

Pete Wishart: I shall be very brief. The Secretary of State said that the commission would report to him and to the First Minister. The Minister has just said that its recommendations will then come to the House of Commons. Will they also go to the Scottish Parliament, which is the subject of these changes, for its approval and consent?

Mrs. McGuire: The hon. Gentleman is again trying to put words into my mouth. What I said was that the commission will report to the Secretary of State and to the First Minister, and that the Secretary of State will

[Mrs. McGuire]

then consider the recommendations—I have now said that three times. The Secretary of State will then decide on the Government's response, taking into account the Executive's view. If there is a need for any legislation, it will be the responsibility of this House, but that brings me—

Mr. Salmond: Will the hon. Lady give way?

Mrs. McGuire: Not at the moment because I want to deal with the issue of the commission and its membership.

We were extremely disappointed at the actions of the Leader of the Opposition—I cannot quite remember his constituency. [HON. MEMBERS: "Folkestone and Hythe."] Right. In his letter, he states that he would not wish to participate in the establishment of the commission and that its establishment was "premature". That was reiterated by the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan). I would have some, not sympathy but understanding for that position, were it not for the fact that, within 96 hours of the boundary commission report in respect of the new Dumfries and Galloway seat, the hon. Gentleman was acclaimed as a prospective parliamentary candidate for a seat that, according to parliamentary procedure, did not exist—we had not yet laid the order for the new boundaries for the Westminster Parliament. If the Conservatives are going to start to stand on principle, as they see it, they need to think through the logic of their argument. I suggest that logic and principle do not sit easily with the Conservatives.

Mr. Peter Duncan: Will the Minister give way?

Mrs. McGuire: As I have challenged the hon. Gentleman, I am delighted to give way.

Mr. Duncan: The Minister, without getting too hot under the collar, has to answer the simple question: if the commission is being set up to address primarily the issue of non-coterminous boundaries, why is it necessary to set it up now, prior to the Bill being passed by both Houses of Parliament?

Mrs. McGuire: We can find out how many angels can dance on the head of a pin, but I will come to the specific point that the hon. Gentleman has raised and deal with the commission's remit, which has exercised hon. Members over the past couple of hours.

Mr. Roy: Is it not a contradiction for a Member representing a constituency to call themselves a prospective parliamentary candidate before the legislation is passed here, yet speak differently in this Chamber?

Mrs. McGuire: That is the Conservatives for you.

The Government have to oppose the amendments. Our commitment since the announcement to the House on 18 December 2002 by my right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell), then Secretary of State, on the future size of the Scottish Parliament has solely been to retain the current number of MSPs and the boundary structure of the Scottish Parliament.

Several hon. Members *rose—*

Mrs. McGuire: I would like to make a little progress because we are running up against a timetable for Third Reading.

Mr. Salmond: Will the hon. Lady give way?

Mrs. McGuire: All right.

Mr. Salmond: I make two very quick points. First, a few seconds ago, the hon. Lady said the report would come back to the Secretary of State, who would take into account the opinion of the First Minister and the Executive. Did she mean the Scottish Parliament, or the Executive? Secondly, on something that is of interest across the Committee, is it the Government's intention that, if changes to the Scottish Parliament system are recommended, they will be in place in time for the next Scottish Parliament elections?

Mrs. McGuire: I said what I said and I will say it again; we have made no secret of this. The commission will make recommendations to the Secretary of State for Scotland and to the First Minister. The Secretary of State will then decide the Government's response, taking into account the Executive's view. That is the constitutional settlement, but I reassure the hon. Gentleman, before he gets in a twist, that the reality is that, of course, the commission will look to engage with Scottish politics and civic society. I would be astonished if MSPs—either individually or in groups—did not present evidence to the commission, which will take evidence from various people. This is becoming a bit tedious, but I repeat that the commission is expected to complete its work within 18 months to two years.

Mr. Hood: In response to the Scottish Affairs Committee report, the Government said that they wanted the commission to report back in time for 2007, but my hon. Friend has said that the commission may take 18 months to two years. It seems that there may be some flexibility and the commission may run over. Will she reassure the Committee that the commission's timetable will allow it to do its work and report back in time for the 2007 election?

Mrs. McGuire: My right hon. Friend the Secretary of State said that he wanted the commission to start its work as quickly as possible and indicated that the anticipated time scale would be between 18 months and two years. I do not want to elaborate further on that.

I assure hon. Members that the fact that the Conservatives have refused to participate in the establishment of the commission will not mean that the commission's work and deliberations will be delayed. If we had to wait for the Conservative party to make up its mind on what it wants to do on devolution, we would be here until kingdom come.

The amendments, even if redrafted to achieve the desired outcome of my hon. Friend the Member for Cunninghame, South, would create a radically different electoral system and would significantly reduce the proportionality in elections to the Scottish Parliament. I am not aware of any consensus or general support for the model that he and other hon. Friends propose.

Even if such a new electoral system for the Scottish Parliament were a valid and ultimately popular option, it is entirely premature for this proposed solution to perceived problems to be accepted. It was quite clear on Second Reading, and from the broader debate outside this House, that there is at present no consensus either between hon. Members or within civic Scotland on whether changing the electoral system to the Scottish Parliament is appropriate and, if so, what alternative arrangements should be introduced. We have heard a variety of options this evening.

We are of course not blind to the concerns raised by a variety of hon. Members, from the former Secretary of State, my right hon. Friend the Member for Airdrie and Shotts, through to the hon. Member for Banff and Buchan (Mr. Salmond). We made it clear on Second Reading that we were aware of the difficulties that might follow from the operation of different boundaries for Westminster and Holyrood constituencies as a result of the passage of the Bill and from a reduction in the number of Scottish MPs. Indeed, that was why we welcomed the recent report by the Scottish Affairs Committee on the possible impact of non-coterminous boundaries on voters, party organisations, electoral administrators and others.

In response to the Select Committee report, the Scotland Office said:

> "This will be an issue for the independent commission on boundary differences and voting systems to consider. The commission will examine inter alia the consequences of having different boundaries between Westminster and the Scottish Parliament constituencies for voter participation and representation of constituents by different tiers of elected members."

It is clear that that is part of the remit.

The Scottish Affairs Committee also commented on difficulties in relations between elected Members, the electorate and other bodies following the overlapping responsibilities of constituency and list Members of the Scottish Parliament. There is also the imminent prospect of four different voting systems operating in future Scottish elections—an issue alluded to by many hon. Members. That is why my right hon. Friend the Secretary of State, after consulting the First Minister, announced that the commission would look at the consequences of different constituencies for Westminster and Holyrood elections, and that the Commission should be set up now and not left until after the Scottish Parliament elections in 2007 as previously planned.

I am pleased to report that work on achieving that is well advanced, in spite of the reluctance of the Conservative and Unionist party to participate. We have now received suggestions from political parties for members of the commission, and we are actively involved in the process of selecting the chairman, in consultation with the First Minister. We hope to announce the name of the chairman shortly.

8.45 pm

As I have already said, the commission will be independent, and will consider the case for change and make recommendations. It will be the commission's task to look at all the matters that might give rise to the difficulties that hon. Members have identified. As we announced on Second Reading, the commission will examine the consequences of four different voting systems in Scotland and of different boundaries at Westminster and Holyrood. It will consider the implications for voter participation, the relationship between public bodies and authorities in Scotland and MPs and MSPs, and the representation of constituents by different tiers of elected members.

The commission will also be asked to make representations on whether the consequences of such matters require action to be taken on arrangements among elected representatives to ensure that constituents and organisations receive the best possible service. That links with the comments made by my hon. Friend the Member for Glasgow, Anniesland, who said that he wanted the freedom and liberty to do what he does best: to represent a constituency in his own area. The pattern of electoral boundaries in Scotland will also be part of the commission's remit, as will the relationship with other public bodies and authorities in Scotland and the method of voting in the Scottish parliamentary elections.

With all respect to hon. Members who have tabled amendments, I suggest that it is not now this House to which we should be directing our proposals and comments in the first instance, but the new commission on boundary differences and voting systems when it is established. It is precisely the issues that hon. Members have raised today that the commission will want to consider and weigh against alternative representations and options.

Devolution was achieved because of a remarkable degree of consensus across Scotland. As we have previously argued, there must be a degree of consensus throughout Scotland before any further changes to the electoral system for the Scottish Parliament are introduced. May I say, with great respect to colleagues, that the way in which the Scottish Parliament is constituted is not just a matter of concern for hon. Members, or even for political parties in Scotland. The electorate and civic society in Scotland, too, are entitled to have their say. The commission will be expected to carry out its remit through a wide-ranging consultation designed to achieve general support for any change. Having thus considered the various views and options, including those of hon. Members, it should reach its conclusions and make recommendations. Then, and only then, can we consider how best to proceed.

For those reasons, we cannot accept the amendments. I hope, however, that my response has given my hon. Friend the Member for Cunninghame, South enough confidence that the independent commission, in terms of both its remit and its timetable, will meet some of the concerns that he and other colleagues have raised. Having said that, I congratulate hon. Members on their contributions and on the thought that they have put into their proposals. I know that some concerns are deeply felt, and cut across party lines. Hon. Members have clearly set out an alternative view for elections to the

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Scottish Parliament, which has taken the debate forward and will be of immediate assistance to the commission when it begins its deliberations.

In the light of what I have said, I hope that my hon. Friend the Member for Cunninghame, South will feel able to withdraw his amendment, and that the consequential amendments will not be pressed to a Division. We recognise the concerns that hon. Members have raised today. The independent commission, as some hon. Members have clearly identified, will give us the opportunity to discuss those concerns, maximise the consensus in Scotland and ensure that the Scottish Parliament, which has been built on consensus, will go forward on the basis of consensus. I ask my hon. Friend to withdraw his amendment.

Mr. Donohoe: It has become obvious that there is a widely held view that we should maintain the 129. All parties have agreed that that is still in the best interests of the best performance of the Scottish Parliament. The only exception to that consensus is the hon. Member for Galloway and Upper Nithsdale (Mr. Duncan).

I would like to go into detail on the interesting contributions that we have heard, but that would be inappropriate in view of the time.

The hon. Member for Galloway and Upper Nithsdale surprised me when he said that his party had turned down the chance to make a contribution to deciding who was on the commission. That will not help us to make progress at the rate that I believe is required to allow us to solve some of the problems that have emerged not just tonight but over the whole period of discussion on the Bill.

My right hon. Friend the Member for Airdrie and Shotts (Mrs. Liddell) powerfully emphasised my point that we tend to forget that the most important people in all this are our constituents. We clearly have not taken full account of how important it is to have them on our side. She also mentioned the four different systems, which have engendered a debate that is fundamental to the need for change and for the commission to work in a timely way towards a single system.

Mr. Davidson: As having four systems has been identified as a difficulty, and as we currently have only three systems, would it not be sensible for the Scottish Parliament to refrain from changing the system of election for Scottish local government until after the commission has reported?

Mr. Donohoe: There is a point there, but we have no control over what the Scottish Parliament does.

I thank the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) for his fulsome praise at my being appointed a keeper of the quaich. As a master of the quaich, with the long service that he has, he understands what an honour that is. A great deal of work is undertaken not only by myself but by others in the all-party group on Scotch whisky, and I am glad that that has been recognised.

My hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz) suggested that the list system was flawed, and even he wanted it changed. Coming from the architect of proportional representation on these Benches, that is quite something, and it was very well received.

The hon. Member for North Tayside (Pete Wishart) said that he, too, supported 129. He asked specifically how I would have the two Members elected. I said at the outset that I did not intend to close my mind to the different options available. I said that my first preference was for one male, one female—perhaps with a blue paper and a pink paper—which reflects the fact that the Labour party is among the few with anything close to a gender balance in the current Scottish Parliament, and there is a lot to be said for that.

My hon. Friend the Member for Glasgow, Pollok (Mr. Davidson) mentioned constituencies being divided into two. The possibility of the person who comes second being elected was also suggested, but that is a matter for others to determine. I am grateful to my hon. Friend for explaining clearly the absurdity of the current system.

The hon. Member for Banff and Buchan (Mr. Salmond) gave us his usual history lesson. Sometimes, history does teach us something, but the essence of his contribution was to point out his belief that additional list Members crawling all over his constituency will not do much good for his constituents. I accept that view; indeed, it is one of the main reasons why I have reached the conclusions that I have reached.

The hon. Member for Glasgow, Anniesland (John Robertson) rightly said that, at the moment, people do not care a jot about this issue. However, when it begins to affect them, they will care a lot. My biggest worry is that they will not vote. In such circumstances, democracy is the victim.

The Minister has answered some of my questions, such as who will chair the commission. I am grateful to her for making that issue clear, and I am also happy with what she said about time scales. A time scale of 18 months, rather than 24 months, will be satisfactory—at least to me.

I tabled the original amendments before 9 February, when this issue was previously debated. In the light of the work done by the commission since then, and having considered the various issues, I shall not press the amendments to a vote tonight—not least because of the contributions made by Members on both sides of the House. *[Interruption.]* I apologise—I sat down too early. The Whip is sat in front of me. I do not know what he is doing there—perhaps he is doing the wrong thing. I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

Mr. Alan Reid: I beg to move amendment No. 11, in page 10, line 10, at end insert—

'Rule 5

Wherever the boundary of a constituency for the Scottish Parliament is not coterminous with the boundary of a constituency for Parliament, the Electoral Commission or the Boundary Committee (as the case may be) shall ensure that the names for the different types of constituencies shall be different.'.

I shall be brief. Although I support the Bill, as drafted it will result in unnecessary confusion. In 23 cases, constituencies for the Scottish Parliament will have different boundaries from constituencies for Westminster, but the same names. For example, there

will be two constituencies of Aberdeen, North, and two of Aberdeen, South. That is not the fault of the boundary commission, which thought that it was producing a report that would work for both Parliaments. Legislation should be put in place to ensure that we do not end up with constituencies with different boundaries but the same name.

In view of the lack of time, I do not intend to force a vote tonight, but I look forward to the Minister's response.

Mrs. McGuire: The intention behind the hon. Gentleman's amendment is to avoid any confusion that might arise from the decoupling of Westminster and Holyrood constituencies where such constituencies will have the same name. It will place the relevant requirement on the boundary committee of the Electoral Commission after the changeover has taken place, but as we have discovered, many electors prefer to stick with a well-established and accepted name for both their Westminster and Holyrood constituency—for example, Banff and Buchan, Gordon and East Lothian—notwithstanding the fact that the boundaries are not identical. We believe that they should retain that right, and I have every confidence that before the same name is adopted for a Westminster and Holyrood constituency, future reviews will take full account of the possibility of confusion and other difficulties that might arise.

As drafted, the amendment would apply only to the new rule for future boundaries, and would make no difference to the current situation. I therefore ask the hon. Gentleman to withdraw it.

Mr. Alan Reid: In view of the Minister's assurances that the boundary commission will take the considerations I have outlined into account, I beg to ask leave to withdraw the amendment.

Amendment, by leave, withdrawn.

It being Nine o'clock, MADAM DEPUTY SPEAKER *put forthwith the Question necessary for the disposal of the business to be concluded at that hour, pursuant to Orders [28 June 2001, 6 November 2003 and 9 February].*

Schedules 1 to 3 agreed to.

Bill reported, without amendment.

Order for Third Reading read.

9.1 pm

Mrs. McGuire: I beg to move, That the Bill be now read a Third time.

Over the two days of consideration—on Second Reading and in Committee today—we have had useful and interesting debates on the issues in the Bill. I thank all hon. Members who have contributed to our debates, as well as parliamentary counsel and civil service colleagues who have been involved in the drafting of the legislation. This is a short Bill, focused on a relatively straightforward objective—to remove the existing statutory link in the Scotland Act 1998 between the number of constituencies at Westminster and those at Holyrood. That position was supported by a wide-ranging public consultation, which showed overwhelming support for retention of the current number of MSPs.

However, as was made clear on Second Reading, we are aware of concerns about the operation of different boundaries for Westminster and Holyrood constituencies in the future. That is why we are setting up an independent commission to look at boundary differences and voting systems.

The debate and varied proposed amendments today have shown that there is a range of views on the extent of the potential problems and what the best solutions might be. Further consideration of the issues is clearly necessary, and I entreat all colleagues in the House to ensure that they participate fully in the commission's deliberations. I appeal once again for the Conservative and Unionist party to reconsider its decision not to nominate candidates for the commission. The party has stood outside some of the major constitutional developments that have taken place in Scotland. If it is serious about participating in Scotland's development, the party should reflect again on its decision.

We announced on Second Reading that we would set up the commission as soon as possible. As I said in earlier debates, work is now well advanced towards achieving its establishment. We now have the political parties' suggestions for members of the commission and we are in the process, in consultation with the First Minister, of selecting the chairman. We hope to announce the chairman's name very shortly.

If tonight's deliberations are anything to go by, the commission will have an important and potentially far-reaching task. However, we should be confident that it will be able to carry out its task, consulting openly and fully with the people of Scotland and their representatives. Once again, I hope that hon. Members will participate fully in the debate over forthcoming months.

The Scottish Parliament (Constituencies) Bill marks a small but important step in the machinery of devolution, and I commend it to the House. I trust that hon. Members on both sides of the House will give it a fair wind on its way to the other place.

9.4 pm

Mr. Peter Duncan: I have said consistently today, and on Second Reading too, that this Bill is unnecessary. It has no purpose. It is merely a political fix that the Government are determined to force on their Back Benchers. The evidence from the debates today and on Second Reading is that those Back Benchers are, at best, unwilling and, at worst, complicit in that fix.

The Government have performed a spectacular U-turn. They made a deal with the Scottish public at the time of the referendum, but they have gone back on that commitment. The depth of their despair was made clear by the appointment of a commission. It is often said that when a Government have second thoughts they will undertake a review; that when they feel that a further reassessment is required they will have a structural review; and that when they are contemplating an embarrassing U-turn and want to do a deal with their Back Benchers, they will have a commission.

The Government have set up a commission to solve problems that do not yet exist. Those problems will not be created until this Bill completes its passage through the House.

[Mr. Peter Duncan]

In passing, I note that, in the Committee debate that has just ended, the Minister quoted from a letter written by my right hon. and learned Friend the leader of Her Majesty's Opposition. In that letter, the Conservative party's decision not to make a nomination to the commission at this stage was made clear. The hon. Lady omitted to quote from the final paragraph of the letter, which states:

"If and when the Bill is passed, I would be happy to put forward a recommendation of someone to serve on the Commission."

That is our position, and it is worth putting it on the record.

The commission is being set up to solve a problem of non-coterminous boundaries that will be created by the Bill. The Government are creating the problem that the commission is being set up to fix.

Pete Wishart: If the Bill receives its Third Reading this evening, will the Conservative party submit a nomination to the commission, or will that happen only after the Bill has been through the House of Lords? For how long does the Conservative party intend to hold the process up?

Mr. Duncan: I do not want to speak for the Minister, but I think she made it clear that we are not holding up the process. My right hon. and learned Friend's letter is clear: the phrase

"If and when the Bill is passed"

implies approval by both Houses. At that time, we will submit a name for consideration by the Secretary of State.

The devolution referendum was a dialogue with the Scottish people, based on the proposals in the White Paper that was the originating document for the Scotland Act 1998. It is worth noting the importance of that White Paper, which in effect set out the terms of the contract governing the relationship between the constituencies of Members of Parliament and of MSPs. Lord Sewel recognised the importance of that deal; the whole thing was a package, not something from which one could simply pick and choose. That package was put to the Scottish people in its totality, if I dare use that word. Lord Sewel said:

"That was in the White Paper. That is what we campaigned on. Having looked at the arguments again, on balance we think that that is the right proposition."—[*Official Report, House of Lords*, 8 July 1998; Vol. 591, c. 1336.]

We campaigned on that deal, but the Government are seeking to cast it aside.

The Government know that things have not changed. They knew then, and they know now, that coterminosity is vital to good working relationships between MPs and MSPs. Donald Dewar said as much during the debate, and the Minister and the Government know it now. However, that does not fit with the deal that they are trying to hatch to get them through this political conundrum.

The Government knew then, and they know now, that a reduction in the size of the Scottish Parliament is possible and achievable. It is possible to deliver a Scottish Parliament that is lean and fit, and which delivers for Scotland without necessarily having 129 MSPs. That number was a consequence of taking the number of Westminster constituencies, and then applying a proportional element: 129 was not set in stone, and it is not a necessary requirement for the delivery of good and effective governance in Scotland.

Finally, the Government knew then, and in their heart of hearts they know now, that a big Parliament does not make for better government. Better legislation does not depend on having bigger Parliaments, more Committees and more MSPs. We in this House should focus on what is best for the Scottish people. We should be after quality legislation, not necessarily more legislation.

An amendment to the Scotland Act 1998 could be made only at huge political risk. The Government knew that before, and they know it now. Having been through a difficult afternoon at the hands of her Back Benchers, the Minister knows the large political risk taken in the Bill, and the fact that she has introduced it illustrates the power struggle between Holyrood and Westminster within the Labour party in Scotland.

The Bill is a kick in the teeth for Labour Members in Scottish constituencies. They have been asked to swallow their pride on the boundary review at Westminster. They have been asked to accept a cull in their numbers, which has created significant problems for some of them. They have trooped through the Lobbies when they have been requested to support a failing and struggling Government. On issues that are not applicable in Scotland because the equivalent powers have been devolved, their support has been critical to the Government's success in forcing through unpopular legislation, on top-up fees in particular and on foundation hospitals. They have been shown to be more loyal on those issues than Labour Members representing English constituencies. They have done everything expected of them, and arguably a good deal more.

Then came the Bill. They were lumbered with it as the other side of the deal. Having done all that was expected of them, they saw a part of the deal that they understood was in place withdrawn from them. Members of the Scottish Parliament, whom some Labour Members here deeply mistrust—that mistrust is misplaced—are to be excused the cull in their numbers. They have been let off the hook, and Back-Bench Labour Members know that their Front-Bench team has done a deal it should be ashamed of. Scots are sick of having too many politicians in Scotland. They have again been let down by Labour on the scale of government north of the border. Labour Members have had a kick in the teeth from their own Front Bench on an issue on which they thought a deal had been done in the Scotland Act.

Much of our debate has focused on alternative electoral systems. We had a useful debate on the amendments proposed by the hon. Member for Cunninghame, South (Mr. Donohoe), which raised the possibility of the first-past-the-post system for some of the constituency alterations that he envisaged. To put things straight and on the record, let me say that there is no doubt that the Scottish Conservative and Unionist party believes in first past the post. It creates good elections, good representatives, and good and decisive government. We shall continue to make that case in both Parliaments.

There is another side to the deal hatched in the Scotland Act, which promised a reduction in the number of MSPs, that the Government have reversed. That other side was a reduction in the number of Members of Parliament. Members from Scotland face a reduction in number from 72 to 59. By introducing the Bill, the Government have shown their contempt for the Scotland Act's provision on the number of MSPs. We shall hold them to account on their supposed determination to bring forward the boundary review on constituencies before the next election. I received some reassurance in that regard when I received a copy—it is always a delight to get them—of the Secretary of State's Edinburgh, Central constituency newsletter. It begins:

"Parliamentary constituency boundary changes mean that the Edinburgh Central Constituency will disappear at the next General election."

To my knowledge, that is the first time the Secretary of State has been so specific. I am delighted that he has been, and the Minister can rest assured that we shall spare no effort in the coming weeks and months to ensure that the Government are unable to worm their way off that hook. The reduction in the number of MPs from Scotland is a critical part of the Scotland Act, and we want to see it implemented.

Mr. Alan Reid: The hon. Gentleman has said that he intends to oppose the Bill. However, if the Bill were lost, the boundary commission report would be delayed, because it would have to draw up regional boundaries for the Scottish Parliament before it could report. That would make it less likely that the number of Scottish Members of Parliament would be cut at the next election.

Mr. Duncan: I do not see any need for that process to take very long, and there would also be other ways to achieve that end—for example, by secondary legislation.

There are too many politicians in Scotland, the cost of the Parliament is burgeoning and the cost of the Executive is exploding. Administration costs have risen by £95 million in the past seven years. Ministerial cars have increased from eight to 14 in the same period. Staff numbers in the press office have increased from 60 to 90 and by more than 1,000 in the Executive office in the same period. The Government north of the border is exploding in size and quantity. The Scottish Conservative and Unionist party believes in small Parliaments and in small government.

The political landscape in Scotland is clear, with one party—the Scottish Tories—committed to delivering smaller government for Scotland. All the others have become addicted to the bureaucracy and softened by the waste, so that they are unable to contemplate a devolved Scotland being governed by any fewer than 129 MSPs. Would that have been any different had the original number been 200 or 250? We have no way of knowing. The simple truth is that political parties have become consumed by their own importance. They have forgotten the interests of the man in the street, who is tired of Scotland's over-governing and is demonstrating that in declining turnouts in elections. Who would have thought that fewer than one in two would vote in the second elections to the new Scottish Parliament, which—the Government were keen to point out—had been anticipated for 300 years? Four years on, and less than half the population wished to participate in the second election. That was due in part to the issues addressed in the Bill: Scotland has too many politicians and the public know it.

We will oppose the Bill tonight. It is an unnecessary piece of legislation, and the Scotland Act 1998 should be implemented in full. I was pleased to receive the support of some Labour Members in an earlier Division on amendments that would have delayed the implementation of the Bill. I hope that more will have the confidence to back with their support in the Lobby their significant support for our view in the Chamber.

9.17 pm

Mr. Davidson: The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) asked for support in the Lobby tonight, but that would be to vote for a cut in the number of MSPs from 129 to a much lower figure. No Back Bench Labour Member would do that. We have criticisms of the electoral system, but we do not want to destroy it. We want to be more constructive and to improve and enhance the Scottish Parliament.

I regret the fact that we have had such a narrow debate about the Scottish Parliament today and recognise that that was because the Bill was deliberately drawn so narrowly by the Government as to preclude wider discussion. That was a major mistake. We should not be so defensive about the work of the Scottish Parliament that we are afraid to have a debate about its activities. Its work has been overwhelmingly positive. The media in Scotland have focused on some negative aspects, but the Parliament has achieved far more for Scotland in its relatively brief life than we could have reasonably expected, and it will continue to do so. It will build on the success that it has achieved so far in a way that justifies the faith that I and so many of my hon. Friends had in devolution, even when it was a minority position.

I turn again to the commission, as it seems to be an integral part of the Government's position. The more I listen to the Minister, the more I cannot help feeling that we have been sold a pig in a poke, because there is no chance that anything resulting from the commission will be implemented in time for the 2007 elections.

We are in May 2004. It is suggested that the commission will take a minimum of 18 months for its work, so that takes us, at the earliest, to November 2005, which is less than 18 months before the next elections to the Scottish Parliament. We are led to believe that during those 18 months it will be possible to consider the commission's report, set up a dialogue with the Scottish Parliament and other interested parties before we come to a decision and then put that decision into legislation. Even after the legislation is passed, boundary changes will have to be considered and implemented.

All that leads me to believe that it is inconceivable that anything from the commission will be in place in time for elections in 2007. I am willing to wager a modest amount with anyone in the Chamber who thinks otherwise. I look forward to discussing the matter with anyone who assiduously supports the Government in all things to see whether anyone is daft enough to put their money where their vote will go. It is clear that there is no chance that any changes can be in place by 2007, so in

[Mr. Davidson]

those circumstances it would be much better to be honest with the people of Scotland and say, "This is something for 2011, so we shall take our time and do it thoroughly."

We have also been told that the commission will look at relationships with other public bodies, which will take us into something altogether different. I am not entirely clear about what it means but I am sure that in due course it will be an alibi for delay. If anyone wants to wager a fiver or an amount in any other currency, I shall be happy to take them on, but the fact that no one is leaping forward to take my wager is an indication that my money would be safe if I were to make it.

Finally, I want to think out loud on behalf of people in my constituency Labour party and in the Labour party in Scotland, especially in Glasgow, about what we should do now in preparation for the next set of Scottish elections under the existing system, particularly in relation to the second ballot. It is clear that voting Labour in the second ballot in Glasgow and in several other areas will be an utter waste of time. We cannot justifiably ask people to waste their vote when there is no prospect of gaining any seats as a result of that vote, unless we lose five of the 10 first-past-the-post seats. If, as we get closer to the election, it looks as though we might lose five of those 10 seats, I might revise my opinion. However, it is likely that we shall win at least eight or nine seats; I expect us to win 10, but even if we slip a little, the second vote will still be wasted. We cannot in good conscience ask people deliberately to waste their vote in the second ballot. We need to have something more constructive to say.

I shall support the Government tonight, even though I regret this missed opportunity both to defend the work of the Scottish Parliament and to seek constructive improvements to the electoral system. Nevertheless, we are where we are, so, with considerable reluctance, I shall support the Government.

9.24 pm

John Thurso: This small Bill is simple and straightforward. None the less, it has given rise to serious points and it is right that we had the opportunity to debate them.

As an interim measure, the Bill will do the job that it sets out to do. It was introduced because a simple mistake was made in 1998, about which both the Conservative Opposition and the Liberal Democrats warned the Government. The mistake was thinking that, as the Parliament was set up with a set number of MSPs, no one could possibly seek to change that number less than six years after it was set up. We are here today because that mistake has been recognised and needs to be rectified.

What I find extraordinary—bearing in mind the late Lord MacKay of Ardbrecknish's cogent arguments, which have been mentioned already today—is the complete reversal that has gone on among those on the Tory Front Benches. The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) now says that coterminosity is everything and that the numbers can fluctuate, when his predecessors said in 1998 that, once people had picked a number, they had to stick with it. At that time, we decided that coterminosity was of less importance. It is extraordinary that the views of those on the Conservative Front Bench should oscillate in that way.

I find that even more extraordinary when we are offered a commission with a serious opportunity to consider all the issues. That is the place where we can look at the various election methods. The AV system has been mentioned and it is a perfectly valid system. The first-past-the-post system is valid, but it is not one that I happen to agree with. All those systems need to be considered in such a forum, so that the views of all Scots, not just those who happen to be present in the Chamber, can be taken into account. It will then be our job to consider those recommendations and debate them, and we need the time to do so.

It shows a stunning lack of political judgment that the Conservative party should fail to take part in that process, unless this were all some curious device to be able to vote one way today and another way at a later stage. The lack of judgment displayed by the Conservative party in that regard is equalled only by its leader's lack of judgment over the Butler inquiry.

Mr. Peter Duncan: Perhaps I have not made myself clear—if so, I accept the hon. Gentleman's admonishment—but the commission is being set up to resolve the problem of non-coterminous boundaries. Despite the lack of support from the hon. Member for Glasgow, Pollok (Mr. Davidson), we still think that we might muster the numbers to oppose the Bill. We have not given up hope. Until the Bill completes its way through the House and becomes legislation, we do not have a problem with non-coterminous boundaries.

John Thurso: The hon. Gentleman might have persuaded himself in the shaving mirror about that argument, but he has not persuaded anyone else.

It has become clear that a substantial majority of people in Scotland clearly understand that we need to maintain the number of Members at 129, or there or thereabouts—if it were 128 or 130, I would not quibble—to be able to preserve the workings of a new, young Parliament. That is the consensus view. As the hon. Member for Glasgow, Pollok (Mr. Davidson) pointed out, the Scottish Parliament is successful and has done a good job and we do not need to start rocking the boat at this juncture. It should be allowed to continue to do its work.

There are two simple reasons for hanging on to 129 Members. First, the Scottish Parliament is working well and, secondly, because it is just settling down. I have always thought that it would take two or three Parliaments for the Scottish Parliament to settle down properly. However, there are clearly consequences, two of which have been debated at length tonight. One of them is the lack of coterminosity that will follow the next general election.

As I mentioned earlier, the lack of coterminosity is built into the Scotland Act 1998. Approximately every eight years, when there is a boundary commission review, which takes place at different times for the two Parliaments, there is a period between general elections in each Parliament of approximately two years when the boundaries would be different. The consequence was there—we all knew that it would be—and it is not quite the great bugaboo that everyone has made out.

The second consequence, which is only a partial consequence, is that the Scottish Parliament may choose another electoral system and vote for single transferable vote for local government. It is perfectly sensible that a commission should consider both voting and coterminosity and make recommendations. As I said on Second Reading, I hope that that will happen reasonably quickly. The Under-Secretary has given us some assurances about that.

Given the need to act with reasonable dispatch to preserve the status quo on the one hand, and the consequences of that—coterminosity or its lack and the voting mechanism—on the other, it is clear that we need a mechanism. The commission is a sensible way forward and my hon. Friends and I will be happy to make representations to it. I hope that hon. Members who believe in AV and first past the post will present their arguments, as we will make ours for STV.

Let us hear from the commission and base our decisions in the House on what it says. However, for the moment, let us pass a small, straightforward Bill that corrects an obvious mistake and preserve the future of the Scottish Parliament from the sword of Damocles of change.

9.31 pm

Pete Wishart: As the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso) said, the Bill is small, but it has produced a big and useful debate. Although the measure was designed exclusively to decouple the link between the reduction of the number of Members of this House and the desire to retain 129 Members of the Scottish Parliament, we have had the opportunity to examine many other important issues to do with Scottish Parliament. It has therefore been a valuable use of time.

It is fair to acknowledge that it is our first opportunity to debate the Scotland Act on the Floor of the House since it was passed in 1998. I hope that it is the first of many such revisits to devolve further powers to the Scottish Parliament. I am sure that several other hon. Members share that ambition.

The debate has given us an opportunity to examine the problems of coterminosity, consider voting systems and assess the workings of additional member systems of proportional representation for the Scottish Parliament. However, the genuine difficulties and challenges in the Labour party were much more revealing. The Westminster group and the Edinburgh group take different approaches and the differences emerged in our debates. *[Interruption.]* My hon. Friends remind me that there are differences within the Westminster group. A problem has been identified and I hope that we shall now work towards a sensible solution.

The only outstanding issue for me and my hon. Friends is the role of the Scottish Parliament. The Secretary of State made it clear when he announced the commission that it would report jointly to the First Minister and the Secretary of State. The Under-Secretary has subsequently told us that it will report to those fine upstanding gentlemen and then be considered by the Scottish Executive before reverting to this place for further consideration and approval. The system appears to work until we get to the last bit. I am worried about the matter reverting to this place, given the hostility that has begun to emerge from Labour Members towards the Scottish Parliament. I hope that we can get a commitment that the consent of the Scottish Parliament will be required before any significant changes are made here. This Parliament will be subject to change and it is right that the parliamentarians who are elected by the Scottish people and who are accountable to them for their decisions have a say in the matter and that their consent is given to any changes made here.

On Second Reading, the Secretary of State announced his intention to set up a commission to examine such issues. The Scottish National party looks forward to participating in the commission, of which we shall be judicious members. I share the disappointment at the Conservatives' decision not to join the commission at this stage. I agree that it represents monumental folly on the part of Conservative Front Benchers.

The hon. Member for Galloway and Upper Nithsdale (Mr. Duncan) said in reply to my earlier intervention that he intends to join the commission after it has met for several months. That is some contribution from the Conservative party. We will all be part of the commission, trying to find a solution to some of the major problems that we have identified. Then along will come the Tories, once the Bill has finally gone through. That is an unsatisfactory solution for the Tories and I urge them to think again about serving on the commission.

My colleagues and I will support the Bill on Third Reading because, along with the majority of people whose views have been canvassed, we believe that 129 Members are absolutely necessary for the Parliament to do its work effectively, not only because of the Committee system, but because that figure has been identified as the minimum to make the Parliament work. Again, only the Conservatives are against the measure.

Mr. Peter Duncan: The hon. Gentleman said that 129 is the minimum figure. Does that mean that the Scottish National party would like a bigger Scottish Parliament?

Pete Wishart: Yes, is the short answer. We would like to think of the Scottish Parliament as an independent normal Parliament, contributing to the rest of the nation. To perform that function, we would need more MSPs, or Members of Parliament, as they would be in an independent Scotland. I would hope that the hon. Gentleman would join us in that ambition. I am disappointed in the attitude of Conservative Members, who will vote against the Bill tonight. They will oppose it just as they opposed the Scotland Act 1998 in the first place.

A number of Labour Members are itching to join the Conservatives. I note that the hon. Member for Glasgow, Anniesland (John Robertson) is not paying attention, but his "stick with the Act" campaign is probably doomed to ignominious failure this evening. I sense that he would quite like to join the Conservatives in the Lobby tonight to oppose the Bill, so that he could stick with the Act.

[Pete Wishart]

The figure of 129 is right, and we are committed to it. We look forward to the work of the commission. We hope that it can deal with some of the issues that have been identified in the two debates and we will certainly work with the commission to ensure that some solutions are delivered so that we can start to go forward.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 326, Noes 104.

Division No. 158] **[9:36 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainsworth, Bob *(Cov'try NE)*
Allan, Richard
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Baker, Norman
Barnes, Harry
Barrett, John
Barron, rh Kevin
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Beith, rh A. J.
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Blackman, Liz
Blears, Ms Hazel
Borrow, David
Bradley, rh Keith *(Withington)*
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bruce, Malcolm
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Cairns, David
Calton, Mrs Patsy
Campbell, Mrs Anne *(C'bridge)*
Caplin, Ivor
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Colman, Tony
Corston, Jean
Cousins, Jim
Cox, Tom *(Tooting)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Donohoe, Brian H.
Doran, Frank
Doughty, Sue
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Etherington, Bill
Ewing, Annabelle
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, Andrew *(St. Ives)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gidley, Sandra
Gilroy, Linda
Goggins, Paul
Green, Matthew *(Ludlow)*
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hancock, Mike
Hanson, David
Harman, rh Ms Harriet
Harvey, Nick
Heath, David
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hill, Keith *(Streatham)*
Hinchliffe, David
Hodge, Margaret
Hoey, Kate *(Vauxhall)*
Holmes, Paul
Hood, Jimmy *(Clydesdale)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Irranca-Davies, Huw
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Jones, Nigel *(Cheltenham)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Kirkwood, Sir Archy
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Liddell, rh Mrs Helen
Love, Andrew
Lucas, Ian *(Wrexham)*
McAvoy, Thomas
McCabe, Stephen
McCafferty, Chris
McDonagh, Siobhain
McDonnell, John
MacDougall, John
McFall, John
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
MacShane, Denis
Mactaggart, Fiona
McWalter, Tony
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mallaber, Judy
Mandelson, rh Peter
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Martlew, Eric
Meacher, rh Michael
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Moore, Michael
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Mudie, George
Munn, Ms Meg
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
Öpik, Lembit
Osborne, Sandra *(Ayr)*
Owen, Albert
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prescott, rh John
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Reed, Andy *(Loughborough)*
Reid, Alan *(Argyll & Bute)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Rendel, David
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*

Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Salmond, Alex
Salter, Martin
Sanders, Adrian
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sheerman, Barry
Sheridan, Jim
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Geraldine *(Morecambe & Lunesdale)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Smith, Llew *(Blaenau Gwent)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stevenson, George
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stringer, Graham
Stuart, Ms Gisela
Stunell, Andrew
Tami, Mark *(Alyn)*
Taylor, Dari *(Stockton S)*
Taylor, David *(NW Leics)*
Teather, Sarah
Thurso, John
Tipping, Paddy
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Touhig, Don *(Islwyn)*
Tricket, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Twigg, Derek *(Halton)*
Tyler, Paul *(N Cornwall)*
Tynan, Bill *(Hamilton S)*
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
Weir, Michael
White, Brian
Whitehead, Dr. Alan
Williams, rh Alan *(Swansea W)*
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Wishart, Pete
Woodward, Shaun
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Nick Ainger and
Gillian Merron

NOES

Ainsworth, Peter *(E Surrey)*
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, David *(Bour'mth E)*
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Beggs, Roy *(E Antrim)*
Berçow, John
Blunt, Crispin
Boswell, Tim
Brady, Graham
Brazier, Julian
Burt, Alistair
Butterfill, Sir John
Cameron, David
Campbell, Gregory *(E Lond'y)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Clarke, rh Kenneth *(Rushcliffe)*
Collins, Tim
Curry, rh David
Djanogly, Jonathan
Dorrell, rh Stephen
Duncan, Peter *(Galloway)*
Fabricant, Michael
Fallon, Michael
Flight, Howard
Flook, Adrian
Garnier, Edward
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hammond, Philip
Hawkins, Nick
Heald, Oliver
Hogg, rh Douglas
Horam, John *(Orpington)*
Jack, rh Michael
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Maples, John
Mawhinney, rh Sir Brian
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Randall, John
Redwood, rh John
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Ruffley, David
Selous, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smyth, Rev. Martin *(Belfast S)*
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Turner, Andrew *(Isle of Wight)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Young, rh Sir George

Tellers for the Noes:
Mr. Geoffrey Clifton-Brown and
Mr. Mark Francois

Question accordingly agreed to.

Bill read the Third time, and passed.

DELEGATED LEGISLATION

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Defence

That the Naval Discipline Act 1957 (Remedial) Order 2004 (S.I., 2004, No. 66), dated 14th January 2004, a copy of which was laid before this House on 15th January, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

That the draft Army, Air Force and Naval Discipline Acts (Continuation) Order 2004, which was laid before this House on 26th February, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Banks and Banking

That the draft Cash Ratio Deposits (Value Bands and Ratios) Order 2004, which was laid before this House on 3rd March, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

Customs and Excise

That the Customs and Excise Duties (Travellers' Allowances and Personal Reliefs) (New Member States) Order 2004 (S.I., 2004, No. 1002), dated 1st April, a copy of which was laid before this House on 1st April, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

INTERNATIONAL IMMUNITIES AND PRIVILEGES

That the draft Preparatory Commission for the Comprehensive Nuclear-Test-Ban Treaty Organization (Immunities and Privileges) Order 2004, which was laid before this House on 19th April, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 118(6) (Standing Committees on Delegated Legislation),

EUROPEAN COMMUNITIES

That the draft European Communities (Definition of Treaties) (Agreement on Enlargement of the European Economic Area) Order 2004, which was laid before this House on 26th April, be approved.—*[Vernon Coaker.]*

Question agreed to.

Motion made, and Question put forthwith, pursuant to Standing Order No. 119(9) (Standing Committees on Delegated Legislation),

DISPOSAL OF BATTERIES AND ACCUMULATORS

That this House takes note of European Union Document No. 15494/03, draft Directive on batteries and accumulators and spent batteries and accumulators; supports the Government's intention to welcome the draft Directive and supports the Government's aim of securing legislation that achieves a high level of environmental protection and harmonisation of the single market, at lowest cost, taking a risk-based and proportional approach, and of ensuring that final collection and recycling targets for spent portable batteries and accumulators are challenging, but achievable.—*[Vernon Coaker.]*

Question agreed to.

DELEGATED LEGISLATION

Ordered,

That the Education (Pupil Exclusions) (Miscellaneous Amendments) (England) Regulations 2004 (S.I., 2004, No. 402), dated 23rd February 2004, be referred to a Standing Committee on Delegated Legislation.—*[Vernon Coaker.]*

NORTHERN IRELAND AFFAIRS

Ordered,

That Mr Peter Robinson be discharged from the Northern Ireland Affairs Committee and Mr Gregory Campbell be added.—*[Mr. John McWilliam, on behalf of the Committee of Selection.]*

TRANSPORT

Ordered,

That Mr Gregory Campbell be discharged from the Transport Committee and Mr Jeffrey M. Donaldson be added.—*[Mr. John McWilliam, on behalf of the Committee of Selection.]*

Data Protection Legislation

Motion made, and Question proposed, That this House do now adjourn.—*[Vernon Coaker.]*

9.55 pm

Mr. Nick Hawkins (Surrey Heath) (Con): May I start with the happy task of congratulating the Minister most sincerely on his recent engagement to be married, and wish him and his fiancée every happiness for the future?

Before I come to the specific issue relating to data protection and the Information Commissioner Mr. Richard Thomas's advice on how that affects all hon. Members, I thank you, Mr. Speaker, for your kind and sympathetic advice about how these issues, and what led up to them, could best be presented to the House. In particular, I thank very many of my right hon. and hon. Friends for their friendship, help and support. I will not, however, take any interventions, as I have quite a lot of ground to cover.

I have perhaps made some errors of judgment—to which I shall return—as we all do being human, but I have not made any mistakes about my parliamentary friends. I thank in particular my hon. Friend the Member for Old Bexley and Sidcup (Derek Conway), and my right hon. Friends the Members for Richmond, Yorks (Mr. Hague), for Maidstone and The Weald (Miss Widdecombe), for West Dorset (Mr. Letwin), and for Haltemprice and Howden (David Davis)—I have worked directly for all of them on the Front Bench in recent years—for all their strong support. I also thank in particular my right hon. Friend the Member for Penrith and The Border (David Maclean), our Chief Whip, and other Whips, some of whom are here tonight, and most particularly, of course, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), the Leader of the Opposition, whom I am proud to serve as a shadow Minister, both for keeping me in that position and for helping me to rebut some of the outrageous slurs, smears and character assassination that some of my local opponents have seen fit to put in the national and local press.

I have been accused, among other things, of racism, despite all the many speeches I have made and the work that I have done in the House over the past 12 and a bit years, and for many years before that with many groups representing ethnic minorities as varied as the Ahmadiyya Muslims—one of whose UK leaders is one of my lifelong friends—as well as with Greek Cypriots, and Taiwanese and Caribbean groups. I am glad to say that many hon. Members on both sides of the House have made it clear to me that they never accepted for one moment that allegation. I have also been accused of not being a team player. That is almost just as hurtful to someone such as me who has been so passionate about team sports all my life.

The very good news for my party and its leadership is that, in future, a lot of matters will change and the huge surge in support and in fund raising that has come about, particularly in recent times since my right hon. and learned Friend the Member for Folkestone and Hythe became leader of my party, will mean that there will be no need for any reliance to be placed on some of the disreputable matters and dubious people whom I

will mention later. I should also stress that I firmly believe that, if only my right hon. Friend the Member for Haltemprice and Howden had been able to remain chairman of my party for just a little while longer, he would have continued the remedial work that he had already begun, and what has recently happened to me could not then have occurred.

Throughout the recent process in my constituency party, I was advised—I am sure correctly—by some of the leading media experts in my party to concentrate entirely on the positive aspects of what I have sought to do in my 12 and a bit years so far in the House: my work for constituents and for my party. That of course includes dealing with such issues as data protection, the subject of the debate. I did that and I replied as little as possible to the smears and allegations that were peddled against me.

In a Parliament of more than 650 Members, there are perhaps only 10 or so on each side of the House who will ever become household names among the general public, and known outside their own area or outside the circle of political aficionados. Of the other 630 or so, even if, like me, they have been shadow Ministers for a number of years, all the rest are in the category of those memorably described—

It being Ten o'clock, the motion for the Adjournment of the House lapsed, without Question put.

Motion made, and Question proposed, That the House do now adjourn.—*[Vernon Coaker.]*

Mr. Hawkins: All the rest are in the category of those memorably described by my right hon. Friend the Member for Penrith and The Border—our Chief Whip—as doing the unglamorous, unpublicised but vitally necessary hard grind of taking important Bills through Committees, debating and scrutinising important legislation word by word, line by line and clause by clause, as well as doing the work that Members on both sides of the House seek to do for constituents. It is not the kind of work that will often get one in the news headlines or top billing on the political programmes, but it is the lifeblood of Parliament's central and crucial role in this United Kingdom, and something in which I have always passionately believed.

The kind of shadow Front-Bench jobs that I have done, such as shadow Solicitor-General, do not get one into the news very often, but they are important. They do not enable one to become a celebrity MP, but they are vital. Many Members, including senior ones from both sides of the House—cross-party friends, as well as other parliamentary colleagues—have kindly come to me in the last two or three weeks to say things such as, "There but for the grace of God go any of us" and, "Decisions must be taken by all parties to ensure that things like this cannot happen in future to those known to be diligent and hard working." Also, I feel that I owe it to the many constituents who regarded me as having been a good MP for them in the constituency, who have contacted me by phone, letter, fax or e-mail, or who have been in touch with local newspapers and radio to say, "What is the real story here? We don't understand", to put some of the real facts on the record.

As I have never been a Member who has sought to become a celebrity, this may only be a footnote to history, but in contrast to all the negative rubbish that some of my local opponents have peddled to the press, I should like to see it in *Hansard* as an accurate footnote.I also want to be quite clear that none of this is after-the-event sour grapes. As my hon. Friends who are present—and many others who could not be here tonight—know, I have been trying to deal with some of these issues for years.

Journalists, as we know, are busy people, and many, wanting a brief report on a controversy involving a non-celebrity MP, simply looked up their cuttings file, found that they had a story about my divorce and remarriage from several years ago and recycled that, as if it were the reason for recent events. I was disappointed by that, since it was obviously upsetting for my wife, my former wife, my children and stepchildren. Fortunately, four of the five children are now grown up. The facts are that recent events were not related to that at all. It was not even mentioned at the meeting where a majority—led by the local cronies to whom I will come later—voted to deselect me.

The lack of relevance of that matter to recent events is confirmed by the fact that, since my separation, divorce and remarriage, I have been both reselected and re-elected. I have been remarried nearly three years, so that was not the real issue. The real issues, as so often, revolve around power and money and the ambitions, jealousy and greed of a tiny handful of people who set out to persuade many others whom they kept in the dark about the real history. Some of it, but only some, began to be reported in one of the national newspapers last weekend. I believe that there will be further investigations.

I was first elected to this House—contrary to media and pollster predictions—to represent the old Blackpool, South constituency at the 1992 election, against the swing and with a small majority in a seat that was very marginal on its old boundaries. Hon. Members will remember that boundary alterations in the middle of the 1992 to 1997 Parliament produced many major changes—not least that the revised version of my constituency became, on all the figures and predictions, a safe Labour seat, even before the landslide swing to Labour in 1997. I, like many other MPs—not only Conservatives, contrary to some mythology—had to seek to move if I wished to remain in the House. I adopted a self-denying ordinance in that I decided to apply only to seats where there was an open selection: where no sitting Conservative Member had a prior claim because the new seat had been part of his or her constituency. In practice, I was considering applying only for those seats where colleagues were retiring.

My current constituency was a new creation. There had never been a constituency called Surrey Heath before; it was carved out of parts of three pre-existing seats, and all three sitting Conservative Members were retiring. Two of those had been highly respected Ministers and both—my noble Friend Lord Howell of Guildford, now in another place, and the late and much lamented Cranley Onslow, who was latterly and for tragically too short a time Lord Onslow of Woking—were active and diligent constituency MPs.

The third retiring Member, also now deceased, was Sir Michael Grylls. I have discovered subsequently that pretty well all the problems that I have had were caused by the fact that all the administration and almost all the

[Mr. Hawkins]

leading figures in the constituency association, who were running everything, were inherited from his old North-West Surrey constituency. While we were colleagues for just a short time before I became his successor in part of his old seat, I never had any reason to fall out personally with Mickey Grylls, as he was known. However, he has been described, even by some of his closest friends and protégés in this place, in less than flattering terms. Of course, that matter, too, was covered in the national press at the weekend. I would not want to speak ill of the dead, but anyone who is interested in the history might want to revisit the three volumes published by the Committee of this House that looked into the Downey report produced by Sir Gordon Downey and published just after the 1997 election.

The concern that I soon came to have was that, throughout the time that Sir Michael was pursuing his parliamentary and his linked business activities, which Sir Gordon Downey and others investigated and reported on so thoroughly, he had left the administration of the constituency in the hands of the people who have more recently caused me a great deal of trouble. Since that time—since reports such as that to which I have just referred—parliamentary rules have tightened up considerably, but the views, beliefs, activities and attitudes of the party agent Mr. Alan Cleverly and his closest crony Barry Price, who boasts of having been a senior officer of the association continuously since 1986, have not changed at all.

The very fact that in one of the safest Conservative seats in the country, which has no shortage of active members, someone can be elected and re-elected continuously for a period of some 18 years as a senior officer of the association must in itself cause a question mark, I would suggest. So far as Mr. Cleverly is concerned, he will have been thinking until the reports in last weekend's press that he has lived up to his name and is now even more powerful because he has managed to get rid of an MP without his name ever appearing—until now.

Of course, that is not the end of the story. I stress that there are some among those who run the association with whom I get on well and who have behaved perfectly properly, so I am not making blanket accusations about everyone involved, but there are some individuals who have been in power, in my view, all too long. Their view is that they should control both the activities and the financial arrangements of a Member of Parliament in their entirety. My refusal to bow to their demands is what they really mean by saying that I am not a team player. If I am not a team player, as those people allege, I ask rhetorically how it has come about that I have been chosen for the teams of all of the past four Conservative leaders? In both government and opposition, I have been chosen to join the team. All the past three Opposition leaders have both appointed and promoted me in their teams.

I express my grateful thanks, also, to Officers of the House, including in particular Archie Cameron, the director of operations at the Fees Office, who has regularly produced helpful letters to the officers of my association, seeking to explain in great detail the rules as they apply to Members of Parliament. They have simply refused to believe his and others' letters.

For the whole of my eight years representing this constituency, I have faced constant pressure to hand over money from either my own taxed earnings or, more seriously, Commons allowances—and this to a constituency party that constantly boasts of being the wealthiest in the country and raising the most money. As I have been conscious at all times of how tight the rules for hon. Members are, I have refused to provide any more than I have felt can be properly justified by my limited use of the party's facilities locally.

Recently, the local party said to me that because it provides me with an office it will measure the floorspace of the whole association building and charge me for the proportion that my office occupies, whereas one should really consider the cost on the open market of my use of the room, which has been restricted to regular surgeries. I stick to my judgment of what is an appropriate claim on the taxpayer, as I should, and I know that I have been supported in that stand not only by the director of the Fees Office but by the Parliamentary Commissioner for Standards and senior members of my party.

An extraordinary document emanating from the multi-faceted business empire built up by Mr. Cleverly—it has been referred to in the national press—is the invoice that I received during the last Parliament, headed "Cleverly Consultants". One would not expect a Member of Parliament to receive such a document from an employee of the party who is supposed to be its agent for the area.

Furthermore, let us consider how the agent has perhaps not worked in the best interests of my party. He has been involved in producing two newspapers issued from the constituency offices that bear pictures promoting Labour Ministers. I am not asking the Minister to comment on that, as he is probably very pleased about it, but imagine whether, if the roles were reversed, a Labour party agent would remain long in post if he published something from his constituency office that had Conservative spokesmen on the front page.

To stress that I have no difficulty with the vast bulk of my party's supporters and volunteers, let me say that I joined the party as a Young Conservative, aged 16, in Bideford, I was an active student Conservative at Oxford and I was subsequently heavily involved in the voluntary side of my party. I have held pretty well all the offices in the various constituencies that I have lived in, up to and including deputy constituency chairman for the former Rochford Member, my great friend Dr. Michael Clark. I also chaired one of our main think tanks, the Bow Group. I know how valuable the work of ordinary volunteers normally is. There are many dedicated volunteers whom I have worked hard with over the past eight or nine years in Surrey Heath, and many of them voted for me to stay on.

When I was a volunteer and a constituency officer, I was always loyal to the MP I was working for, but there is another category of people who hold office in parties: those who want to use their position to do others down or replace them or to benefit financially or politically. They are the inner circle of cronies in the cosy cartel built up over the years by Mr. Cleverly.

In the run-up to my selection as the Conservative candidate for Surrey Heath in 1996, the document that featured in the national press at the weekend was

published: the so-called guidelines saying that anybody who wished to be considered for selection had to fax it back and say that, if chosen, they would be prepared to provide £10,000 or thereabouts. Ever since, despite all the rule changes and letters from the director of the Fees Office, those involved have sought to treat that as a binding contract. In my view, that was probably contrary to the rules even in 1996—it has certainly not happened in any other constituency that I am aware of.

Also, I discovered shortly after my selection that I was not supposed to win. The agent, a professional employee who would have to work with whomever was chosen, was not only allowed to vote—a most extraordinary thing in itself—but had in effect been organising the campaign for a local lady whom he wanted to succeed Mickey Grylls. I narrowly defeated her in the final, and was taken that same evening to a function that seemed to have a very odd atmosphere. It was not all that surprising that the atmosphere was odd: I discovered subsequently that it was supposed to be the victory party for the local lady. However, the agent felt that, because I had narrowly won, he had to take me to it anyway. It does not help matters that Mr. Cleverly is from the Europhile wing of the party, whereas I have always been known as a Eurosceptic.

Immediately after the 1997 election, my hon. Friend the Member for Aylesbury (Mr. Lidington), who was Parliamentary Private Secretary to our then party leader, having become MP for that constituency, approached me in the Lobby and said that at a meeting held here in the Palace of Westminster to which his attention had been drawn, the party agent—an employee of the party—had attacked the new leader, saying that my right hon. and learned Friend the Member for Rushcliffe (Mr. Clarke) should have been chosen instead.

Ever since then, Mr. Cleverly has sought to undermine me and if possible to get rid of me—to the fury and despair of other senior party agents who live in my constituency—because he saw me as a threat to the money-making activities that he has built up on the back of his position as a party agent, all of which are run from the constituency headquarters. He has built a little empire, to which I was a threat. It is perhaps no coincidence that in the few days before the vote was taken by the constituency executive to deselect me, a decision was taken by some of my hon. Friends to remove a substantial part of the business income that Mr. Cleverly had previously earned from some of his activities.

As I have said, it has been a matter of great concern that "Small Business News" and many of the other publications do not seem to be working in the interests of my party. I believe that the agent has been fixing things for 20 years to boost his business income, but one has to look at what he has done in terms of the job that he is supposed to do, which is to help our party. When Surrey Heath borough council was first created, every single elected member of it was a Conservative. While the agent has been in office, the situation has changed. Now, we hold the council by only one seat, and a couple of seats were held by only one vote. So in his time, he seems to have concentrated on money-making activities rather than politics, which is the wrong way round. Most of my party's members have no idea about this business empire or what has been going on.

What about the other cronies who have managed to get on to the list of candidates for my party? In the past, two of them—Mr. Robinson, who is now the president, and Mr. Harper, who is now the chairman—have sought my help. Indeed, I have in my hand a couple of files that illustrate how they sought my help. Mr. Robinson asked for my help in 2002 in order to join our party's list of candidates. I have mentioned errors of judgment; perhaps it was an error of judgment on my part to support his candidacy. I have a letter that he wrote to me in the summer of 2002, thanking me for my support in his application to join the candidates list. I also have letters thanking me for supporting his efforts to get one of his employees—a young lady called Gurana Granov—into the UK. I do not know why he was so interested in getting her into the country, but I helped him and got a thank you letter for doing so.

Mr. Harper is on our candidates list, and it has been reported that he wishes to succeed me. Shakespeare once said that those who wield the dagger rarely wear the crown. Even if these people have failed to succeed in stabbing me in the back, they have sought to stab me in the front. I am sure that it will be remembered by other constituency associations when I say that when colleagues have been in the process of retiring, I have spent a lot of time recommending Mr. Harper—when I thought that he was a good man—for consideration as a candidate. I have even invited him to dinner here with retiring colleagues, spending my own money entertaining him, so that he could find out about other constituencies. I have no doubt that the way in which he has repaid that support will be noted by the other constituencies to which either of the two gentlemen in question might apply.

All those people believe and openly say that the Surrey Heath constituency raises so much money that, and I quote,

"we are entitled to have a Cabinet Minister or shadow Cabinet Minister as our MP".

The most extraordinary aspect of the whole saga is that they now believe, having deselected me, that they can return to having normal meetings as if nothing has happened.

Finally, I turn to the effect—

Mr. Speaker: I am interested to hear the hon. Gentleman mention the word "finally", because I must give the Minister an opportunity to reply.

Andrew Mackinlay (Thurrock) (Lab): It is not the Minister's fault—*[Interruption.]*

Mr. Speaker: Order. As the hon. Member says, it is not the Minister's fault. I should also say that I have given the hon. Gentleman a great deal of latitude and he may wish to know that the Minister can reply only on certain matters that he has raised.

Mr. Hawkins: As I say, Mr. Speaker, I turn finally to the data protection issues, which I have discussed with the Minister outside the House, so I can be brief.

The Information Commissioner has helpfully stated how Members of all political parties can avoid the problem in the future. He said, and the Minister has seen the letter:

[Mr. Hawkins]

"How the Data Protection Act applies to political parties is dependent on how the parties are organised. If... local constituency parties are considered at law to be separate unincorporated associations... this means that, for data protection purposes, each local constituency party will need to address its own data protection responsibilities. It is... important to be clear about the nature of the relationship between individual local constituency parties and the party's 'central office'... It is important to be clear whether members sign up to join a 'national' party and do so by applying direct to the central office and/or by applying to their local party, or whether members, by whichever route they apply for membership, are in fact members of the local constituency party in which they live. Whatever the position, this should be made clear to members when they join. Further it should be made clear to members who will have access to their membership details. For example... Will details be made available to any member of their local constituency party? Will they be available to the constituency MP? Will they only be made available to the local branch officials to use for party administration?"

That is crucial, Mr. Speaker, because you and the Minister will appreciate that if, in future, any MP of whatever party is able, with the protection of that advice, to gain access to the full list of members, the local party apparatchiks would not be able to spread rumour and innuendo. The MP would be able to talk to directly to members and perhaps the 50 per cent. of my local party members who did not vote in the reselection ballot might then have voted. I am concerned to ensure that what happened to me does not happen to other hon. Members in future. The Information Commissioner has provided the way out of the problem.

Those who know me well know that I am a film buff. Some will have heard me say that I was inspired both to read for the Bar and subsequently to go into politics by the performance of the great actor, Robert Donat, in the film of the Terence Rattigan play, "The Winslow Boy". The crucial phrase said by the actor is, "Let right be done". To add a more contemporary political reference, the present Governor of California's most famous character says, "I'll be back". I have not gone yet, Mr. Speaker, but let right be done and I'll be back.

10.23 pm

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): The fact that it is not the Government's fault is one of the first things that needs to be put on the record— *[Interruption.]*

I start by thanking the hon. Member for Surrey Heath (Mr. Hawkins) for his kind comments at the outset. Clearly, the House will note with great interest and considerable concern many of the illuminating comments that he made this evening. There are wider issues, in respect not only of the rules governing the dissemination of political party membership lists, but of the circumstances that he encountered in the course of the selection and reselection process by the local Conservative association.

Before I address some of those wider issues, I should like to put on the record my own observations about the hon. Gentleman. He has been my opposite number during the past year while I have been Under-Secretary in the Department for Constitutional Affairs. I have always held him in high regard and with great respect. Although we disagree fundamentally on policy and party positions, he has always been very courteous, thorough and assiduous in his duties. I find that the hon. Gentleman is effective in making his party's case, raising pertinent questions and holding the Government to account. I know that he feels, deeply, that that is part of his duty. I am sorry that he is now less likely to continue in that role in the next Parliament.

I shall deal only in the briefest sense with some of the issues that have been raised in connection with the guidance from the Information Commissioner on the application of data protection legislation. The Commissioner operates independently of Government. Except for the courts, only he can give an authoritative interpretation of the Data Protection Act 1998. That Act sets the rules with which all organisations using personal data must comply, and also creates rights for individuals in respect of their personal data.

The 1998 Act sets out a general framework of eight good handling rules known as the data protection principles, which regulate the processing of personal information. The rules are not prescriptive: they are not "dos and don'ts", and organisations must use their judgment when applying the principles.

The first data protection principle is of particular importance in the context of membership details of political parties or other organisations, whether at a national or a local level. Among other things, the first principle requires personal data to be processed fairly. That means being open with the people from whom one collects information about how one intends to use that information.

Specifically, the first principle requires organisations—known in the legislation as "data controllers"—to make clear to people, when their data are collected, the identity of the data controller or his nominated representative, the purposes for which the data are intended to be processed, and any further information that is necessary in the specific circumstances to enable the processing to be fair.

However, as the Information Commissioner pointed out in his letter to the hon. Member for Surrey Heath, the 1998 Act does not dictate who, within any membership organisation, should have access to membership details. Instead, the position is that the organisation should clearly establish who will have access to the membership details concerned and then ensure that that is made clear to members when they join.

Finally, it should be noted that the 1998 Act does not require the disclosure of personal information if an organisation does not wish to disclose it. That is not part of the Act's remit.

The hon. Member for Surrey Heath made a variety of comments about allegations about payments to local associations being required as a condition of selection, and so on. I do not want to go into those too much, although the stories are worrying. They suggest that candidates were sometimes viewed as valuable commodities in more ways than one.

As we all know, if hon. Members wish to donate sums of money from their private salaries to their local parties, that is their business. The report in the *Mail on Sunday* raised the spectre that some hon. Members might have their freedom fettered by demands for

payment as a condition for selection or reselection. However, there is also a separate issue about the use of public funds.

If hon. Members use their personal allowances to purchase services from political parties or others, there are basic obligations that must be observed. Mr. Cameron, head of operations in the Department of Finance and Administration, wrote to all hon. Members a year or two ago to say that in such cases hon. Members must lodge with the Fees Office copies of their service agreements and/or rental agreements, and that they must also satisfy themselves that any sums paid to party organisations in this way are for services actually provided, and that they must represent value for money for the taxpayer. Those are pretty fundamental matters.

As I said, at this stage it is probably best that I do not comment on any individual cases, although the points made by the hon. Member for Surrey Heath are now on the record. Any specific questions about the use of parliamentary allowances would not be for me or the Government to answer, but for the relevant House authorities.

In the meantime, the hon. Member for Surrey Heath has clearly exercised his right to put his case on the record, and that is now available for his constituents to read and to hear.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Ten o'clock.

House of Commons

Wednesday 5 May 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

WALES

The Secretary of State was asked—

Children Bill

1. **Mr. Martin Caton** (Gower) (Lab): What representations he has received from the Children's Commissioner for Wales on the Children Bill. [169181]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): I recently met the Children's Commissioner for Wales to discuss his work and the impact on that work of the Children Bill. I have also met the all-party group on children in Wales. The Bill will provide the basis for further strengthening of local services for children and young people in Wales, giving them the start in life they so richly deserve.

Mr. Caton: I thank my hon. Friend for that reply, but is it not the case that the Welsh commissioner, his opposite numbers in Scotland and Northern Ireland and voluntary organisations working with children in Wales all say that the proposal in the Bill to create an English commissioner with responsibility for non-devolved matters over other parts of the UK is mistaken? Surely, the best way forward for all children in the UK is certainly to have an English commissioner, with responsibility for all children and all policy aspects in England, but to extend the remit of the other commissioners in the UK to cover non-devolved matters.

Mr. Touhig: The post of Welsh commissioner was set up by the National Assembly in response to the Waterhouse report and to support the Assembly's rights-based strategy for children. The Government's new agenda for children is focused on our key outcome—improving children's lives. The role of the children's commissioner in England was designed with a different agenda in mind, and a key role for the commissioner will be to monitor progress on our priority outcomes for children. As responsibility for non-devolved matters lies at Westminster, it is appropriate that they come under the responsibility of a commissioner who reports to Ministers who answer to this House, so I do not agree with the last part of his question.

Hywel Williams (Caernarfon) (PC): Following the extraordinary performance by the Minister for Children yesterday, the question for the hon. Gentleman and for the Secretary of State is clear: do they stand with the Children's Commissioner for Wales, with MPs and AMs from all parties, with non-governmental organisations in Wales and, most important, with children in Wales, or do they back the Minister for Children in her extraordinary attack on the Welsh children's commissioner? The commissioner or the Minister, which is it to be?

Mr. Touhig: I am disappointed in the hon. Gentleman. Yesterday, my right hon. Friend the Minister was trying to emphasise the difference in approach to the work of the Children's Commissioner for Wales and the work proposed for the children's commissioner for England. As I said in my previous answer, the commissioner in Wales deals with individual cases on a day-to-day basis. I have met him and I know the value of the work that he is doing. In England, the role of the commissioner was designed with a different agenda in mind: to focus on the Government's strategic aims and to monitor progress. We should understand that important difference before we get any deeper into the argument.

Alan Howarth (Newport, East) (Lab): Has the Children's Commissioner for Wales, following his important previous report, offered my hon. Friend any further advice, in the context of the Children Bill, on the practicalities of achieving improved multi-agency co-ordination of early and expert care for young people with emotional and behavioural difficulties, to ensure that mental health problems in childhood and adolescence are not carried forward into adult life?

Mr. Touhig: The Bill will enable my colleagues in the Assembly to put the children and young people framework partnership in Wales on a statutory footing with all 22 local authority areas. I know that the matter to which my right hon. Friend refers exercised the Children's Commissioner for Wales a little while ago. I have very useful discussions with the commissioner and have no doubt that as the Bill progresses there will be discussions about a memorandum of understanding between the commissioner in England, the commissioner in Wales and the other devolved Administrations. I hope and expect that the points raised by my right hon. Friend will come out in those discussions.

The Secretary of State and I have made it clear to the Children's Commissioner for Wales that our door is always open if he wishes to raise matters with us. We think that the Bill offers a good deal for Wales, because a third of it is Wales-only; it takes forward the devolution agenda sensibly and progressively and we want to ensure that it works well for Wales. We shall work closely with the Children's Commissioner for Wales to deliver the best for the children of Wales.

Industry/University Links

2. **Ian Lucas** (Wrexham) (Lab): What discussions he has had with the Minister for Economic Development and Transport of the National Assembly for Wales on encouraging closer working between manufacturing industry and universities in Wales. [169182]

The Secretary of State for Wales (Mr. Peter Hain): We have held regular discussions. Strengthening collaborative links between industry, academia and our science base is vital if Wales is to continue to attract and develop high-tech investment and to compete in global markets.

Ian Lucas: Does my right hon. Friend agree that creating a research infrastructure in an important manufacturing area such as north-east Wales is essential to the continued success of manufacturing in the region? Will he ask the Minister responsible for such matters in the National Assembly for Wales to make an assessment of how much current research for manufacturing companies in north-east Wales is carried out in Wales?

Mr. Hain: I will happily speak to the Minister for Economic Development and Transport to find out whether it is possible to discover the answer to my hon. Friend's question. He will know that a £150 million technium project is being rolled out the length and breadth of Wales, including two research and development facilities for laser technology—at St. Asaph in north Wales and, of course, at the centre for advanced software technology at Bangor. That marriage of industry, science, innovation and academia is the key to Wales's drive to improve our technological base, our economy and our valued-added ability to win in global markets.

Mr. Bill Wiggin (Leominster) (Con): How many jobs are there in the chemicals sectors in Wales, and how dependent are those jobs on the chemistry taught in Swansea? Does the right hon. Gentleman think that the closure of the chemistry department at Swansea university will have a negative impact on the future of that sector in Wales?

Mr. Hain: As the hon. Gentleman knows, the manufacturing sector in Wales, including the chemistry industry, is in good shape. Indeed, the CBI director said that the news for manufacturing is better than it has been for a very long time in Wales. However, in respect of the university of Swansea, I understand that the intention is to close the undergraduate courses over a period of years, while protecting existing students' rights and maintaining postgraduate studies, research and related academic areas.

Mr. Wiggin: The reason cited for the closure of that department is that courses in other subjects can be run for less money. When asking industry to support universities, how does the right hon. Gentleman respond to the accusation that the Government's targets are forcing universities to offer more and cheaper courses, rather than traditional, scientific research subjects, such as chemistry?

Mr. Hain: I respond to that accusation by saying that it is clearly nonsense. In fact, we are now seeing more and more collaboration between industry and universities in Wales, including Swansea and Cardiff, which is doing especially well. That is driving forward the Welsh economy's ability to compete. I am rather surprised that the hon. Gentleman raises this issue given that the Conservative party intends, if it wins the next general election, to institute cuts in the first two years of its period in office, thus reducing education funding in universities and cutting the ability of Wales to prosper. It is no surprise therefore that he did not even know when his manifesto launch for the local election was to take place. He seems to have lost the draft manifesto. Perhaps he can tell us when he will deal with that.

Mark Tami (Alyn and Deeside) (Lab): The Secretary of State will be aware of the recent announcement of the proposed closure of RAF Sealand and the subsequent possible job losses there. Will he join me in working with the Welsh Development Agency, Flintshire county council and the Assembly to generate new employment? In particular, he has mentioned techniums, so will he encourage the development of techniums in north Wales, especially in areas where we are very successful, such as the aerospace industry?

Mr. Hain: I will happily do that. My hon. Friend is absolutely right to focus on the jewel in the crown of the north-east Wales economy—its Airbus operations and the related support mechanisms. If the Assembly is able to encourage research and development in the technium concept there, it will be a very good thing indeed. In respect of Sealand, yes, I will happily work with him on that because alternative opportunities are available for the workers who have lost their jobs. We are seeing a process of rapid change in industry and throughout the Welsh economy, in which nevertheless more and more jobs are being created all the time, with employment up by 120,000 since the general election in 1997.

Lembit Öpik (Montgomeryshire) (LD): The Secretary of State will be aware that the university of Wales clearly plays an important role in providing a skills base for manufacturing in Wales. Is he aware of the problems presently facing the university of Wales and the fact that a cross-party group of MPs and other individuals are seeking solutions to those difficulties? Will he share his views on what we should be doing, what he has done and how he feels about the confederation proposals in respect of the universities in Wales? Finally, would he be willing to listen to some specific proposals, when they have been formulated by the interested parties, to resolve the issues facing the university of Wales?

Mr. Hain: Of course, I will be happy to listen to specific proposals from the hon. Gentleman or others, but it is important that universities such as Cardiff and others, are able to market themselves very effectively, as he will agree, in an intensely competitive global higher education market. In particular, Cardiff has done extraordinarily well in the past few years, and other universities in Wales are in a similar position. We want

them all to develop in their own ways, rather than having an over-arching bureaucracy that holds them back. Nevertheless, we should consider the different models that exist.

Donald Anderson (Swansea, East) (Lab): Undergraduate teaching in chemistry will be ended in Swansea, while the university is expanding the teaching of softer, more popular subjects, such as media studies. Surely if the Government are serious about encouraging a science base, as we said in the Budget, we should look again at what Swansea university is suggesting, particularly because the experts say that research needs an undergraduate base. Does my right hon. Friend agree that, if we wish to thrive as a nation, we cannot go around simply writing media essays to one another?

Mr. Hain: I could not agree more. The problem with Swansea, as my right hon. Friend will know as a local Member of Parliament, is that both the university senate and council voted overwhelmingly in support of the proposals. I myself am disappointed, not least because I have a company in my constituency that was spun out of Swansea university's chemistry department 10 to 20 years ago. Excellence should be maintained, and the university says that that will indeed be the case at postgraduate level—the very level which feeds into innovation and technological development.

Economic Inactivity

3. **Dr. Hywel Francis** (Aberavon) (Lab): What recent discussions he has had with the First Minister of the National Assembly for Wales on measures to reduce the levels of economic inactivity in Wales. [169183]

The Secretary of State for Wales (Mr. Peter Hain): We hold regular discussions. Recent increases in employment and economic activity rates throughout Wales indicate that real progress is being made, but more needs to be done to reduce levels of economic inactivity.

Dr. Francis: One of the Government's great successes is the way in which it has tackled economic inactivity among young people. An excellent project in my constituency, Unit 19 Training, links Sandfields comprehensive school to the world of work through accredited skills training provided by the Workers Educational Association. Will the Secretary of State join me in congratulating the project on winning a major national award as part of adult learners week later this month, and would he consider visiting my constituency to see the project in action? Could it be developed with funding such as that provided by the new deal and perhaps replicated in other parts of Wales?

Mr. Hain: I am aware of the excellent work done by Unit 19, and visited Sandfields in my hon. Friend's constituency only a few months ago to look at that work, which is based around the school and undertaken in co-operation with local industry to make sure that disaffected youngsters are brought back into the labour market and given opportunity and hope for the future. Such programmes would be endangered if the Tory party came to power and introduced plans to axe the new deal. The Labour Government, however, are very proud of the success of such programmes.

Mr. Bill Wiggin (Leominster) (Con): I wish that the Secretary of State was right, because the International Labour Organisation says that youth unemployment in Wales is 13.2 per cent, while the UK average is 12.4 per cent.; employment in Wales is 72.1 per cent. compared with the UK average of 74.8 per cent.; and economic activity in Wales, at 75.9 per cent., lags behind the UK average of 78.7 per cent. Will he tighten his grip on the First Minister or take whatever steps he can, as things are clearly in need of a great deal of improvement?

Mr. Hain: The hon. Gentleman calls for improvement, but his party has a record in Wales of mass unemployment—up to 160,000. When we came to power, large parts of Wales had high levels of youth unemployment. It is our new deal programme, other programmes of active economic intervention and our successful running of the economy that have put the Welsh economy, as the director of CBI Wales said only a few days ago, in its best position for decades. We are proud of that record, on which we will fight the June elections and the next general election, when we expect to hammer the Conservatives, given their dreadful record in Wales.

S4C

4. **Mr. Simon Thomas** (Ceredigion) (PC): What discussions he has held with (a) S4C and (b) the Secretary of State for Culture, Media and Sport on the current review of S4C. [169185]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend the Secretary of State and I have regular meetings with ministerial colleagues to discuss a range of issues. We met the chief executive of S4C to discuss the current review on 20 April.

Mr. Thomas: I thank the Minister for his reply, but does he agree that it is vital that S4C and other broadcasters in Wales maintain access to sufficient funding for the digital future that is coming to broadcasting? Will he put the Wales Office, with the support of my hon. Friends, other hon. Members and myself, at the head of a campaign to ensure that Wales is one of the first areas in the United Kingdom to receive digital terrestrial broadcasting and does not lag behind, as has often happened in the past? If he takes that lead, we can have an all-digital future for Wales, which is the best solution for Wales and everyone living there.

Mr. Touhig: I can tell the hon. Gentleman that my right hon. Friend the Secretary of State has discussed that issue with broadcasters in Wales. We think that it is important. The agenda and the range of subjects that we covered at our meetings, particularly with S4C, covered that, as well as the current review, viewing figures, analogue switch-off and so on. We are determined to make sure that, in terms of broadcasting, Wales has a very good deal. My right hon. Friend in particular has worked hard at that, and he and I are happy to share

with the hon. Gentleman and with other right hon. and hon. Members the work that we are doing, so that we push forward with a collective agenda to get the best that we can for broadcasting in Wales.

Chris Bryant (Rhondda) (Lab): But will my hon. Friend point out to S4C when next he meets its representatives, and to the Secretary of State for Culture, Media and Sport, that people in the valleys are sick and tired of having to choose between S4C and Channel 4? They do not want S4C or Channel 4, they want S4C and Channel 4, and the only way that that will happen is if the digital freeview service is rolled out across the valleys as soon as possible.

Mr. Touhig: We are on common ground in that regard. Of course people want Channel 4 and S4C. We are working to try to ensure that that happens. Our discussions have been fruitful, and the review, so far as S4C is concerned, will have an impact on that. We all share a common goal. How we ultimately get there will be important. I have no doubt that it is the view right across the House that we must deliver on this, and we will work hard to do so. As I said in response to an earlier question, my right hon. Friend the Secretary of State gives it high priority.

Post Office

5. **Ann Clwyd** (Cynon Valley) (Lab): What discussions he has had with the First Minister of the National Assembly about proposed Post Office branch closures in Wales. [169186]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend and I hold regular bilateral meetings with the First Minister and other Assembly Ministers to discuss a range of issues, including the impact of the post office network reinvention programme in Wales.

Ann Clwyd: The post office at Abernant in my constituency is the only shop in the village, the only community centre and the only bank, and 70 per cent. of the people in the Cynon valley claim their benefits through post offices, so it is a retrograde step on the part of the Post Office to shut such a facility in an impoverished area. I hope my hon. Friend will join me in opposing that closure.

Mr. Touhig: I have taken a close interest in the network reinvention programme, as we all have because it has affected our constituencies. My right hon. Friend the Secretary of State has met and has also written to the Post Office management underlining the important social role of post offices and the need for proper local consultation, particularly in the case of communities such as the one my hon. Friend represents, where any closure may impact on elderly, disabled and disadvantaged people. We will continue with those discussions. I know that the closure in Abernant is opposed by Postwatch. I hope that the campaign in which my hon. Friend is involved is successful, and that she succeeds in keeping the post office open for her constituents.

Mr. Roger Williams (Brecon and Radnorshire) (LD): The Minister will be aware that three post offices in my constituency were under threat—Penrhos, Glanrhyd and Cwmphil road. The Post Office has now decided to keep Glanrhyd open and to close Penrhos, which was the one that served the most deprived community, but it has given us no reasons for its decision. Will the Minister help us find out what reasons lie behind the Post Office's decisions in these matters?

Mr. Touhig: As the hon. Gentleman knows, I am ever the diplomat in these matters, but the discussions that I have had with the Post Office on closures have not always been entirely fruitful, and in face-to-face discussions with Post Office representatives I have left them in no doubt what I think of their consultation. A number of colleagues in the House have had face-to-face meetings with Post Office representatives and, as a result, they have extended the consultation period and ensured that Members of Parliament and Assembly Members are given advance notice, but in the interests of our constituents we should not let up in our efforts to ensure that there is proper and adequate consultation, that everyone's views are taken into account and that we have the best possible post office network. As the hon. Gentleman knows, a great deal of money has been put into the network reinvention programme—about £16 million in Wales—which will benefit the overall network at the end of the day.

Antisocial Behaviour (Monmouthshire)

6. **Mr. Huw Edwards** (Monmouth) (Lab): If he will meet the First Minister to discuss strategies to combat antisocial behaviour in Monmouthshire. [169187]

The Secretary of State for Wales (Mr. Peter Hain): I will certainly do so when I next meet the First Minister. The Anti-social Behaviour Act 2003 provides a wide range of tools to tackle antisocial behaviour and the Government are determined that people should be able to live their lives free from intimidation and harassment.

Mr. Edwards: Despite the fall in crime overall, antisocial behaviour and vandalism remain a scourge in many Welsh communities, most recently in Llanelly hill and Clydach in my constituency—matters that I raised with the new chief constable of Gwent when I met him on Friday. Given the additional measures that the Government have introduced, can my right hon. Friend give an assurance that if communities report all incidents of vandalism, the police will investigate them and the perpetrators will be brought to justice?

Mr. Hain: I certainly want to see that happen, and I am pleased that the new chief constable of Gwent joined my hon. Friend in examining the problem in his constituency. Antisocial behaviour still plagues too many of our communities across both Wales and England, which is why the recruitment of 120 new community support officers and 760 new police officers is so important. The signing of 77 antisocial behaviour orders in Wales is also encouraging, but I want more ASBOs to be implemented. Police forces and local authorities are not doing enough to stamp the problem out—the powers are there; they must be used.

Health Service Funding

7. **Mr. James Gray** (North Wiltshire) (Con): What recent discussions he has had with the National Assembly for Wales Government on the funding of the NHS in Wales. [169189]

The Parliamentary Under-Secretary of State for Wales (Mr. Don Touhig): My right hon. Friend the Secretary of State and I have regular meetings with the First Minister and the Minister for Health and Social Services in the Assembly to discuss Government funding and the NHS in Wales.

Mr. Gray: I am glad to hear that. Why has the number of people on waiting lists in Wales increased from 168,000 at devolution in 1999 to—these are the latest figures—294,000 in March 2004, which is a 75 per cent. increase? Why is spending per head on the national health service in Wales less than that anywhere else in the United Kingdom?

Mr. Touhig: Let us start with 18 years of under-investment by the Tory party. Since the Government came to power, we have spent £4.3 billion on health in Wales, which is a 96 per cent. increase. As for waiting lists, the figures for the last quarter show considerable decreases of more than 70 per cent. for in-patient treatments, and 36 per cent. for out-patient appointments. We are taking steps to improve the health service in Wales, but the Conservative party opposes our investment. We will take that message to the electors, which is why they will vote Labour on 10 June.

Kevin Brennan (Cardiff, West) (Lab): We should always strive to reform and improve public services, but it is not possible without increased investment. Investment in the NHS in Wales has reached record levels during the past few years, but it would be cut under the Opposition's plans.

Mr. Touhig: My hon. Friend is right. We all know the great patient passport plan advocated by the Conservative party. The hon. Member for Woodspring (Dr. Fox) told the Conservative Medical Society:

"We've got a problem where the NHS and health care has been synonymous. We're here to break that."

That is the Conservative party's policy. Under patient passports, people in Wales would pay £1,900 for a cataract removal, £5,700 for a knee replacement and £8,500 for a heart bypass. That is why they will vote Labour on 10 June.

Adam Price (East Carmarthen and Dinefwr) (PC): During the past five years, England has seen the biggest hospital-building programme in its history, and the Scottish Executive makes a similar claim for Scotland. Will the Minister take this opportunity to make the same claim for Wales?

Mr. Touhig: The hon. Gentleman should congratulate the Government on their effort on the health service in Wales. Ten new hospitals are planned or have been started, and our investment is improving the health service in Wales. Where would we be if his party were in power? Wales would be cut off from the rest of the United Kingdom. Again, we will get that message across to the people of Wales on 10 June.

Employment

8. **Mr. John Smith** (Vale of Glamorgan) (Lab): If he will make a statement about employment levels in (a) the Vale of Glamorgan and (b) Wales. [169190]

The Secretary of State for Wales (Mr. Peter Hain): The labour market in Wales continues to perform well, and better than the average for the UK economic regions. There are now more people in work than ever before, and the employment rate in the Vale of Glamorgan remains above that of Wales as a whole.

Mr. Smith: I thank my right hon. Friend for that reply, which confirms that unemployment in my constituency is now at a 30-year low. However, he will know that the Red Dragon project is important for future employment prospects in the Vale of Glamorgan. Will he undertake to do all that he can to convince the Ministry of Defence to roll back the Tornado GR4 platform to the Defence Aviation Repair Agency works at RAF St. Athan, which will provide value for money for taxpayers, enhance our military capability and guarantee the Red Dragon project for 20 years?

Mr. Hain: I will certainly do all that I can to achieve that objective. Indeed, I have already spoken to my right hon. Friend the Minister of State, Ministry of Defence about it. I was very pleased that the Secretary of State for Defence recently said that we remain absolutely committed to the Red Dragon project.

My hon. Friend is right, too, about the health of his local labour market. Under Labour, there are more jobs and a stronger economy in the Vale of Glamorgan and throughout Wales. That is why the people of Wales will back Labour on 10 June and in a general election when it comes.

PRIME MINISTER

The Prime Minister was asked—

Engagements

Q1. [170147] **Mr. Gordon Marsden** (Blackpool, South) (Lab): If he will list his official engagements for Wednesday 5 May.

The Prime Minister (Mr. Tony Blair): This morning I had meetings with ministerial colleagues and others. In addition to my duties in the House, I will have further such meetings later today.

Mr. Marsden: Does the Prime Minister welcome the initiative on launching countrywide education maintenance allowances, which will give 16 to 19-year-olds from limited-income families up to £30 a week to stay on and get qualifications? Will he celebrate that radical initiative, which will benefit up to 1,000 families in Blackpool, and the historic achievements of this

Government in contrast with the Conservatives, who would shut down life chances, trapped as they are in their Thatcherite past?

The Prime Minister: I am delighted to say that the education maintenance allowance will benefit more than 350,000 young people in the next financial year. However, that is not all. In addition, 250,000 people are now on modern apprenticeships and the new deal for the unemployed has helped 1 million people into jobs. That is why it is important that we continue with those policies, not scrap them as the Conservatives would.

Mr. Michael Howard (Folkestone and Hythe) (Con): British servicemen and women have made, and are making, enormous sacrifices in Iraq on our behalf and on behalf of the Iraqi people. Does the Prime Minister agree that the allegations published in the *Daily Mirror* have done enormous damage to the reputation of our forces? If they turn out to be true, does he agree that the severest action should be taken against those involved? If they turn out to be false, does he further agree that that is a matter of the utmost seriousness for which the editor of the *Daily Mirror* will have to take full responsibility?

The Prime Minister: Of course allegations of this nature are extremely serious. If they are true, that is completely unacceptable: everybody, whether or not they have supported the action in Iraq, would say that. On the other hand, if they are not true, that is also extremely serious. They are being investigated by the Royal Military Police, who should be allowed to carry out their investigations—I have every confidence that they will do so properly and truthfully—and we can then debate the findings.

Mr. Howard: Turning to the handover of sovereignty on 30 June, will the Prime Minister now answer the questions that I put to him last week and the week before? Who do the Government think should be responsible after 30 June for security issues, the deployment of troops and the custody of detainees? Can the Prime Minister now tell us whether it is likely that more British troops will be sent to Iraq?

The Prime Minister: On the first point, after 30 June, there will be a complete handover of sovereignty to the new Iraqi Government—they will have complete and full sovereignty. However, as people in Iraq recognise, they will have to maintain coalition troops there to help with security and order. At the present time, we are sitting down and working out what are the right arrangements to ensure that we have not only the maintenance of the coalition troops that is necessary to provide security in order to allow the political process to work, but the right degree of co-operation between the new Iraqi Government and those coalition forces. Obviously, that will have to take into account the need to maintain order and the need to have firm lines of command—particularly for British and coalition troops, who need to know where they stand on these issues, but also to ensure the full involvement of the new Iraqi Government. That is the best that I can say at the present time while those discussions are continuing.

In respect of any additional troops who may be required, we are in discussion with our coalition partners and with the Americans about the possibility of providing more troops for different parts of the country. Those discussions are not yet concluded. As I said in the House previously, we will keep the matter under constant review—it is important to do that.

I want to point out that, although the allegations against British troops are extremely serious, and I have already said that they should be fully investigated, I hope that they do not detract from the work that is being done by thousands of British troops, who risk their lives in Iraq to make the country better. They serve this country well and work to the enormous benefit of the majority of Iraqi people. When I spoke to some of the Ministers from Iraq last week, they wished me to pass on to everyone their support for the work of British troops in places such as Basra to help the Iraqi people.

Mr. Howard: Of course, I entirely agree with the Prime Minister's last comments and I understand what he said about the position after the handover. Indeed, he has helpfully set out some of the criteria that should be in place when those decisions are made. However, he has not told us what the British Government believe should happen. Does he not owe the House an account of the Government's view of those critical issues? Given that we are less than two months away from the handover, does he agree with the White House spokesman who said last week that what is envisaged after 30 June is the transfer of full sovereignty but only limited authority?

The Prime Minister: No. I have not read those specific comments but I saw those of Secretary of State Colin Powell. I believe that they say the same as I said a moment ago: of course, full sovereignty will be transferred to the Iraqi Government but the practical necessity for coalition troops to remain means that there must be a proper authority under which they operate. That will be negotiated with the Iraqis. There is no point in my trying to go into the details now, while it is being discussed. The main thing is to ensure a proper system of co-operation that both abides entirely by the principle that the Iraqis are in full, sovereign control of Iraq after 30 June and makes sure that British, American and other coalition troops have proper chains of command. Frankly, it is better for me not to speculate about that at this point but to leave it to the people on the ground to work out the best arrangement.

Mr. Lindsay Hoyle (Chorley) (Lab): Is my right hon. Friend aware of post office closures throughout Lancashire? The problem is that people are being bribed to close them through the enhancements that Royal Mail offers; there is no business case for the closures. The only losers are the public who use the post offices. Will my right hon. Friend use his good offices to ensure that Members of Parliament, local authorities and everybody can see the business case and open the books rather than accepting the post office closures that are taking place?

The Prime Minister: I entirely understand my hon. Friend's concern. As he knows, we made it clear that the Post Office had to have the commercial freedom to

operate in the way in which it believes appropriate. On the other hand, it will have heard my hon. Friend's comments and we believe that it is important that proper consultation takes place.

Mr. Charles Kennedy (Ross, Skye and Inverness, West) (LD): In view of the worrying bomb attacks in Athens today, does the Prime Minister believe that there is any need for the Government to review their intended security measures to safeguard the interests of the British team at the summer Olympics?

The Prime Minister: Like every other Government, we remain in constant contact and dialogue with the Greek Government. Our current view is that the games should go ahead as planned. Of course, we keep those matters under review, but the right hon. Gentleman should not take that as an indication that our view is about to change. We are in constant dialogue but we have every faith in the way in which the Greek authorities are handling matters.

Mr. Charles Kennedy: On another sporting topic of this week, what is the Prime Minister's personal opinion about whether the English cricket team should undertake its tour of Zimbabwe? Personally, I am against it; is he against it?

The Prime Minister: The position is exactly as I set it out when I was last asked that question. However, there is a difference between stating my personal view, which I previously outlined at the Dispatch Box—[HON. MEMBERS: "What is it?"] As I said then, we would prefer the team not to go, but there is a difference between expressing a personal view and ordering the team not to go, which I think would step over the proper line. My right hon. Friend the Foreign Secretary will meet the England and Wales Cricket Board tomorrow. However, many people believe—in my opinion, rightly—that the problem resides with the International Cricket Council.

Mr. Stephen McCabe (Birmingham, Hall Green) (Lab): Yesterday saw the launch of Labour's local government campaign and, I understand, a few clumsy events in Birmingham as well. It was also a significant political anniversary. If the Prime Minister could spare the country any of the mistakes of the '80s and '90s, what would they be?

The Prime Minister: Most people would remember mass unemployment going over 3 million. They would particularly remember unemployment rising by more than 1 million when the right hon. and learned Member for Folkestone and Hythe (Mr. Howard) was Employment Secretary. Contrast that with 2 million extra jobs in the British economy since this Government came to power.

Mr. Howard: When the Minister of State, Department for Transport, with characteristic candour, said that he wanted to tax people out of their cars, was he speaking for the Government?

The Prime Minister: We are not taxing people out of their cars. What we are doing is making a huge investment in public transport, in roads as well as rail, and that is important for the future of the country. What is more, it is only as a result of that additional investment that we are able to see the improvements that there are.

Mr. Howard: The Prime Minister should have paid a bit more attention to what the Transport Minister said. He went on to say:

"I don't think fuel is particularly expensive in Britain",

and that some people think that

"it's cheaper than it should be."

Does the Prime Minister think that it is cheaper than it should be?

The Prime Minister: We have set the fuel duties; they are set in the Budget. Actually, it is true that motoring costs have fallen, not risen, in the past few years. But the point is that we are making our commitment to transport clear by putting a substantial extra investment year on year into our transport system. As a result of the policies outlined by the shadow Chancellor, however, it is the Conservatives' proposal to cut in real terms the transport budget in this country—*[Interruption.]* Oh yes it is. They are prepared to cut every single budget other than those for the national health service and schools, and even those are to be depleted by their patient and pupil passports. The fact is that we are putting the money in and the right hon. and learned Gentleman would take it out.

Mr. Howard: I understand why the Prime Minister does not want to talk about what his Transport Minister said, and why he would prefer to talk about our plans, which he consistently misrepresents. He will not say whether he thinks petrol is cheaper than it should be, but the Chancellor obviously thinks that it is, because he is going to put petrol tax up again in September. Is that not just the latest example of Labour letting people down?

The Prime Minister: We removed the fuel duty escalator. The right hon. and learned Gentleman says that his proposals are not for a cut in every budget other than the NHS and schools, but the shadow Chancellor has said quite specifically that there would be no real-terms increases in any of those budgets. What that means—*[Interruption.]*

Mr. Speaker: Order. I would say to the Prime Minister that the policy of the Opposition is not really for the Prime Minister—*[Interruption.]* Order. Let me chair the proceedings of the House of Commons. Perhaps a change in the way of addressing the Chamber would be helpful.

The Prime Minister: You are absolutely right, Mr. Speaker, and I apologise. Let me tell the House which policies I will not pursue on behalf of the Government. I will continue to invest in additional numbers of police in this country. We will continue to invest in the new deal for the young people of this country. We will continue to increase local government spending in this country. We will continue to fund additional increases in pensions for pensioners in this country. What we will not do is reintroduce the poll tax, abolish the minimum

wage, abolish the new deal and cut public spending. That is what we will do, that is what we won't do and that is why the British people will support us.

Mr. Frank Roy (Motherwell and Wishaw) (Lab): I recently visited four schools in my constituency to discuss the need for a global campaign for education. At Our Lady's high school in Motherwell, I was presented with a petition, which said:

"We call upon the UK Government to increase support to poorer countries to ensure that every child has access to high quality basic education."

What message does the Prime Minister have, not just for the signatories of that petition, but for the millions of people throughout the United Kingdom who agree with its sentiments?

The Prime Minister: My hon. Friend touches on a point of great concern to people in this country and worldwide: the need to increase the provision of education in the developing world. He will know that the first millennium development goal of the United Nations is to make sure that primary school education is available to all children in the developing world. The plain fact is that, although as a Government we have invested around £1 billion in education in the poorest countries in the world, there is still a great deal more to do. I hope that some of the conclusions of the Africa commission can help with this issue.

Q2. [170148] **Mr. Andrew Robathan** (Blaby) (Con): As the Prime Minister makes more promises to the people of this country, does he recall the handwritten promise that he made to the people of Northern Ireland that said:

"Those who use or threaten violence to be excluded from the government of Northern Ireland"?

Now that he has accepted the first report of the Independent Monitoring Commission, which states clearly that Sinn Fein remains responsible for the ongoing terrorist violence in Northern Ireland, will he keep that promise from 1998?

The Prime Minister: It is precisely because we kept that promise that Sinn Fein is not in government at present. Let me remind the House that we have suspended the government of Northern Ireland on that basis. What is important is to make sure that there can be no way that anyone comes back into government in Northern Ireland unless it is absolutely clear that violence and paramilitary activity have been given up for good.

Mr. Mark Todd (South Derbyshire) (Lab): Does the Prime Minister agree that fighting crime is essentially a partnership between the public and police? Will he commend the South Derbyshire crime and disorder reduction partnership, whose record is among the best in the country? Will he pick out in particular the example of the event that I attended last week involving the introduction of a joiner to go around assisting elderly people with home security? Is there a case for making sure that the best practice of such partnerships is shared across the country?

The Prime Minister: Let me congratulate those in my hon. Friend's constituency who have been engaged in this home security plan. It is an important example of good practice and we are trying to make sure that that is rolled out across the country. The Home Office is having meetings with practitioners from different parts of the country, to help not just with home security, particularly for the elderly, but to deal with antisocial behaviour. That is one major issue on which the community, if it comes together properly, can make a huge difference.

Mr. Laurence Robertson (Tewkesbury) (Con): Does the Prime Minister agree with his Minister for the Environment, who said that building on flood plains was inappropriate? If he does, can he explain the extraordinary report of his inspector Mary Travers on the Tewkesbury local plan? She actually proposed building on flood plain between the villages of Longford and Innsworth, building on green belt and building that would cause villages to coalesce. Will he investigate that report, call it in and explain it?

The Prime Minister: I will certainly—[HON. MEMBERS: "Full answer."] There is not much help in my notes anyway.

I will certainly investigate the issue that the hon. Gentleman raised. Obviously, I cannot make any promises about calling in the report, which is a matter for my right hon. Friend the Deputy Prime Minister to consider. Since the hon. Gentleman raised the issue of housing, I will point out that today marks the fulfilment of restoring 1 million additional homes to decent housing under this Government's housing investment. I know that that is nothing to do with his point, but at least it is in my notes.

Mr. Michael Meacher (Oldham, West and Royton) (Lab): Will my right hon. Friend acknowledge that pacification by brute force, whether the mass killings at Falluja, the alleged use of torture, or the unilateral annexation by force of significant sections of the west bank, will only inflame resistance and not produce a just or lasting peace? Will he therefore loudly declare, on behalf of the international community, that there must be bilateral negotiations between the opposing sides, because only a political settlement by mutual consent, and not a militarily imposed settlement, will have any hope of proving long-lasting?

The Prime Minister: We must distinguish clearly between two separate situations. In respect of Iraq, let me repeat again that, if there has been abuse of human rights, torture or degradation of prisoners, that is wholly unacceptable and it is what we went to Iraq to get rid of, not to perpetuate. However, I should point out every time I answer this question, because I think it only fair to British troops, that the vast bulk of British troops out there would also be horrified if any such incidents had taken place.

Let me tell my right hon. Friend about just some of the things that British troops have been doing over the past few days. They have been providing new, safe drinking water for up to 100,000 people, installing electricity pylons, ensuring that they can run training courses for primary health care assistants and rebuilding the Basra sports station, as well as engaging in literally

thousands of local infrastructure projects. When we investigate these allegations, it is important to take a balanced view.

As for what is happening in Falluja, I am pleased to say that we are trying to bring in Iraqis to police the situation themselves. I think that that is sensible. I believe there is a possibility—I put it no higher—that we can calm the situation and get it under control. The more that we "Iraqi-ise" the security aspects, the better things will be.

In respect of the middle east, I believe that everything should be part of a negotiated settlement between the two sides. I do not think that we should prejudge that negotiated settlement in any way. I think it right for us again to maintain balance—to condemn, of course, any illegal activity and reprisals, but at the same time to condemn the terrorists who also kill innocent people.

Q4. [170150] **Mr. David Laws** (Yeovil) (LD): Why does the Prime Minister think he is losing the trust of the British people?

The Prime Minister: In the end, that is a judgment that the British people will make at the ballot box. In the end, what will count is whether we have delivered on the stable economy, the improved public services, the reduction in poverty and the reduction in crime that formed the basis on which we were elected. I believe that in respect of all those we have a very good story to tell.

Q5. [170151] **Helen Jones** (Warrington, North) (Lab): The new children's centre in my constituency caters for more than 900 children through a combination of nursery provision and a Sure Start programme. While that excellent initiative is tackling disadvantage at its roots, in some parts of my constituency, parents have no access to such good facilities. What plans has the Prime Minister to expand the network of children's centres so that children can be given the best possible start in life and parents can have access to good, affordable child care? Does he believe that that would be aided by the massive cut in the budget for the under-fives that the Conservatives would impose?

The Prime Minister: The Sure Start programme now helps about 400,000 children living in disadvantaged areas. That is a huge step forward. I think that virtually everyone who speaks to people engaged in the programme sings its praises. In addition, we are setting up children's centres around the country, and I hope that that provision will reach parts of Warrington that Sure Start has not reached. There will also be a growth in real spending on child care of some 17 per cent. over the next few years. All the evidence suggests that investment in children's early years results in better schooling for them in later life and a more responsible attitude towards society as a whole.

Mr. Andrew Turner (Isle of Wight) (Con): I am sure that the House welcomes Sinn Fein's exclusion from government in Northern Ireland because of its breach of the Good Friday agreement. Can the Prime Minister explain why he has excluded the three peaceful political parties from government as well?

The Prime Minister: In the end, we must find a way forward, and one that will be agreed on by everyone. I think that everyone accepts that, if we can possibly do so, it is best for us to do so with all the main political parties that have support in Northern Ireland being represented in the Government; but, as I explained in the speech of October 2002, that can only happen if it happens alongside not just an absolute undertaking to cease all forms of paramilitary activity, but a fulfilment of that undertaking. It is precisely this issue that is holding the situation up, but I hope that the hon. Gentleman accepts that there have been real gains in Northern Ireland as a result of the peace process.

Q6. [170152] **Mr. Bob Blizzard** (Waveney) (Lab): Now that there are record numbers of teachers in our schools and an unprecedentedly high level of pupil achievement, may we think about those who ensure that our children can cross the road safely to get to school? Will my right hon. Friend pay tribute to school safety crossing patrol officers, who do such valuable work in looking after our children? Is he aware that some of them are little better off than they would have been had they stayed on benefits, which could be rectified if they received a higher level of earnings disregard? Will he look into that so that our lollipop men and women can be rightly rewarded?

The Prime Minister: I know that my hon. Friend has tabled an early-day motion on school crossing patrol officers and I am happy to pay tribute to the fantastic job that they do. As for paying them more, he will also know that the new employment credit should help them to supplement their earnings. One reason why we have rising employment in this country is that, as well as having the minimum wage and the new deal, we are making work pay for people. Of course, we keep the level of their earnings under constant review.

Mr. Alex Salmond (Banff and Buchan) (SNP): Turning back to post office closures, in terms of public service, how can it be right that a busy sub-post office such as that at Buchanhaven in my constituency is offered £100,000 to close but no incentive, encouragement or support to stay open?

The Prime Minister: I understand the point that the hon. Gentleman makes but, again, that is an issue for which the Post Office must ultimately take responsibility. I am sure that he is making those points to the Post Office, but it must make sure that it can balance the books and that the financial systems are in place to enable it to work within the financial limits that it has set.

Q7. [170153] **Mrs. Joan Humble** (Blackpool, North and Fleetwood) (Lab): My right hon. Friend will be aware of a recent report into child care by the Select Committee on Work and Pensions. Further to his reply to my hon. Friend the Member for Warrington, North (Helen Jones), will he look at further expanding nursery provision and building on the provision that we have already seen in our schools? Good quality nursery care is vital to provide both an environment in which young children can socialise and the support that their parents so badly need.

The Prime Minister: My hon. Friend is absolutely right. A few years ago, we promised a guaranteed part-time nursery place for every four-year-old, and we have now fulfilled that for every three-year-old. It is our intention to ensure that we continue with Sure Start, extra child care places and the new children's centres, so that we get comprehensive provision for the under-fives. As I said a moment ago, that is a solid investment in those children's future, which will repay a dividend not just to them but to the whole of society.

Q8. [170154] **Mrs. Patsy Calton** (Cheadle) (LD): The Prime Minister has on previous occasions referred to the welcome 10 per cent. reduction in cancer mortality outcomes, which is largely due to a reduction in men's smoking and improvements in breast cancer care. However, will he and his Government look into the differences in outcomes between those from disadvantaged and those from advantaged groups? In particular, will he examine the effect of target-driven appointment systems on disadvantaged groups not getting their appointments when they should?

The Prime Minister: The hon. Lady's point about the advances that have been achieved is right and it is worth pointing out that in the past few years we have managed to invite far more women for screening. We have also ensured that additional cancer equipment is going into our hospitals. However, her point on some of the more disadvantaged areas is also true. The truth is that the large majority of people now get access reasonably quickly, but we have to ensure that that is extended throughout. I hope that the additional investment, which will run into hundreds of millions of pounds over the next few years, will do that, but I entirely understand and accept the point that she makes.

Mr. Kerry Pollard (St. Albans) (Lab): May I welcome the extra £3 billion that has just been announced for housing? Does my right hon. Friend agree that that money could be well used to reduce housing waiting lists and provide local housing for local people in my constituency and that it could enable key worker housing to be provided, thus helping to provide essential local services? Will he ensure that a good slice of that money goes to St. Albans?

The Prime Minister: Of course, the money will be allocated on an entirely fair and objective basis, but my hon. Friend is right to welcome the substantial additional investment in housing, which enables us to ensure both that we bring up to proper standard some of the poorest social housing in our communities and that we have the key worker housing that we need—that point is incredibly important. That must go alongside an expansion in the number of houses, carefully targeted, with the majority on brownfield sites, as my right hon. Friend the Deputy Prime Minister has outlined. If we do not provide additional housing in the south, it will be extremely difficult for people, and especially for young people trying to get on the housing ladder.

Arms Trade

12.30 pm

Tony Baldry (Banbury): I beg to move,

That leave be given to bring in a Bill to make provision about any Treaty on International Arms Transfers adopted by an International Conference held under the auspices of the United Nations.

It may help the House if I explain at the outset that the Bill has been prepared by eight members of the International Development Committee from all parties. As we undertake our work as a Select Committee, we are very conscious of the devastation caused by conflict in Africa and elsewhere, invariably perpetuated by small arms and other conventional weapons. Indeed, for sub-Saharan Africa and much of the world, the weapon of mass destruction is the AK47.

Small arms are, sadly, all too often in the hands of children. It is reassuring news that, through the UN war crimes court in Sierra Leone, the UN will for the first time treat the enlistment of children as soldiers as a war crime under international law.

The cost of such conflict is individual and tragic, and there is also a collective cost that the developing world cannot afford. It is obviously impossible in the time available to begin to describe the individual tragedies of hundreds of thousands of children and families in Africa and elsewhere, living in daily fear of armed violence, but let me give just one example.

During the recent conflict, over 10 years or so, rebels in Sierra Leone deliberately drugged children to use them as child soldiers. As part of their terror campaign, these children with AK47s would target pregnant women and take bets on whether the foetus was male or female. That is the level of degradation that was reached.

Today, the so-called Lord's Resistance Army in northern Uganda is still kidnapping children and forcing them to fight against their own families and friends. Uganda spends almost a quarter of its gross domestic product on arms, yet the World Bank ranks it 147th lowest on the human development index. Angola spends more than a third of its income on arms, yet it is rated 164th lowest.

The Select Committee and all-party groups often hear evidence of why sub-Saharan Africa is going backwards—how, on existing evidence, the continent is unlikely to meet the 2015 millennium development goals. Yesterday, we had the very welcome launch by the Prime Minister of the Commission for Africa. One of the reasons why the region is going backwards is that Africa is a continent of conflict. It is estimated that $22 billion is spent every year on arms by countries the majority of whose population live on less than $1 a day. Conflict fuels poverty.

Last year, the World Health Organisation estimated the economic loss to Africa of conflict at a staggering $15 billion a year. Typically, conflict leaves a country 15 per cent. poorer, with about 30 per cent. more people living in absolute poverty. Hon. Members may ask why I am introducing a ten-minute Bill. The reason is that, extraordinarily, despite the damage that many small arms and conventional weapons cause, there is still no binding comprehensive international law to control the export of conventional weapons. There is no international control on the proliferation of AK47s and similar weapons.

In fairness, the UK Government have done much to ensure that this country's arms trade and defence sales respect human rights and development needs, and they also introduced the Export Control Act 2002. Much more needs to be done internationally, and given that the Government have made significant progress and led by example, they are clearly better placed to help take the lead internationally and to act as a standard-bearer for a more transparent and accountable arms trade throughout the world.

A number of UK non-governmental organisations such as Oxfam and Amnesty International have drafted a suggested text for an arms trade treaty. It is a simple, clear document that defines the criteria against which any proposed transfer of conventional arms should be permitted. It would require states to incorporate those criteria into their national law, and to make regular public reports to an international registry of all arms transferred. Such a treaty would make it clear when arms exports are in breach of international law, and when the exporter has knowledge—or ought reasonably to have knowledge—that the arms will be used to violate international human rights or humanitarian law.

Such a treaty would ensure that any state exporting weapons—not only newly manufactured arms, but re-exported, second-hand weapons—has a clear responsibility to make certain that they are used in a manner consistent with standards already agreed under international law. It would require an exporting state to monitor closely what happens once the arms leave its borders, since the manner in which the recipient state will use the weapons might affect the lawfulness of the transfer. It would be an international means of control to ensure that all nations work to the same standard.

The Bill would encourage the UK Government to act internationally to agree an arms trade treaty by 2006, and to prevent arms from being exported to destinations where they are likely to be used to commit grave violations of international human rights and humanitarian law. Indeed, the House supported some of those principles during the progress of the Export Control Bill. On Third Reading, the Under-Secretary of State for Trade and Industry, the hon. Member for Edinburgh, South (Nigel Griffiths), said in support of a Government amendment that

> "the Government were very much aware of the depth of concern. We have addressed that concern first by strengthening the role played by guidance under the Bill, and secondly by putting beyond all doubt the Government's continuing commitment to sustainable development in the licensing process, together with all the other relevant consequences listed in the schedule."—[*Official Report*, 24 June 2002; Vol. 387, c. 630.]

Indeed, the Foreign Secretary has already signalled some support for my Bill's principles. When giving evidence recently to the Quadripartite Committee, he said:

> "We are having consultations on this. It goes without saying that if I felt an arms control treaty would deal with many of the problems which you have raised and we could get it through, I would be in favour of it. After all, we have signed up to all sorts of instruments in terms of arms control and there is no argument there, in principle, between us".

[Tony Baldry]

Of course, not all countries would immediately accept the idea of an arms trade treaty, but that should not prevent us and others from forging ahead. Not all countries have signed the mine ban treaty, but since it came into force not a single country has openly traded anti-personnel land mines, and far fewer Governments are using them. Under the programme of action of the United Nations conference on small arms, Governments agreed

"to assess applications for export authorizations according to strict national regulations and procedures that cover all categories of small arms and light weapons and are consistent with States' existing responsibilities under international law."

There are many genuinely well-intentioned statements of principles and best-practice guidelines on the arms trade, but there are no treaties or enforceable international legislation. The Bill seeks to encourage transparency, accountability and a legal framework for a responsible and legitimate arms trade. It would set out principles based on states' existing responsibilities according to international standards. It would pull together relevant international laws and standards that should apply to international arms transfers, such as the Geneva conventions, the mine ban treaty and the genocide convention.

Early next year, the UK will assume the G8 presidency, and later in the year we will assume the EU presidency. The Bill seeks to encourage the UK Government to demonstrate robust political leadership by introducing an arms trade treaty that would help to reduce the risk to millions in Africa of conflict and misery. I hope that the House recognises that we will make little progress in meeting the millennium development goals and the various targets that we hope to achieve if conflict is still being perpetuated in the world due to the proliferation of small arms. I therefore hope that the House will give leave to introduce the Bill.

Question put and agreed to.

Bill ordered to be brought in by Tony Baldry, John Barrett, Mr. John Battle, Hugh Bayley, Mr. Tony Colman, Mr. Quentin Davies, Chris McCafferty and Tony Worthington.

ARMS TRADE

Tony Baldry accordingly presented a Bill to make provision about any treaty on international arms transfers adopted by an international conference held under the auspices of the United Nations: And the same was read the First time; and ordered to be read a Second time on Friday 16 July, and to be printed [Bill 102].

Opposition Day

[10TH ALLOTTED DAY—FIRST PART]

Housing

Mr. Speaker: I inform the House that I have selected the amendment in the name of the Prime Minister and that there is a 15-minute limit on Back-Bench speeches.

12.40 pm

Mrs. Caroline Spelman (Meriden) (Con): I beg to move,

That this House regrets the Government's failure effectively to address the worsening problems of housing affordability, homelessness, sustainable development and house price inflation; laments the failure to diagnose correctly the underlying causes of house price inflation, including the insecurity of savings under the present Government; notes the Council of Mortgage Lenders' survey which found that 81 per cent. of the population aspire to home ownership and believes that key workers should not be penalized by high property prices; further regrets the rising numbers of vulnerable people living in temporary accommodation; urges the Government to explore new options for accessing empty homes to meet demand for social housing, as well as enabling people to move from social housing to owning their own homes; further notes that there was no ministerial statement or debate in Government time in response to the Barker Review which itself fails to provide acceptable solutions to these acute problems and poses a serious threat to the nation's green fields, to sustainable communities and to robust local democracy by its recommendation that housing targets be set at a regional level.

When I entered the House in 1997, I made my maiden speech on saving the green belt known as the Meriden gap, which lies between Coventry and Birmingham, but never did I envisage the scale of the assault on that green lung. The Government's changes to planning have led to back gardens being ripped up for executive homes and to neighbour being set against neighbour, making housing almost the hottest issue in areas such as mine. Neither did I expect to stand here facing a Labour Government to lament a rise in homelessness and a decline in affordable housing.

Difficult as it must be, the Government should first and foremost admit that something has gone seriously wrong. The public will not accept that the blame lies elsewhere. Seven years is a long time to be without a proper home. No one can be in any doubt about the seriousness of the housing crisis in this country. Only last week a front-page newspaper headline referred to house price inflation of 19 per cent. Most of us will know someone, usually a young person, who is struggling to get a foot on the property ladder. As MPs, we see constituency cases involving more and more people living in temporary accommodation.

To their credit, the Government have conducted a review—the Barker review of housing, published on 17 March. I say that the Government have conducted a review, but it would be more accurate to say that the Treasury has conducted the review. I have to say that the Barker report bears all the hallmarks of Treasury-focused assessment rather than those of the Office of the Deputy Prime Minister or of an environment-based body of work.

The Chancellor waxed enthusiastic on Budget day about the publication of the report, and we all know from his pre-Budget statement in November that he

believes that the way to solve the housing crisis is simply to build more houses. There will always be house building, but using it as the key instrument for dealing with affordability is both misguided and naïve. To believe that mass house building will solve the housing crisis is to misunderstand the nature of the problem. The pattern of misdiagnosing the nature of the problem and prescribing the wrong solution is common under this Government. It appears that their approach to housing is no exception.

There are currently two separate but related problems. It is true that, as a country, we need to increase our housing stock, but there is another problem—house price inflation. The reality is that house price inflation—an economic trend that is snatching the property ladder away from so many people—is in large part a consequence of the Government's own failings. I accept that housing shortages play a part in inflating prices, but even that gives rise to the question of what the Government have been doing for the past seven years to bring about such a decline in house building, bringing us to a position in which fewer new homes were built last year than at any time since 1924. That takes some doing.

Mr. Peter Pike (Burnley) (Lab): The hon. Lady came into the House in 1997. Between 1983 and 1997, 13 Conservative Ministers visited Burnley, where the problem is one of low demand—quite different from what she is describing. The previous Conservative Government never did anything to deal with the problem in Burnley, and it has become horrendous, with 4,500 empty houses in the area. Does she accept that we had to wait for a Labour Government and their housing renewal pathfinder project to begin to tackle the problem?

Mrs. Spelman: I fully understand the gravity of the problem in Burnley, and am deeply sympathetic to the needs of the hon. Gentleman's constituents. However, if he waits, he will see that later in my speech I shall come to the question of how to help in a constituency such as his. I think that the public will be more interested in what is going to happen in the future than in a retrospective analysis.

It has not proved safe to save under Labour. Following the Chancellor's raid on pension funds, more people are buying property as a form of security for the future. In the absence of a Government statement on the Barker report that would have told us what they think about it, we will have to take the report as a proxy for Government thinking on the subject. The Government must use some of their own time in the House to state otherwise.

We still have had no statement on the Barker review. I commend my hon. Friend the Member for Tunbridge Wells (Mr. Norman) for securing a debate on the subject in Westminster Hall last week. The Under-Secretary, the hon. Member for Pontefract and Castleford (Yvette Cooper), said that work on the Barker report was getting under way, including consultation, so why do not the Government try to consult colleagues in Parliament? There have been calls from both sides of the House for a debate in Government time on housing.

After all, the Government allowed the report to be published almost two months ago. It is not unreasonable that their silence might be construed as acceptance, at least of the report's main thrust. That would be a mistake, as I shall explain.

The report is premised on a series of false assumptions. First, and quite fundamentally, I do not understand why the 2001 census findings were ignored as the basis for projecting demand. Not only is that information more recent than that used by Professor Barker, but the Government claimed that the 2001 census was a good deal more accurate than its predecessor. Crucially, it shows that there appear to be almost 1 million fewer inhabitants in this country than was previously thought. That may mean that the scale of the housing shortage is smaller than we thought.

In addition, the report assumes that important demographic trends—such as immigration levels, the birth rate and the level of single home ownership—will remain the same. Given the social changes of the past few decades, that simply cannot be realistic.

Professor Barker's key recommendation is for a huge increase in house building, but that is a very blunt instrument when it comes to tackling the underlying problem. For a start, it takes time to deliver house building on the scale envisaged in the Barker review, so it is not a solution that would deliver short-term relief. Furthermore, such a scramble to put up houses may well compromise standards and suppress efforts to find more eco-friendly building methods.

New build accounts for only 1 per cent. of UK housing stock. Most people buy or rent existing properties, so surely the most immediate solution to housing shortages is to make more of the existing housing stock available. There are still 718,000 empty homes in this country, and my party is looking at what could be done to bring more of them into use.

Another fundamental problem is that plenty of houses are available, but in the wrong places. The flight from our cities to the countryside is not sustainable, in any sense. In my view, it is a symptom of the Government's policies across the board on transport, crime and education.

When I go to my constituency, the Meriden gap is a strip of green belt five miles wide that holds the cities of Birmingham and Coventry apart, lest they coalesce into an even greater conurbation in the west midlands. Yet if one catches the train into Birmingham from my constituency, one travels across great swathes of derelict land that are ripe for regeneration and, potentially, housing. Commuters have to make that journey at varying degrees of rapidity, polluting the atmosphere and adding to their working day. Surely that cannot be the most sensible planning model for the future.

There are similar tracts of land throughout the country, and we should be reclaiming them. Instead, the Government have offered us their sustainable communities plan. How could they ignore the environmental imperative, which is immediately apparent to all, that if there is one region in the country least well equipped to cope with a huge additional burden of houses it is the south-east? The south-east currently has 30 per cent. less water reserves than it had a decade ago, and the rate of decline is increasing. That is in addition to transport and other infrastructure

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requirements, which together make a persuasive case that further house building in the south-east is unsustainable.

Milton Keynes is another example. The hospital there was originally built to serve a population of 15,000, but we have seen the town expand almost exponentially. Now, a sustainable communities plan would add even more housing to put pressure on basic infrastructure, such as the hospital that has to serve that catchment area. How can that be called a sustainable community? Or consider the Thames gateway project, where land assigned for house building is at risk of flooding, in a region expected to see a 31 cm rise in sea levels by 2050. How can that be sustainable?

Last week, I visited the proposed site of a new building programme near Ashford, in Kent. Kent is the garden of England, but it is at risk of becoming a patio under the Government's house building plans. Why do the Government have a fixation with building in the south-east? It is extraordinary that a Labour Government should turn their back on what they like to term their heartlands in the north. The Government have completely overlooked the potential that the north offers for addressing the nation's housing needs. The Government provide a framework in which individuals must make choices about where to work and live. Demand for housing will change. For example, Oracle has moved its business from the M4 corridor, where it had exhausted the skilled labour supply, to my constituency to tap into the pool of labour available in the midlands and the better infrastructure.

Ms Dari Taylor (Stockton, South) (Lab): Is the hon. Lady so unaware of what is happening in the north-east, where local authorities with clued-in policies are using stock transfer, derelict land and the arm's length housing associations to renew housing? Has she not visited the area and seen what progressive Labour authorities are doing with the support of a Labour Government?

Mrs. Spelman: I am well aware of what is happening, but I regret the paucity of ambition. So much more needs to be done. I am all the more aware of that having paid a visit to North Tyneside council, which has a Conservative elected mayor and is now run by the Conservatives. We have brought £7.5 million of regeneration money to the area, to provide regeneration that never happened during the long period of Labour hegemony.

So many towns and cities north of Milton Keynes could benefit so much from spreading economic growth up from London and the south-east and more evenly across the country. What is wrong with Birmingham, for example? In common with other cities such as Liverpool, Manchester and Newcastle, the central business district has been regenerated. We have the exciting new Bull Ring, but it is surrounded by a collar of decay and dereliction. Surely that is where the Government should focus their attention, rather than the easy option of greenfield sites.

The Government have a target of 60 per cent. new build on brownfield, but it is just not happening. To accept the Barker recommendations would be to take the brakes off planning in the green belt and double the house building target. It will just increase the huge skirt of concrete round our hollowed out cities and destroy for ever the green and pleasant land that characterises this country.

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): The hon. Lady makes a strong case for the development of the north-east. If a Conservative Mayor is elected in London in June, will that mean the cancellation of the housing development in the Thames gateway which is designed to accommodate the projected increase of 800,000 people in the Greater London area?

Mrs. Spelman: We are in an election campaign period and the hon. Lady should await the outcome of the election. As a party we are, of course, optimistic.

The flipside of house building in the countryside is successful urban regeneration, but as the debate in Westminster Hall on this subject last week showed the Government have met real problems with their programme. Some 20 to 25 regeneration initiatives are due to end in 2006 and hon. Members were asking how those projects will be sustained. The House of Commons Library has identified at least 48 different sources of funding for regeneration, and the need to cobble together all those sources locks up project managers very inefficiently. Just because the Government got their fingers burnt in a few schemes, such as Aston Pride, they should not get cold feet. Does it not illustrate a paucity of ambition on the part of the Government that, according to an alliance of the Chartered Institute of Housing, the National Housing Federation and the Local Government Association, only 50 per cent. of the areas deemed at risk of decline are covered by any regeneration strategy and funding?

Dr. Brian Iddon (Bolton, South-East) (Lab): It sounds as though we are entering a period of enlightenment on the part of the Conservative party. However, I remind the hon. Lady that Conservative regeneration policies were sadly wrong, because they were not prepared to tackle the community needs at the same time as regenerating the houses. Is she prepared to support a regional assembly in the north-west, which would attempt all the things that she is preaching to the Government today? More importantly, if the Conservatives ever got into power again, would they put the cash on the table?

Mrs. Spelman: I am glad that the hon. Gentleman finds my speech enlightened, but I have always held these views. I feel passionately about the issue and it is one of the reasons I entered politics. As I travel round this country and see what needs to be done in terms of regeneration, it reinforces my passion to tackle the issue. The hon. Gentleman raises an important point about regional assemblies. In case he has not noticed, I can tell him that my party opposes regional assemblies because we fervently believe that important decisions on planning and regeneration should rest with democratically elected local councillors who are closest to those needs and answerable to the electorate on the doorstep. Regional assemblies would take those powers away from local government, and that is the source of our strong opposition to them.

Fundamentally, those regeneration projects that are under way will fail if the communities do not have ownership of them. Too often Government try to impose projects on a community rather than involving a community from the outset. Without that partnership and roots-up regeneration, so many of these projects are destined to failure.

The insistence by Government on dictating to communities how they should live gets a new twist from the Barker report, which recommends that planning decisions should be taken away from local government and given to new regional planning bodies—and that relates to the point raised by the hon. Member for Bolton, South-East (Dr. Iddon). That would remove an important decision-making power from a democratically elected council and give it to an unelected body, in yet another assault on our democratic rights. I begin to wonder what the Government believe local government is for. Surely a local councillor is better placed to assess the impact of a planning decision on his or her locality than a regional officer who may be literally hundreds of miles away.

Mr. Geoffrey Clifton-Brown (Cotswold) (Con): In fact, the situation is worse than my hon. Friend suggests. Under recommendation 6, Barker recommends that regional planning bodies and regional housing boards should be merged to create a single body to manage regional housing markets and to deliver regional affordability targets. After seven years of failure in housing, all that the Government can do is suggest more layers of government and more bureaucracy. Does my hon. Friend think that that will solve the problem?

Mrs. Spelman: I do not think that it will solve the problem at all; it is further evidence of regionalisation by stealth. The Government will continue to feel our opposition to that as our friends in another place demonstrate their defence of our democratic rights in the Planning and Compulsory Purchase Bill.

Before Labour were elected, they said that we must not allow our precious green space to become easy prey to developers, yet the Barker report shows that talk really is cheap for the Government. Now we hear that they want to relax green belt planning laws, remove local obstacles to planning and impose huge, environmentally unsustainable house building targets in the south-east. The Deputy Prime Minister even says openly that he is sick of people shouting about protecting greenfield sites.

The fact is that every sod of turf torn up from a greenfield site to make way for new housing development is an indictment of the Government's failed housing policy. It is an indictment of their failure to stimulate economic growth evenly throughout the country. It is an indictment of their failure to regenerate urban brownfield sites as a sustainable alternative location for new houses. It is an indictment of their fixation with centralised decision making and of their narrow focus on supply-side economics as the sole means of addressing affordability.

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Does the hon. Lady accept that it is also an indictment of the 18 years when her party was in power? That resulted in massive cuts in modernisation programmes for council housing and the ending of schemes such as enveloping to bring private sector housing up to standard. No attempt was made to regenerate the coalfields, and there were no policies to encourage building on brownfield sites while we saw building on one greenfield site after another throughout the country.

Mrs. Spelman: Labour Members clearly do not like what I am saying, but their arguments are wearing a bit thin. I am not looking backwards but forwards. However, I fought in a Nottinghamshire constituency in 1992 and I recall that it was the Conservatives who set up the coalfields communities campaign, so it is not true to say that nothing was done for those communities.

Mr. Peter Atkinson (Hexham) (Con): As we are looking at the Conservative record, my hon. Friend has no doubt visited the centre of Newcastle upon Tyne and seen the tremendous riverside development there, which has been praised throughout Europe. That was done by the Conservative party, which set up the Tyne and Wear development corporation. If my hon. Friend has visited the historic centre of the city, she will have seen Granger town where a renewal project initiated by our right hon. Friend the Member for Skipton and Ripon (Mr. Curry) when he was a Minister has just been completed.

Mrs. Spelman: I am grateful for that intervention from my hon. Friend. He was in the House at that time so he can put the record straight. He also gives me an opportunity to pay tribute to my predecessor, my right hon. Friend the Member for Skipton and Ripon (Mr. Curry). I think it is generally acknowledged that issues such as how to breathe life back into our cities are close to his heart. It is the Conservatives who will really deliver on that regeneration.

Alistair Burt (North-East Bedfordshire) (Con): Does my hon. Friend also recall the tremendous city challenge projects that the Conservative Government introduced, especially in areas of dereliction and on brownfield sites? The Conservative Government and Michael Heseltine led on ideas such as the initiative to demolish the Moss Side flats in Manchester to redevelop an estate that has been part of the regeneration of that city.

Mrs. Spelman: I thank my hon. Friend who has given us yet another example that helps to counterbalance the indictment made by the hon. Member for Sheffield, Attercliffe (Mr. Betts) when he said that nothing had been achieved in 18 years. I can add to those examples by reference to the successful city challenge project in Tipton in the west midlands region, whence I hail.

David Wright (Telford) (Lab): Will the hon. Lady give way?

Mrs. Spelman: No, I want to proceed.

My party has always supported the aspiration to home ownership and has pioneered ways of extending affordability to more and more people. Whatever they may claim, Labour Members still appear to have something of a hang-up about property ownership. Research commissioned by the Council of Mortgage Lenders shows that 82 per cent. of the population aspire to own their own home, so surely the Government are

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being arrogant when they ignore that aspiration. Worse, they are guilty of thwarting the aspirations of many people, with policies such as the abolition of MIRAS—mortgage interest relief at source—the imposition of stamp duty on first-time buyers and soaring stealth taxes such as council tax, which has increased by 70 per cent. since Labour came to power.

Is it any wonder that the number of first-time buyers entering the property market is the lowest since records began? The sheer scale of the housing crisis requires fresh thinking. Members on both sides of the Chamber can contribute to the solution if the Government are willing to listen.

My party is consulting widely because we recognise the need to address affordability and sustainability, and to provide high-quality social housing. We must enable people to take the first step on the property ladder; we must develop ways of bringing people through social housing to home ownership—

Andy King (Rugby and Kenilworth) (Lab): Will the hon. Lady give way?

Mrs. Spelman: No, I am coming to the end of my remarks—*[Interruption.]* I was making an important point.

We must defend the needs of key workers, who should not be penalised, or excluded from the opportunity of home ownership, for the service they give our country.

The Barker report poses more questions than it solves. In the Government's stony silence on the report, the voices of the homeless and of those who aspire to a better home, as well as of those who truly value Britain's landscape, go unanswered. But we have heard them; we share their hopes and the next Conservative Government will deliver.

1.7 pm

The Minister for Housing and Planning (Keith Hill): I beg to move, To leave out from "House" to the end of the Question, and to add instead thereof:

"commends the Government's record on housing, and the progress it has made in delivering sustainable communities, as set out in Making it Happen: The Northern Way and elsewhere; notes that one million more people own their homes now than in 1997, whilst mortgage rates are at their lowest since the 1950s; notes that since 1997 there are one million fewer social homes below the decency standard and welcomes the Government's approval of 58 new schemes that could make decent another 170,000 social homes; applauds the fact that the number of families with children in bed and breakfast accommodation for longer than six weeks has reduced by at least 99.3 per cent. since March 2002; supports the Government's plans in the Thames Gateway and newer growth areas to deliver new sustainable communities and provide an extra 200,000 homes; further welcomes the action the Government has taken to support the creation of 230,000 affordable homes since 1997, to help over 10,000 key workers into home ownership in areas of high demand, and to reduce rough sleeping to the lowest level since records began; further supports the Government's creation of a £500 million Market Renewal Fund to tackle the worst cases of low housing demand and abandonment; applauds the creation of regional housing boards to ensure investment is focused on regional priorities; and welcomes the fact that the Government has added 25,000 hectares to the greenbelt with a further 12,000 hectares in prospect, and is exceeding its brownfield target, having built 64 per cent. of new homes on previously developed land in 2003."

I begin by congratulating the hon. Member for Meriden (Mrs. Spelman) on what I believe was her debut speech at the Dispatch Box in her new shadow capacity. I would also like to thank her. They say that timing is all in politics, so I thank her for having timed this debate to perfection. It has been called on the very day on which the Government are celebrating the success of our decent homes programme. It is the day on which we are celebrating the reduction by 1 million in the number of substandard homes since we came to power in 1997, and on which we are announcing major new investments in our programme to renew social housing.

Why is that investment necessary? Why was it necessary in the first place for the Government to embark on our decent homes programme? The answer lies in Tory indifference and neglect of those living in council houses and other forms of social housing. The horrifying fact is that, when the Government came to power in 1997, we faced a £19 billion backlog of repairs to council and housing association properties. In 1997, an amount of homes equivalent to all those in the entire west midlands region—2.1 million homes—failed to meet the standards of decency that tenants deserve, so our first priority in housing policy was to put that right. That is why we released more than £5 billion in local authority capital receipts for investment in refurbishing council homes. That is why we have continued to invest year on year to make public housing decent.

Ms Dari Taylor: Does my right hon. Friend agree that the housing programme for people in the north-east in the 1980s and 1990s was coloured by two factors? First, we could not obtain sufficient money from the housing improvement programme because the then Government denied us the right to modernise and repair. The second factor, which was caused by financial deregulation under the Conservatives, was negative equity—a scar across my constituency and the whole north-east.

Keith Hill: I entirely agree with my hon. Friend. I share her passion and I shall talk about negative equity in due course. We are in the process of putting right that historical wrong suffered by people living in her region—the north-east—and by her constituents. I am delighted to say that I met some of her constituents today at our celebration of the decent homes programme. They are over the moon about what the Government have been able to offer them through that programme.

David Wright: Is it not interesting that the Conservatives talk a lot about choice in relation to local authority housing refurbishment, but the only option available under the Conservatives was "transfer or nothing"? Did not this Labour Government provide local authorities with different options to bring new investment into local authority housing? We should be congratulated on doing that.

Keith Hill: My hon. Friend is absolutely right. We have offered a variety of routes to improve council housing stock. Above all, we have vastly increased the investment in improving the housing stock. The Government and the Labour party believe in social housing and in offering serious opportunities for tenant

empowerment. The purpose of our decent homes programme is not merely to improve the physical fabric of our estates, but to provide the opportunity for tenants to take control of their own lives. As they have told me today and previously, the whole programme is bringing them a sense of self-respect and power over their lives that they never enjoyed before, and I am immensely proud of that.

In fact, under this Government, more than 1 million tenants are better off; 1 million fewer homes are left neglected; and 1 million fewer homes are left unrepaired. That is a great achievement, and we are on track to make every home in the public sector decent by 2010. Our decent homes programme is offering people warm, weatherproof and more modern homes. We are installing new facilities, such as new kitchens, bathrooms and central heating, and better insulation. Many of us take those things for granted, but they mean a huge amount to people who have not got them.

Mrs. Spelman: I wish to intervene because I am concerned that the right hon. Gentleman might not be minded to give way to other colleagues. I want to make the point that it depends what he means by the word "decent". Perhaps he will be aware while trumpeting today's announcement that the Construction Products Association has voiced its scepticism about the Government's self-defined targets for decency in housing standards being ambitious enough.

Keith Hill: I am trying to maintain my calm, but I really do think that that is downright cheek from a party that was so concerned about the conditions in which council house tenants lived that, at the end of its period of government in the 1990s and after seven Housing Ministers, it left them with a £19 billion backlog of repairs.

Mr. Andrew Turner (Isle of Wight) (Con) *rose—*

Keith Hill: Oh, gosh! How can I resist the hon. Gentleman?

Mr. Turner: Why were so many of those houses under the control of Labour councils? Some Labour-controlled councils, such as that on which I served, successfully introduced exactly that sort of renovation programmes in the 1980s. Why were some Labour authorities so bad, when others were so good?

Keith Hill: Because those councils were suffering, year on year, from cuts in housing investment under the previous Administration.

Mr. Clifton-Brown: The Minister is trying to make a good case out of something that is pretty poor. Will he explain why the Select Committee on the Office of the Deputy Prime Minister—an all-party Committee—said:

"more and more people cannot afford to buy or rent a home . . . more families than ever are in temporary housing . . . The number of homeless households in temporary accommodation is now the highest ever"?

If that is not a damning indictment of the Government's housing programme, I do not know what is. Will he also explain why the Government are building only half the number of affordable houses today as when we left office in 1997?

Keith Hill: At least we are building houses where they are needed. Of course, under the hon. Gentleman's Administration, large numbers of houses were built at the bottom of the recession, but they were built in places where they were not needed. I suggest that he visit some of our northern cities, where he will observe houses built in the 1990s that are now standing idle because there was never a demand for them in the first place. We are building where the demand is. Admittedly, construction and labour costs are high in those places. I fully confess that it is difficult to acquire the kind of output that we would desire from the new, high levels of investment that we are putting into social housing, but I am delighted to report that we expect the Housing Corporation to produce a 50 per cent. increase in the number of social and affordable homes in the next two years.

Ms Oona King (Bethnal Green and Bow) (Lab): Further to what my right hon. Friend says, is he not astonished that many of the houses built by the Conservative party were demolished without ever having been let? Moreover, the Conservatives' solution to the homelessness problem was to take away homeless families' rights to seek temporary accommodation—surely one of the most shameful things that any British Government have ever done?

Keith Hill: My hon. Friend, who is a great expert in such matters, is absolutely right. In fact, the Government's more liberal interpretation of the homelessness rules has led to an increase in the number of households counted as homeless. Nevertheless, there is good news to report in that direction, too.

Several hon. Members *rose—*

Keith Hill: If colleagues will forgive me, I hope to make some progress towards providing further good news. However, as we have not heard an intervention from the minor parties, I will allow the hon. Member for Ludlow (Matthew Green) to intervene.

Matthew Green (Ludlow) (LD): A couple of minutes ago, the Minister said—I wrote it down exactly—"We are building where the demand is." If that is true, when a local authority requests extra housing allocation, why does he fail to give it?

Keith Hill: The hon. Gentleman alludes to a semi-public exchange that we have had on such matters. I am aware of the pressures in his local authority. As he knows, there have been trade-offs in the regional distribution of social housing, but I am alert to the pressures and, as he also knows, I am not entirely unsympathetic to the case that he is making.

I draw the attention of the House to the enormous progress that has been made in social housing as a result of the decent homes programme. Let us look at the difference we have made: 650,000 homes with new

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central heating; 240,000 with new kitchens; and 180,000 with new bathrooms. And today, my right hon. Friend the Deputy Prime Minister has announced a package of £3 billion to tackle problems in even more homes. A possible 170,000 homes could benefit from that package. That is more than the total number of dwellings in Bristol, which gives an indication of the scale of that commitment.

That £3 billion package covers 58 new housing improvement schemes, including £1.8 billion for 12 new arm's-length housing management organisations—ALMOs—£1 billion in public-private funding for 37 new housing stock transfer schemes, and £370 million for nine new housing private finance initiative schemes. All those are schemes that local people have chosen for themselves and that have a proven record in delivering decent homes.

In the three years to 2005–06, the Government will invest a massive £8 billion to improve council housing. That is three times more than the sum that we inherited in 1997. Since 1997, average investment in each council home has increased by 55 per cent. in real terms. Not only have we improved homes for more than 1 million people, but we have given tenants more control over the way that their homes are managed. So the Government need no lessons about housing from the Conservative party.

Under the last Tory Government, homelessness became a way of life for too many people. Bed-and-breakfast hotels were no longer just holiday venues at the seaside—people began to think that such hotels were an acceptable way of dealing with homelessness. That was particularly shocking, as often families with children were living in inappropriate bed-and-breakfast accommodation for long periods. This week, in addition to today's announcement on decent homes, we have already announced that we have ended the scandal of families having to bring up their children in bed-and-breakfast hotels. I am pleased to say that we have met the target to ensure that no family with children has to live in a bed-and-breakfast hotel for longer than six weeks—down from 11,000 in 2001.

Mr. Pike: I welcome the good news from the Government. Although it was not mentioned in the Conservative motion or by the hon. Member for Meriden (Mrs. Spelman)—it is, however, included in our amendment—is it not a fact that the Labour Government are committed to housing renewal projects in areas of low demand such as Burnley and other parts of the country that are experiencing major problems?

Keith Hill: My hon. Friend is quite right, and I hope to allude to the programme of housing market renewal later. A sum of £500 million has been made available for the regeneration of areas of low housing demand in cities in the north and the north midlands. Earlier, my hon. Friend made an eloquent intervention on the subject, to which he is extremely committed.

Dr. Iddon: In contrast to the news that my right hon. Friend has just given us, when I was housing chairman in the metropolitan borough of Bolton the Conservatives cut housing resources by a massive 70 per cent. Would my right hon. Friend be surprised if I said that I do not believe what the Opposition spokesmen are saying today?

Keith Hill: My hon. Friend is quite right, and I am not in the least surprised that he does not believe a word of what the Opposition have said. I have visited Bolton in his company and seen the excellent new investment in the town that has been made as a result of the Labour Government's commitment to housing improvement.

Mrs. Spelman: I thank the Minister for giving way to me a second time, but how does he answer Shelter's appraisal of his announcement on homelessness? Of course it is good that 4,000 families have been moved out of temporary accommodation, but Shelter argues that the Government have not included in their calculation asylum seekers or families placed in bed-and-breakfast accommodation by social services departments. The Government have also ignored council and housing association-run hostel accommodation, which is equally unsuitable for families with children.

Keith Hill: With respect, I am more inclined to trust definitions from local authorities—the figures that I gave were from local authorities—than from Shelter. More to the point, however, the hon. Lady attempted in her speech to create an intellectual construct to defend nimbyism. In the lead-up to the next general election, her party is mounting a defence of nimbyism. She made a rather shallow effort at doing so herself, but she will not get away with it, as she made no commitment to increase the number of homes to deal with the problem of homelessness.

Jim Knight (South Dorset) (Lab): My right hon. Friend will be aware of the lack of affordable housing in Dorset and across the south-west. Has he received any representations or constructive suggestions from the Opposition about tackling that problem? All I hear is criticism—I do not hear anything constructive at all.

Keith Hill: My hon. Friend is right. If I ever get to my peroration I intend to make that point myself. I have scanned the Conservatives' housing proposals, but there is only one to deal with such problems—it would extend the right to buy to housing associations. The Conservatives make the fascinating proposition that for every two housing association properties that are sold, one new housing association home will be built. The party appears to be concerned about homelessness, to which social housing is the obvious solution. I stand to be corrected, but its proposals are not a recipe for expanding the provision of such housing.

In the past six weeks, the Government have announced a new £690 million programme for housing essential key workers; a new scheme to turn surplus national health service and Ministry of Defence land into 15,000 new homes; a £150 million programme to turn derelict sites into urgently needed new homes for London; more investment to tackle low demand in South Yorkshire, Oldham, Rochdale and east Lancashire; nearly £500 million for existing arm's-length housing organisations to help improve the lives of thousands of tenants; and more than £3 billion for the

Housing Corporation to increase the supply of affordable homes. Again, we need no lessons from the Opposition about housing.

Under the last Tory Government, rough sleeping began to be regarded as an unavoidable reality. This Government were not prepared to accept that, and we have reduced rough sleeping to well below two thirds of 1998 levels. The number of rough sleepers in 2004 is the lowest ever recorded. Who can forget—I know that Labour Members cannot—that in 1992, 1.2 million households suffered from negative equity, and that between 1990 and 1997 nearly 0.5 million homes were repossessed? Mortgages averaged 11 per cent., hitting a peak of 17 per cent. That was the Tory housing policy. But mortgage rates are now at their lowest level since the 1950s, following an unprecedented period of low and stable interest rates from which home owners throughout the UK have benefited, enabling them to plan for the future with confidence.

We have heard that the Government apparently have a visceral resistance to greater home ownership, but there are now more home owners than ever before. As Kate Barker pointed out in her recent report, since 1997, 1 million more people now own their own homes. At just over 15 million, England has the largest number of home owners in recorded history, but I accept that we need to do better. We need to build more homes and expand the supply of affordable housing. In contrast to the Tory period of year-on-year cuts in investment, since 1997 we have doubled investment in council housing and new affordable homes. We have unlocked £8.5 billion of private investment through stock transfers to housing associations, and we have invested over £1 billion in key worker housing—three times the previous annual rate. As my hon. Friend the Member for Burnley (Mr. Pike) pointed out, we have at the same time created a £500 million fund to tackle market renewal in areas of low demand for housing. In areas of high demand, we are implementing a £600 million investment programme to create the social and physical infrastructure necessary for housing growth.

Several hon. Members *rose—*

Keith Hill: There is a bottomless pit of demand for my attention, and hon. Members will know that I am always conscious of the need for Front Benchers to keep it short in these brief debates when many other colleagues wish to speak. I cannot resist giving way to my official opposite number, the hon. Member for South Holland and The Deepings (Mr. Hayes), but afterwards I must exercise self-restraint.

Mr. John Hayes (South Holland and The Deepings) (Con): The Minister is, as ever, generous, and I am grateful to him for giving way. He talked about the Barker review and the need to build more houses. One of Kate Barker's recommendations is for a development land tax. Does he support that?

Keith Hill: The hon. Gentleman refers to the planning gain supplement. My right hon. Friend the Chancellor of the Exchequer has made it clear that the Government are considering the proposal and that we expect to make a response in 2005.

Richard Younger-Ross (Teignbridge) (LD): Will the Minister give way?

Keith Hill: No.

Since 1997, as I have said, we have doubled the funding for social housing and supported the creation of 230,000 new affordable homes. We have increased the number of housing association homes from 22,000 a year in 2001 to 29,000 in 2005, but we are determined to do better, and by 2006, the extra investment in affordable homes will increase the number of new housing association homes to over 34,000 a year—a 50 per cent. increase in five years. More than 10,000 key workers in our front-line public services, including health, education and the police, have been helped into home ownership through our starter home initiative. Last month, we announced the new £690 million key worker living scheme, which will help a further 16,500 key worker households into new homes in high demand areas by 2006.

Ms Buck *rose—*

Keith Hill: I cannot resist giving way to my highly knowledgeable colleague.

Ms Buck: There has been a glaring omission from my right hon. Friend's speech, which I feel it necessary to correct. He has made no mention of that embodiment of Conservative housing policy demonstrated by Dame Shirley Porter and Westminster city council Conservative members. On the subject of housing investment, will my right hon. Friend join me in congratulating the Labour councillors past and present who have pursued Dame Shirley and her colleagues for 15 years, and who last week saw their pressure bear fruit when Dame Shirley agreed to repay £12.3 million, the balance of which will be invested in new housing opportunities in Westminster, with no thanks whatever to the Conservative party?

Keith Hill: I thought I would save that morsel for my hon. Friend. I am delighted to congratulate those Labour councillors. I also congratulate her and other hon. Members on their pursuit of justice in the matter.

Several hon. Members *rose—*

Keith Hill: I shall give way to the hon. Member for Teignbridge (Richard Younger-Ross), then to my hon. Friend the Member for St. Albans (Mr. Pollard), and I might give way again as I approach the end of my observations.

Richard Younger-Ross: I thank the Minister kindly for giving way. He spoke about the right to buy and home ownership, but he seems to be falling into the same trap as the Conservatives did in the 1980s, by putting the right to own a property above all else. Does he agree that one of the reasons why people seek to buy property is as an investment, rather than as a home as we would

[Richard Younger-Ross]

expect? It is their seeking an investment that leads to house price inflation, which is the reason for the lack of affordability of homes. Ought he not to be tackling that?

Keith Hill: As the hon. Gentleman went on, I began to regret giving way to him. In so far as I understand his point—

Richard Younger-Ross *rose—*

Keith Hill: I will not allow the hon. Gentleman to clarify further—heaven forfend. As I understand it, he was making a point about people's desire to use property for investment purposes. That is not something that the Government wish to challenge, but we are taking firm action through the Housing Bill to put a stop to the scandal of the commercial exploitation of the right to buy, which is wreaking such havoc not only in some of our major urban areas, but quite widely throughout the country.

Mr. Kerry Pollard (St. Albans) (Lab): Will my right hon. Friend do all he can to sort out the West of Stevenage development, where several thousand houses were due to be built many years ago? Not one house has been built, and that is causing blight across the whole of Hertfordshire. My constituency, St. Albans, has been jam-packed because of the need for housing. That has been going on for a long time because of the intransigence of Tory-controlled Hertfordshire county council.

Keith Hill: Well, there you go. My hon. Friend's point is well taken. It is symptomatic of the problems that we face, and it is why the Opposition are trying to find a way of justifying such continued intransigence against the obvious need for more building.

Several hon. Members *rose—*

Keith Hill: I regret that I cannot give way any further at present.

Since 1997, 900,000 new homes have been built in England, but again I say that we need to do better. That is why I am pleased to report that we have begun to see an increase in housing supply, with 14 per cent. more new homes built in London and the south-east in 2002–03 than in the year before, and we are supporting that new build with huge new investments. Total housing capital investment has tripled, with capital allocations rising to £5 billion in 2005–06, compared with £1.61 billion in 1997–98.

The new homes that we need must, however, be in sustainable communities. In planning for more homes in areas of high demand, we must avoid the mistakes of the Tory past when too many soulless estates were built at the expense of creating neighbourhoods where people want to live and build a future for themselves, their family and their community. The £22 billion sustainable communities plan that we launched in February 2003 marked a step change in our approach to housing and communities—a step change in approach not just to the provision of more affordable homes, but to improving existing homes and creating communities that people are proud to live in.

We have identified growth areas in London and the south-east, and in the south midlands. Our long-term plans for the Thames gateway and the other growth areas—Milton Keynes and the south midlands, Ashford, London-Stansted-Cambridge-Peterborough—will provide for sustainable communities built mainly on brownfield land along major transport corridors, such as the channel tunnel rail link. Combined with London, those growth areas have the potential to deliver an extra 200,000 homes, above the 930,000 planned, and more than 300,000 jobs by 2016. However, I emphasise that the communities plan is not just about growth in the south-east.

Bob Spink (Castle Point) (Con): The Minister speaks a lot about communities. Does he believe in listening to the voice of local communities such as mine in Castle Point, which he visited a few weeks ago? He stood on the beautiful green land at the west of Canvey Island, surveyed the wonderful wildlife habitat there, and told the local paper that the best way of conserving that was to build on it. Does he not know how silly he looked in the local press and how much damage he did to the local Labour party on Canvey Island, which will now lose every seat in the local elections?

Keith Hill: That is another object lesson in not believing anything one reads in the newspapers.

I was speaking about our commitment to the north of England and the towns in the north midlands. There is a new confidence and energy in many of our northern towns and cities, but more remains to be done. We want to quicken the pace of change and spread growth and success beyond the core cities into the wider community. That is why we have set up a specific taskforce working to create a long-term vision for economic growth in the north of England—a "northern way". This work has the potential to change the entire perception of the north from regions in decline requiring regeneration to regions of imagination, innovation and growth. We also know, however, that in some parts of the north and the midlands where traditional industries have declined, demand for housing has collapsed and thousands of homes lie abandoned. Around 1 million homes in some 120 local authorities are affected by low demand.

Turning around those communities will require a long-term commitment. That is why we have created a new three-year £500 million market renewal fund to start revitalising nine of the worst low-demand areas. We have linked housing renewal with regeneration programmes worth more than £850 million in the nine pathfinders. In addition, we have put in place a £500 million 10-year regeneration programme targeted at coalfield communities, many of which also suffer from low demand. The communities plan is not just about dealing with growth in the south-east and low demand in parts of the north; it is a national programme to improve housing and communities.

A good quality local environment is vital to a sustainable community. That is why we have increased local authority spending on creating a cleaner, safer, greener environment in our cities and towns from £1.9 billion in 2001–02 to £2.2 billion in 2002–03. We are

putting extra resources into improving our streets, parks and public places and making better design a key driver for change. We are taking action to tackle street crime and antisocial behaviour, and we are investing in neighbourhood support schemes such as Sure Start, and the children's fund.

Under the sustainable communities plan we are providing an extra £201 million over three years to help transform the local environment, including a new £89 million so-called "liveability fund" for 75 projects to improve streets, parks and public spaces. We are providing £70 million for community-led groups, such as Groundwork, to improve the local environment, and £91 million for neighbourhood and street wardens in more than 500 communities. More than 3,000 wardens are now in place, and the latest study, which was published last month, shows a 28 per cent. drop in crime in neighbourhood warden areas.

I remind the House that this Government have added 25,000 hectares to the green belt and ensured that more than 60 per cent. of all new housing is built on brownfield sites. Under this Government, the density of house building has been increased, so more homes are being built on less land. The Conservative Government unleashed out-of-town shopping malls, until their Secretary of State for the Environment, the right hon. Member for Suffolk, Coastal (Mr. Gummer), had to step in to put a stop to such developments. Under the Conservative Government, only 50 per cent. of new housing was built on brownfield sites, which contrasts with the 64 per cent. figure achieved under this Government. If we were still building at the density achieved under the Tories, massive swathes of concrete would have been poured into the countryside.

This Government have nothing to be ashamed of, and I am proud to set before the House our record on creating sustainable communities. As one of my hon. Friends said, we have heard a string of criticisms from the Tories. We understand that the hon. Member for Meriden attempted to create an intellectual construct for nimbyism—she failed—but what are the Opposition proposing? What is Tory housing policy? The House will be delighted to hear that I have checked the website, which is called, "Conservatives.com—Trusting People". The answer is that the policy is "under review"—it appears that the people must trust the Conservatives just that little bit longer. But why wait? The shadow Chancellor has spoken, and we all know that he has freezes and cuts in mind, which are exactly what the hon. Member for Meriden is considering, because the bottom line to her speech was a cut in investment in housing and regeneration.

The Tory party's spending plans would mean a £400 million cut in the housing budget in 2007–08 by real-terms comparison with 2005–06. What would a £400 million cut mean? It would mean halving the entire investment programme for decent homes in the west midlands, which is the area represented by the hon. Member for Meriden. It would mean cuts in funding for key worker housing; it would mean cuts in the budget for tackling the problems of low-demand housing; it would mean cuts in the budget for helping the homeless; and it would mean cuts in the budget to help increase new housing in the Thames gateway and other growth areas.

The truth is that we have been there before with the Tories. They increased the number of council homes in need of urgent repair to more than 2 million; we halved it. They increased mortgage rates; we halved them. They doubled the rate of repossessions and negative equity; we reduced them to close to zero. They doubled the number of homeless families with children in bed-and-breakfast accommodation; we reduced it to zero. They doubled the number of people sleeping rough on our streets; we cut it by two thirds.

We doubled investment for affordable housing; the Conservatives halved it. We doubled investment for council homes; they halved it. We doubled investment for key worker housing; and, under their spending plans, they would halve it. We are making decent homes and sustainable communities happen. Don't let the Tories wreck it again.

1.43 pm

Matthew Green (Ludlow) (LD): I start by apologising on behalf of my hon. Friend the Member for Kingston and Surbiton (Mr. Davey), who was to have spoken today; he has a stinker of a cold and has asked me to step in.

I congratulate the hon. Member for Meriden (Mrs. Spelman) on her first speech in her new role, and I wish her a longer occupation of that position than some of her predecessors. While it is true that I have only been speaking on ODPM matters for 18 months now, three Conservative Members have occupied the lead position on the subject during that period, and there were seven different Conservative Housing Ministers in post during the 1990s. Perhaps the Conservative party do not have a housing policy because those responsible were not in post long enough to invent one.

We shall support the Conservative motion, which does not contain anything with which we disagree, although I must say that the motion leaves a lot out, and I suspect that if the Conservatives had a policy to enumerate, we would not support it. Given what the hon. Member for Meriden said, however, we shall support the motion.

I shall touch on a few of the reasons why we shall support the motion before offering some positive alternatives and trying to fill the vacuum left by the hon. Member for Meriden, who failed completely. I expected a policy, but her speech did not contain one, although she rightly highlighted some of the problems and I agree with her criticisms of the Barker review and the assumptions on which it is based.

I congratulate the hon. Member for Tunbridge Wells (Mr. Norman) on most of his remarks on the Barker review in last week's Adjournment debate, and I agree with his assessment of the review's fundamental flaws. The Barker review adopts a top-down approach and examines the housing problem from a national economic viewpoint, but it fails to understand what drives house price inflation and affordability. For instance, it assumes that house price inflation is driven by the economic engine of London and the south-east, but house price inflation in areas such as the Pennines, Cumbria, the Welsh Marches and Cornwall is faster than that in London and the south-east. That process is not driven by high wages; it is driven by people selling up in London and the south-east and retiring to such areas.

[Matthew Green]

The Barker review's flimsy assessment only scratches the surface. Bearing in mind that the ODPM did not commission the report, I hope that it does not rely on it too much. The Treasury sometimes foists schemes on the ODPM—for example, the planning zones that the Chancellor wanted to include in the Planning and Compulsory Purchase Bill—and I hope that the ODPM does not take the Barker review too much to heart, and that it uses the statistics before moving on to more productive ground.

Mr. Andrew Love (Edmonton) (Lab/Co-op): Will the hon. Gentleman accept the major thrust of the Barker review, which is that lack of supply is a major contributory factor to house price inflation?

Matthew Green: Lack of supply is one of the contributory factors. The problem with the Barker review is that it considers lack of supply to be the sole driver for house price inflation.

Mr. Love: Will the hon. Gentleman give way?

Matthew Green: I gave way and answered the question.

Mr. David Drew (Stroud) (Lab/Co-op): I do not want to repeat my debate with the hon. Member for Tunbridge Wells (Mr. Norman), whom I am pleased to see in his seat. Does the hon. Member for Ludlow (Matthew Green) agree that the Barker review does not address the rural dynamic? Although the housing market in rural areas is sensitive to supply, supply is not the only factor, and demand management is also important.

Matthew Green: I could not agree more, and the hon. Gentleman makes a point that I touched on earlier. I do not want to consider the Barker review in too much detail because it was debated last week. It would be nice to have a fuller debate on the subject, but this is obviously a wide-ranging debate on housing, and I want to address some of the other issues.

The Minister bears on the right point when he suggests that the Conservatives are attempting to excuse nimbysim when they say, "We need more houses as long as they are not in our areas." To be taken seriously on housing, one must show that one accepts the need for more housing in high-demand areas, which include parts of London and the south-east as well as areas such as the south-west and the Marches.

The Conservatives are right to point to the problem of empty homes, because the Government, as they would probably acknowledge, have not done enough work on bringing empty homes back into use. However, the Conservatives did not offer a solution, and neither did the Minister. If he is working on that, it would have been nice to hear about it.

Ms Oona King: If the issue of empty homes is such a problem, why do the hon. Gentleman's new-found bedfellows not support the important approach that the Government are taking on compulsory leasing? In a recent consultation, virtually all the respondents—150, bar one—agreed with that policy. Does the hon. Gentleman take a different view?

Matthew Green: In fact, our amendment, which was not selected, supports compulsory leasing. Although the Government have consulted on that, they have not yet come out firmly in favour of it—I hope that they will do so. There is a policy vacuum from the Conservatives, as I said earlier. *[Interruption.]*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. I cannot tolerate an exchange going on across the Chamber while the hon. Gentleman is addressing the House.

Matthew Green: Thank you, Mr. Deputy Speaker.

The Conservatives are right to highlight the affordability of owner-occupied housing, as well as the supply of social housing, although that does not feature so prominently in their motion. Affordability is a problem not only in London and the south-east, although it is always addressed in those terms, but all over the country—even in the centre of cities such as Liverpool and Newcastle, where 10 miles down the road there may be a low-demand area. It is a complicated situation that cannot be summed up by saying, "Down here in the south-east nobody can afford property, but everywhere else it is cheap and everyone can rush to buy it." The picture is complex and fluid around the country.

One issue that the Conservatives did not mention—indeed, it was barely mentioned at all, although the Minister touched on it in passing—is that of the Government's commitment to the key worker scheme, which provides £1 billion to enable key workers to buy houses. On the face of it, that appears to be an attractive quick-fix scheme, but I challenge the Government on whether it is a sensible use of £1 billion. Giving people money to allow them to purchase houses is an inflationary measure, because it puts money into the housing market and pushes prices up further. It might be necessary for the next year or two until other solutions can be found, but it can only be a stop-gap, because it will serve to further the problem in the long term.

Mr. Mark Field (Cities of London and Westminster) (Con): Surely the core issue, particularly in London and the south-east, is that national pay bargaining, which applies in many of the public sectors, means that our workers find that they are massively underpaid, which in turn affects constituents who rely on public services. I appreciate that the measure is inflationary, but does the hon. Gentleman accept that that problem goes much deeper than that? For example, many key workers, especially in London communities, work in the private as well as the public sector.

Matthew Green: The hon. Gentleman has a point, but only just. One stops national pay bargaining at one's peril, because it is frankly unacceptable to suggest that someone doing a job in Shropshire may have a different value from someone doing the same job in, say, Milton Keynes. In many areas, adjustments such as London weighting are made for the cost of living. However, that

issue is bigger than the subject of this debate: it is about shifting jobs into the economies of areas other than London and the south-east.

David Wright: Does the hon. Gentleman support the conclusions of the Lyons review, which suggests that major Government Departments should be relocated out of the capital? Does my hon. Friend, as I might call him, think that we should have a few of those in Shropshire?

Matthew Green: The hon. Gentleman will not be surprised to find that I entirely agree with him. Telford or Shrewsbury would be excellent places in which to relocate a Department, because they have beautiful countryside around them and lots of highly skilled, educated workers who are ready to work. I am sure that the hon. Gentleman will persuade his colleagues of his case and that the electorate in Telford will look forward to the success that he personally brings to them.

Hywel Williams (Caernarfon) (PC): May I commend to the hon. Gentleman our experience in Wales in relation to part-ownership schemes, which have been massively over-subscribed and very successful in the short term, but have an inflationary effect on local markets in the long term?

Matthew Green: Such schemes can have all sorts of effects on local housing markets.

I want to make some positive comments. I have had my bit of fun with the Conservatives, so I will leave them alone for a little while. They are very gentle, tender people these days: one cannot push them too much, or they get upset.

The problem of empty homes can be addressed by compulsory leasing, but if any voluntary scheme is to have teeth, there must be a fall-back position to guard against a situation in which somebody fails to bring one of their properties into use. I do not believe that the fall-back position should be compulsory purchase, as has been mooted at various times, because the person who owns the property should have the right to retain that ownership. Compulsory leasing is the sensible way forward. I am glad to see Conservative Front Benchers nodding, because a year ago that would not have been the case. Perhaps the change in Front Benchers means that we can achieve cross-party unity.

I hope that the Minister will be able to introduce compulsory leasing into the Housing Bill before it completes its passage. If he were really committed to such a measure, he would ensure that it reached the statute book as soon as possible. I hope that the Under-Secretary of State, Office of the Deputy Prime Minister, the hon. Member for Pontefract and Castleford (Yvette Cooper) will be able to confirm that that is the Government's intention.

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD) *rose—*

Mr. Deputy Speaker: Sue Doughty.

Mrs. Brooke: It is Annette Brooke, Mr. Deputy Speaker.

Mr. Deputy Speaker: I apologise to the hon. Lady. I think I have made that mistake in the past, and I must humble myself for having made it again.

Mrs. Brooke: Despite the very welcome announcement about children in bed-and-breakfast accommodation, does my hon. Friend agree, given that Shelter has identified that more than 1 million children are living in bad conditions to which they wake up every morning and which affect their health, education and future prospects; that the cross-party fire that we have heard is a diversion from the real issues; and that we should be putting forward positive solutions?

Matthew Green: I agree with my hon. Friend. Moreover, many of those children live in overcrowded conditions. If the Government are prepared to change the definition of overcrowding to a more sensible one, which will inevitably mean that the numbers of people in overcrowded conditions increase overnight, we will not use that as a party political issue. I make that pledge because we want the definition to be changed. I hope that the hon. Member for South Holland and The Deepings (Mr. Hayes) will support that on behalf of the Conservatives and that we can achieve a consensus, because will be hard for the Government to make the change if they think that they will come under attack as a result.

I want to consider the right to buy, a principle that we support, although parts of the country experience difficulties with it. To put it simply, in an area of low demand, there is no difficulty, but problems arise in areas of high demand. The right hon. Member for Skipton and Ripon (Mr. Curry) partly recognised that when he exempted rural areas from the similar right-to-acquire scheme. However, he failed to do that for right to buy. I believe that the local council is the best body to judge whether it has a detrimental effect on the amount of social housing stock in a given area.

If the Government genuinely believe in local points of view, why do they not trust local councils to decide whether there should be a rebate on the right-to-buy scheme, thereby providing for local variation throughout the country, rather than having a Minister in London determine the areas where the rebate should be varied? That would show a genuine commitment on the part of the Minister for Housing and Planning to local variations to suit local needs. I hope that the right hon. Gentleman accepts that we need more local variation to tackle affordability.

We also need to provide more stepping stones for people to get from renting in the social or private sector to home ownership. To do that, we need to put rungs back on the ladder, because the gap between the rented and owner-occupied sectors is widening rapidly. There are few means whereby people can ascend the ladder, so I hope that Ministers will consider what I have called the right to invest.

The right to invest is the right of a tenant—of a council house or a registered social landlord—to purchase a share of the property. The scheme resembles shared equity but starts from the premise that the tenant is renting and then wishes to purchase a share. Tenants cannot purchase the whole property, which therefore remains in the social sector, but the scheme would allow them to translate rent into mortgage, build up equity in the property and eventually get on to the owner-occupier ladder.

Mr. Mark Field: The hon. Gentleman outlines an inventive scheme. Clearly, we cannot make policy here

[Mr. Mark Field]

on the hoof, but in poverty-stricken areas—for example, in parts of London—the lack of capital in the hands of some of the poorest people prevents them from starting their own businesses. That applies especially to those who have few qualifications. I urge the hon. Gentleman to urge the Minister to ensure that we consider innovative schemes to provide an allowance for individuals to have a small asset base—the liquid capital that could enable them to develop businesses.

Matthew Green: The hon. Gentleman has made some sensible comments.

David Wright: May I ask the hon. Gentleman for some details of his suggested policy? How would it work? Does he envisage the local authority having to buy back the equity stake in the property?

Matthew Green: That is exactly what I am suggesting. I am happy to discuss the detail with the hon. Gentleman, but not now. I have discussed the scheme with registered social landlords and they support it. Although they opposed the Conservative right-to-buy proposal for registered social landlord property, they would be happy with a right to invest. I appreciate that the hon. Member for Telford has much experience of the subject and I would be more than happy to have a long discussion with him—

David Wright *rose—*

Matthew Green: But not now, because I am conscious of the time.

I want to consider the affordability of home ownership. There has been no mention of the price of land, which drives new house prices in particular. Fifteen years ago, developers worked roughly on the thirds principle: property value consisted of one third the cost of the land, one third the cost of building and one third profit. That is to put it in crude terms. Nowadays, the average house builder considers that the cost of the land will be 55 per cent. to 60 per cent. of the final sale price. The profit goes not to the house builder but to landowners, who discover—perhaps through a local plan—that what were nice farmers' fields have suddenly become building land. In the south-east, that means an overnight movement from £3,000 an acre to more than £1 million in land value. That is the driver of property prices.

Mr. Hayes: The hon. Gentleman is making a sensible speech. I hope that he will deal with the point that affordability is essentially a people-centred issue. Targets for building a certain number of houses that one considers "affordable" are nonsense, because the houses could become more or less affordable as a result of the variables that the hon. Gentleman stressed. Affordability is about making affordable houses available to those who need them; it is not about a static housing stock. The hon. Gentleman is right to emphasise that.

Matthew Green: The hon. Gentleman makes some good points.

I want to refer to a proposal in relation to which there has been an exchange of letters between the Minister and me—a proposal concerning what Liberal Democrats call the intermediate tier of housing. Clearly, I have not explained it sufficiently well in writing because the officials do not understand what I am writing about, so if hon. Members will bear with me, I hope to elucidate the matter a little more.

By an intermediate tier of housing, we mean that a house is completely owned by someone who buys it at a price that is capped down. To qualify to buy it, the person must fulfil specific requirements. For example, in a rural area, the criteria might include living and working locally; in London, the person might have to be a key worker. The scheme has started in Shropshire, where it is used by people who live and work locally and would otherwise be priced out of the rural housing market.

Mr. Love: Will the hon. Gentleman give way?

Matthew Green: No, I should like to continue. In Shropshire, the price of a typical property would be realised at £90,000 whereas the average price for that same three-bed property would be closer to £200,000. The key point is that the property is cheap not only the first time it is bought but remains cheap. That happens through the use of a section 106 agreement in the planning arrangements to keep the house affordable. An agreement is made about the amount by which its value can grow. It can be sold only to the same categories of people. It is a variation of a scheme—the agricultural workers dwelling scheme—that has existed for a long time. It is not new science but it needs to be applied much more widely.

The scheme can be used, as often happens in rural areas, in exception sites, which allow someone to build an affordable home for themselves if they own a plot of land. It is easy to build for £90,000 if one owns the plot of land, because the land price has been taken out of the equation. The scheme could be used to provide extra affordable homes in London and the south-east—for example, in the Thames gateway. If the Government increased the figure for affordability to 50 per cent. on sites of two or more dwellings, it would not need to be registered local landlord property. It could be 25 per cent. registered social landlord property and 25 per cent. intermediate tier or capped price home ownership property. Under the latter scheme, the builder could build the house and sell it with an incorporated build profit but not a land profit. The other 25 per cent. would be handed over to the registered social landlord sector, as currently happens. The other 50 per cent. of houses on the site would be sold on the open market and could fund the other schemes.

There would be an issue with existing land banks for house builders, and I have discussed that with the House Builders Federation. If the Government gave a commitment to introduce the scheme in two or three years, it would not be a problem because house builders could build on their existing land banks in that time—the new policy would give them an incentive to do so—and they would acquire new land in the knowledge that the value of the properties would mean that they were forced to pay a lower price for the land. The hit would therefore be taken by the person who believed that he

had a £3,000-an-acre field, subsequently thought that it was worth £1 million an acre but discovered that it was worth only £500,000 an acre after all. That person is still doing well, but perhaps not as well as he thought.

The scheme would mean that we could get affordable homes through the planning system without its costing a penny of Government money. It means that the houses stay affordable, using section 106 agreements. I hope that that is a better explanation than the one I provided in writing, and that the Government will take it seriously. Some but not all Conservatives in Shropshire support the scheme. It could gain cross-party support and be a major way forward in dealing with the housing market. The Barker report does not mention it. I am not surprised because it does not go into that sort of detail.

I hope that, after my bit of fun at the start of my speech, I have tried to be as positive as possible. Housing is one of the biggest problems that face the country. It needs solutions and I hope that some of those that I have suggested will find favour with the Government. If not, they should be prepared to make way for someone who is prepared to introduce some genuine policies.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. I remind the House that a 15-minute limit on Back-Bench speeches applies from now. However, such has been the time taken by Front-Bench speeches that hon. Members should consider, with the interests of their colleagues in mind, whether they can limit their speeches to less than 15 minutes.

2.9 pm

Mr. Clive Betts (Sheffield, Attercliffe) (Lab): Listening to the hon. Member for Meriden (Mrs. Spelman) introducing the motion on behalf of the Opposition, I almost felt that life in housing had begun in 1997. It is incredible that she made no mention of anything that preceded that date, or of the housing crisis that this Government inherited.

To put that crisis in a local context, at the beginning of the 1980s my own city of Sheffield had a major rolling programme of house modernisation in the local authority sector. That came to a standstill because the funding simply dried up. New house building by the local council was also stopped. We had a pioneering enveloping scheme for putting right the structures of private sector homes in some of our poorest communities. It was started in Birmingham, taken up by Sheffield and stopped by the Tory Government. We had a unique housing partnership scheme in conjunction with local builders, the local authority and housing associations that built 1,000 new homes, but the Government brought in specific legislation to stop the scheme. Building on brownfield sites did not happen, because the builders knew that the Government wanted them to build on green fields, and one green field after another was built on.

The only policy that we had at that time was council house sales. The one housing policy in which the Conservative Government believed was the right to buy. There was a saving to be made there because, although at the beginning the Government said to the local authorities, "Sell your council houses, and you can have the money to invest in your own stock," restrictions were soon introduced and the amount of money that could be used for reinvestment went down to 20 per cent. of the proceeds from the sales.

Sheffield also had an innovative programme to implement new heating schemes in local authority homes. We helped 10,000 homes a year for three years on a leasing arrangement until the Government legislated to stop the scheme and brought it to an end. One measure after another was introduced by the Government to restrict the ability of local authorities to invest in their rented stock and in private sector homes in the poorest communities.

By the time the Tory Government left office, the total local authority spending on housing in Sheffield was down to £20 million. That was less than a third, in money terms, of what had been available to the local authority at the beginning of the 1980s. That is why we had a housing crisis in 1997, and the hon. Lady made no mention of it whatever. She said that there were certain problems today. Absolutely; we all see rising house prices as a problem. It is a problem for first-time buyers and young couples; we all acknowledge that. There is cross-party agreement on it. Some of us might also share her concerns about an imbalance in growth and prosperity between the north and south of this country. There is an issue there that has to be addressed. The Select Committee, which I chaired a few months ago, made some criticisms of regeneration policies, and pointed out the need to simplify them and to pass more responsibility back to local authorities and local communities.

However, when the hon. Lady got down to the key issues, all that she had to offer the House was a programme of consultation. She made not one positive suggestion on what we should do about rising house prices or about the north-south divide. She recognised the problems but did not offer a single policy solution. People will draw their own conclusions from that. No doubt there is consultation going on, no doubt there is a review, but that was all that we were offered.

Let us turn to this Government's record. I am sure that my right hon. Friend the Minister for Housing and Planning will not expect me to be totally uncritical, but let us recognise that the decent homes standard has been introduced by this Government. They are the first Government to recognise that council tenants have a right to a certain standard of housing, which is an important move forward. It is also a brave move, because the Government can be judged against the very clear targets that they have set. I shall not go into too much detail on this, because I am sure that my right hon. Friend knows that a Select Committee report on this issue is about to be published that might say one or two things about the precise level at which the decent homes target has been set. Nevertheless, there is a recognition that the principle is a good one, and the Government should be congratulated on it.

The Government have achieved a step change in spending levels and investment in social rented housing, particularly in local authority areas, and they should be congratulated on that as well. This involves money through stock transfers and arm's-length management organisations, or ALMOs. I would ask my right hon. Friend please not to give up on the right of tenants to chose their own local authority as the best organisation to manage their homes, and when tenants have made

[Mr. Clive Betts]

that choice, will he also please try to find a way of allowing money to come into the local authority to bring those homes up to a decent standard as well? The Select Committee has virtually ruled that out, but in other areas of local government, the prudential guidelines on borrowing can be used to allow borrowing against future income streams to deliver improvements in infrastructure. That is not allowed for council housing, and the Minister should consider the possibility of allowing future rental income streams to be used as a basis for borrowing under the prudential guidelines, which would mean that when tenants chose to remain with a local authority, council housing could be brought up to a decent standard.

When tenants choose ALMOs as a way forward, I hope that the Minister will give a clear undertaking that the money will be forthcoming to fund those schemes. If tenants go to the trouble of choosing an ALMO, as many have in Sheffield through a series of neighbourhood consultations, and if more and more local authorities go down that route, there must be some certainty that money will continue to flow into ALMOs so that those houses will be brought up to the decent homes level. My right hon. Friend will also want to consider the idea of building more socially rented homes through ALMOs. They are a vehicle that could start to deliver new homes in many areas of the country, to add to those that will be available through housing associations.

We should strongly welcome the Government's approach to housing renewal initiatives in our poorer areas through the pathfinder projects, particularly those involving houses in the private rented sector. In my constituency, the South Yorkshire pathfinder is doing good work and coming up with innovative ideas. The Government should be congratulated on telling the pathfinders to go out and look at the problems and come up with the solutions that are required at local level. They have not been prescriptive from the centre, which is also welcome. However, the cost of some of the proposals are going to be far greater than the Government have budgeted for, and the Minister will need to persuade the Treasury—he will have a lot of evidence on which to base his case—that more money should be put into the pathfinder projects to make them work.

The Government should also be congratulated on PPG3. It is a major breakthrough to be able to stand up and say that we are now determined that more and more new homes will be built on brownfield sites. I have had arguments in the past over the unitary development plan in Sheffield when builders in one part of my constituency wanted to build on greenfield sites and the local community did not want it, while in another area, the builders did not want to build on the brownfield sites when that was what the local community wanted.

It is interesting that builders and landowners are now beginning to consider the possibility that the Government might be serious, and to bring forward more proposals for house building on brownfield sites. One reason that we have not yet seen the increase in house building that we want to see is that it takes time for the industry to adapt to changes of policy. The industry needs to understand that the Government are serious about the brownfield site issue, and that PPG3 is here for good. I am just beginning to see examples in Sheffield of builders putting forward major long-term proposals for more house building on brownfield sites, and the Government should be congratulated on taking that initiative.

The Minister was right to poke a little fun at the hon. Lady for the nimbyism that she effectively put forward as a policy. Part of what she seemed to be saying was, "We don't want more houses next to people in our constituencies who might get a bit upset and not vote for us at the next election." The issue of new house building is a difficult one. We need more new house building in the south-east; I think that it is inevitable. We must recognise that and get it right. The amount of public sector infrastructure investment required will be very great indeed, in terms of sewerage, water and transport, to make the new communities properly sustainable.

We must also remember that we need to strike a balance between the north and the south. The Deputy Prime Minister's initiative in looking at the new growth area in the north is very interesting. Again, it will need a great deal of backing from the Government, as well as from the local communities. If it is to happen, however, there will need to be a switch of infrastructure expenditure to the north. Current plans for transport infrastructure mostly involve investment going to the south-east. With the exception of the west coast main line, there is very little indeed going to the north to support the Deputy Prime Minister's plans. That is something that we will have to address.

We shall probably never bring back to the coalfield communities next to Sheffield the amount of industry and jobs needed to sustain them. That does not mean that the local communities cannot remain there, or that we do not have to invest in better housing for them. We must ensure that there are better transport links to Sheffield, Leeds and other cities, so that people can live in their communities and commute easily to their workplaces. That is probably the reality, but we need to consider how the infrastructure will be developed, and where the money will go, to enable us to have that development in the north as well. We must not fall into the trap whereby, because there is lots of growth in one part of the country, we put in lots of infrastructure to support that, but do not invest in other areas where growth probably is not happening, but where such investment will create opportunities for growth in the future. That is very important.

I have two final points about which I want the Minister to think carefully. It is right that we consider ways to try to speed up the amount of house building going on. I know that there is a temptation to move to more system building, but please let us be cautious. Please let us be absolutely certain that we have got the systems right. In my constituency, we are starting to demolish system-built properties on Scowerdons Farm, Weaklands and Newstead, which were built in the 1970s. They were lovely homes when they were built, with nice space standards, and people liked living in them, but they do not like the water coming in. The cost of putting that problem right after only 30 years is so great that demolition is the only answer. Please let us make it clear that we do not want those problems again. If we are to have system building, we must be absolutely certain about future maintenance costs and the ability of

the maintenance industry to carry out repairs at a reasonable cost in the future. Those are real problems, which we must address.

I welcome the Government's move to examine one of the biggest problems: quality. They are addressing quality issues as well as quantity—quality issues were forgotten about for 18 years—in terms of licensing houses in multiple occupation. That is included in the Housing Bill, which we will discuss next week, and I ask the Minister to consider again the standards and definition of homes that will be included in the compulsory licensing arrangement. Please let us not rule out the possibility of including two-storey homes in that definition, which we will debate further next week.

The Government inherited a housing crisis, but they have made significant steps forward. There are some matters of concern, as I have said, and some lessons to be learned, but the Government have put housing clearly back on the political agenda, and have begun to reverse 18 years of continuous decline. They should be congratulated on that.

2.22 pm

Mr. Archie Norman (Tunbridge Wells) (Con): I am delighted to have a second bite of the cherry on this issue, having had a chance last week to speak in a constructive debate on housing in Westminster Hall. I am particularly delighted because it will also give the Minister a second bite of the cherry. In doing so, I hope that she will apply her razor-sharp intellect to the serious critique that has been advanced by hon. Members on both sides of the House, both of the Barker report and of current Government housing policy. That need not be a partisan or party issue, as many of the points that have been made are not party political or ideological. I hope that she will improve on the contribution of the Minister of State, which was jocular and peppered with facts designed to support the Government's record. In his levity, however, he obscured, to put it politely, any depth of meaning. That contrasted sharply with the serious and substantial contribution from the hon. Member for Ludlow (Matthew Green), in which he advanced constructive ideas and much with which I could agree.

First, this debate is about whether there is an overall housing shortage—the central contention of the Barker report, which, incidentally, was hardly mentioned in the Minister of State's opening remarks. That has also been the underpinning idea of the Government's policy, which is that centrally driven housing targets should cascade down through the regions. Secondly, if there is a housing shortage, what is the nature of the shortage, where does it arise and what is its local context? Thirdly, what are the implications for Government policy?

I shall first address the overall shortage, which is absolutely central to the Barker report. Kate Barker's thesis was that insufficient houses are being built, that the desirable objective of Government policy is to depress the rate of increase in house prices and that, to achieve that, more houses need to be built. Clearly, her contention is that we can build our way out of house price inflation. That is not critically examined in the report, and it is a highly contentious assertion with which few academic economists would agree.

My hon. Friend the Member for Meriden (Mrs. Spelman) and the hon. Member for Ludlow made the point that building our way out of house price inflation is difficult, not least because only 1 per cent. of the total housing stock is built every year. It is clear that parts of the country with housing surpluses also experience high house price inflation, which suggests that other forces drive the rate of inflation. We all know that those forces are more likely to be interest rates, because housing has become a financial asset, the rate of increase in real wages and the level of unemployment. Those facts determine the rate of increase in house prices, not the number of new houses built nationally.

A further important point is that the objective of Government policy should not be to depress the price of houses or house price inflation; it should be to reduce the volatility of house prices. The Minister of State referred to the period of negative equity, to which other Members also referred. If we had built more houses at that time, we would simply have created more negative equity and more volatility in house prices, not less. The idea that, with a long time lag, we can somehow build our way out of this problem is complete nonsense and a serious mistake in Government thinking.

It is important to look at the data on which the Barker projections are based—the household survey and projections that were completed in 1996. The critique of that survey is, first, that the 2001 census showed that approximately 900,000 fewer people were in the country than had been anticipated in the projections, and that there were many fewer households, which at a stroke undermined the integrity of the future household projections and determination of housing demand; and, secondly, that a study conducted by Europe Economics, which was included in the Campaign to Protect Rural England's submissions to Barker, demonstrated that we have a surplus of houses in Britain, taken in aggregate, not a deficit. That is not to say that there are not scarcities locally—of course there are in certain types of houses. It is important to recognise, however, that, in the country as a whole, we have 3.4 per cent. more houses than households, and that the figure has increased from 2.4 per cent. 10 years ago. Therefore, it is not a national problem, capable of being treated, as the hon. Member for Ludlow said, with national solutions, but a local problem, and it is related particularly to the character of demand and the changing demographics of Britain.

When discussing this subject, people tend to take the household projections as gospel. If we examine the figures from the Office of the Deputy Prime Minister on future housing demand, we see that the growth in the number of households in Britain is driven not by a rising population, although there is some net increase because of immigration, but by the changing nature of that demand. The biggest single force in the changing nature of that demand is the growth of single person households. Most of that growth is accounted for not by young people who want to live alone, although they account for some of it, or by single parent families, although they too account for some of it—curiously, household projections suggest that there will be no increase in the number of single parent families—but by elderly people living on their own. According to the projections, the driving need in this country over the next 10 years is to adapt our housing stock to the requirements of elderly people.

Our current house building achievement, however, is a rapid increase in the number of houses being built for families, most of which, like it or not, are executive

[Mr. Archie Norman]

homes in the south-east for people who can afford to move out of the cities into the suburbs and countryside. In 2003, only 7 per cent. of the new homes built were one-bedroomed homes. By contrast, 63 per cent.—two thirds—were three or four-bedroomed homes. That represents a total mismatch between what we are building and the future needs of Britain, which is at the heart of the national housing problem. It illustrates the fact that repeating the dogma that we must construct more houses to build our way out of house price inflation and impose centrally driven housing targets on the regions of Britain is complete folly, and will not address the real problems raised by Members on both sides of the House in this debate and in last week's.

Andrew Selous (South-West Bedfordshire) (Con): I am fascinated by my hon. Friend's arguments. The biggest shortage facing my local housing authority is of larger properties: demand is very much at the family end. Does my hon. Friend find that in his area the demand tends to come from older people wanting one-bedroom properties?

Mr. Norman: Of course there is demand for larger homes and family homes in some parts of Britain. In others, there is demand for accommodation for elderly or young people. All demand is local. It needs to be locally defined, and local authorities should be obliged to meet local needs. This is a hard problem to solve nationally, and not one that is susceptible of national, global solutions imposed on regional authorities.

I want to say something about affordable and social housing. In all fairness, I should redress the balance following the speech by the Minister of State. The Government's record is encouraging in some areas but not in others. Given the partisan nature of the Minister's speech, we should have a few facts on the table.

First, although investment in poor-quality housing has increased in some areas—I generally welcome the pathfinder initiatives, for instance—there has been a 112 per cent. increase in the number of people in temporary accommodation under this Government. That is a serious problem for those people, which cannot necessarily be solved by the building of more houses. I know that some of it is caused by immigration and other factors.

Secondly, there are twice as many people in bed-and-breakfast accommodation as there were when the Government came to power. Of course we are pleased that families with children are now moved out of such accommodation, but this too is a serious problem, and Members in all parts of the House should acknowledge that it needs to be solved.

Thirdly, there has been a 46 per cent. decline in building by social landlords—not an increase, as the Minister implied. All Members are concerned about affordability, and the fact that we are building fewer affordable homes should not be trumpeted as a success—although the Minister suggested that it should—but should be recognised as an embarrassment.

A number of speakers have observed that this is a local issue. It is, in fact, most acutely present in the urban areas of Britain. If we can be said to have a problem relating to housing and lack of opportunity, it can generally be found in the urban centres of the midlands and north. We should all take that problem extremely seriously. It is in those areas that 51 per cent. of all crime and 72 per cent. of violent crime takes place. That is where we see really poor housing, where most council housing stock resides, and where failing schools are located. We need to recognise the link between a commitment to drive house building and the economic engine of Britain in the south-east and what happens in the regions of the north.

The hon. Member for Sheffield, Attercliffe (Mr. Betts) made a good point—that investing in infrastructure and housing in the south creates a conflict of interests with the needs of the urban centres of the north and the midlands. In the long sweep of history, part of the difficulty has been migration from the regional centres in those areas. Emigration from the centre of Leeds, Manchester or Newcastle—21 per cent. from Newcastle over 30 years, and 16 per cent. from Manchester—inevitably means that those left behind are those who could not afford to move, because they did not have the education and the economic opportunities possessed by others. As a consequence, the continued economic decline of those centres is guaranteed.

Last week the Under-Secretary asserted that there was no migration from north to south. It is true that it is hard to track the pattern of migration, but it is a fact that in most major urban centres in the midlands and north there has been a net decline in the population. Some migration has been to the suburbs, some to London, and then outwards to the south-east or to the south-west for retirement purposes. Continuing to build more houses in the south-east will make the problem worse, not better. It will create a cycle of decline in the north, and huge congestion problems in the south. As the hon. Member for Sheffield, Attercliffe pointed out, it will also create a competing demand for infrastructure investment in the south-east which, unless met, will cause an enormous crisis and a major drain of public expenditure.

Migration of populations from one area to another is extremely expensive. It is a great irony that the Labour party should be pursuing a pro-south-east, pro-investment—in the south-east and south-west—regional policy, with no apparent awareness of the consequences for the midlands and north. It is not that we do not applaud some of the regeneration initiatives; but they will be as nothing if we continue to drag the population away from those urban regional centres.

Andy King: Will the hon. Gentleman give way?

Mr. Norman: My time is limited, but I will give way briefly.

Andy King: Earlier in his speech, the hon. Gentleman acknowledged that demographic changes in family structures were major factors—not migration, but a breakdown among the older population. What hope is he giving to people in the south-east? He does not seem to be giving them any hope of finding a home that they can afford.

Mr. Norman: The hon. Gentleman and I do not disagree on this. We all recognise that houses must be

built in the south-east; the question is the extent to which we do so. Do we build to adapt the housing stock to the needs of local people, and of net immigration from abroad and outside London? Do we say "What we really want to do is double, or increase further, the rate of house building in the south-east—at least half of which will end up on greenfield land—and invest in public infrastructure to support that, because we want to encourage people to come to the south-east to work and live"? Or do we, as the hon. Member for Sheffield, Attercliffe suggested, invest in public services and public infrastructure in the north, and encourage Government Departments to move to Sheffield and elsewhere?

I believe that pursuing that policy will not just be much easier on the public purse, but create a much better quality of life for people across the country. It will enable us to avoid the congestion and environmental problems in the south-east, and begin to create a realistic platform for regeneration in the urban centres of the north.

When the Minister of State said that all we were trying to do was mount an intellectual construct for nimbyism, he could not have been more wrong. In fact, we are trying to create an intellectual construct for regeneration of our urban centres, for protection of the environment, and for creating a sustainable quality of life for those living in congested areas—and real hope for those living in areas of poverty and lack of opportunity.

2.37 pm

Ms Oona King (Bethnal Green and Bow) (Lab): Housing has been my top priority since my election in 1997. I have spoken about it innumerable times, but never have I felt so heartened and truly optimistic as I do today.

It has always been my job to make real the human misery that is inflicted on my constituents by bad housing. I always think, for instance, of the 23-year-old woman I met who had shared a bedroom with her father throughout her life, of the family who had to place the baby's cot in the bath—that was where its bedroom was—of the family of 12 living in two bedrooms, and of the smaller family of just three, consisting of a 50-year-old woman, her 20-year-old daughter and the mother's brother, who had been made homeless for other reasons. He slept on the sofa in the living room for more than five years. It felt as though he was coming to see me every week for about three years, although it was probably less frequent than that; but I never had the heart to turn him away, because I kept wondering what I would do if I had to sleep on the sofa every night—or if I had to share a bedroom with my dad for my whole life, or share my house with 10 other family members living in two bedrooms.

I know that, historically, Tower Hamlets has always had a problem of poor housing. We had slum housing in the east end, followed by bombing, followed by inappropriate, poor-quality social housing as well as some private housing that has subsequently fallen into poor repair. I do not often indulge in attacking the Opposition, but monumental Tory cheek on this subject makes that, sadly, inevitable. We know about the £19 billion backlog of repairs, and we have just heard that the Conservative party cut funding for social housing down to one third of what it had been when it came into power in the constituency of my hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts). We know that, overall, the Conservatives halved the money spent on social housing, and we know that there was incredible Tory indifference during those 18 years to the real misery in the east end wrought upon people by poor housing.

I was surprised to find so little evidence of thought in the speech of the hon. Member for Meriden (Mrs. Spelman), who is usually a very thoughtful Conservative MP. We have heard that the Conservatives are having a policy review and that there is something of a vacuum at the moment, which will be filled at some point, but there is really only one point that the Conservative Opposition need to address, which is the one question that they cannot answer: will they match this Labour Government's increases in funding for new homes? That is all that my constituents want to know, whether they vote Labour, Conservative or Lib Dem. The majority of them—70 per cent. in Tower Hamlets—rely on social housing, and they want to know, regardless of their political affiliation, where the parties stand on that issue. It is crystal clear at this moment in time that the Conservative party will not match the funding for new housing that the Labour Government have put in place.

I should also like to know whether the Conservative party will come round to supporting the Barker recommendation to increase the amount of affordable housing. I hope that it will come round to that idea, even if that housing is near its own backyard. If we do not increase the number of affordable housing units, Tower Hamlets residents will be among those who suffer most—although they will not be the only ones who suffer. I commend the work of Tower Hamlets residents in becoming engaged in the process—in particular Bernie Cameron, who has led the residents compact group in Tower Hamlets—and I commend the Tower Hamlets housing staff and housing directorate, as well as the housing associations, which have been at the forefront of innovative thinking on tackling poor housing.

We in Tower Hamlets feel that we should be rewarded, not penalised. Unfortunately, some of the Government's extremely well meaning attempts to deal with the housing problem in Tower Hamlets and elsewhere have not worked. The right to buy is an obvious example. On the Ocean estate, which had some of the worst housing not only in this country but possibly in Europe, this Government quite rightly said that they would invest £56 million, of which just under half, about £21 million, would go to housing. All that money was to go to improving housing, including making the repairs that had not been made for so long, in order to bring it up to standard. What happened? People on the estate thought, "Oh, well, we haven't had anything for 18 years—we haven't had anything for a very long time. Perhaps we'll all put in a right-to-buy application instead." So instead of any of the £21 million earmarked for housing being able to be spent on housing, more than £23 million had to be earmarked for buying out the right-to-buys. That is the economics of the madhouse.

[Ms Oona King]

I understand that there are different views across the House. The Conservatives think that we are obsessed with not allowing people to own their home, which is absolutely wrong. We are obsessed with not allowing people to live in slum housing—that was what we needed to deal with. I am concerned about the Conservative proposal to extend the right to buy to housing association properties, because for every two properties sold, only one would be built. If we extended that to its logical conclusion over time, the number of housing association properties would be halved. That cannot be the right way to proceed.

I speak to a lot of people in Tower Hamlets who have bought their own houses, and some of them now have two, three or four children. They tell me that there is no council housing available for their children—and there is not. If we sell off the housing stock, there will be no housing available for the next generation. That is what a generation in Tower Hamlets faces at the moment.

That is why I am so delighted at today's announcement, which paves the way for tackling problems with the Tower Hamlets housing stock as a whole, not just in areas such as the Ocean estate but throughout the borough. It removes barriers to housing transfer in areas of negative value. I was delighted while sitting in the Chamber to receive a letter from my right hon. Friend the Chief Secretary to the Treasury, which said:

"I am acutely aware of long standing issues regarding inadequate housing conditions in areas such as Tower Hamlets, where there is a legacy of poor housing . . . I am delighted to inform you that today, after close co-operation between the Treasury and the ODPM, the Deputy Prime Minister was able to announce a centrally-funded gap funding scheme that will address the issue of negative value transfers directly."

That is a fantastic example of joined-up government, and I want to highlight the huge ambition of this Government's programme for decent homes.

As we have heard, for the very first time council tenants will have the right to demand a minimum standard in their homes. When I heard about the Government's programme, my first reaction was delight, but my second reaction was distress. To be honest, I thought that it would not be possible, because no British Government had ever come up with the money required to deal with the east end's historical housing problems. Today, however, I realise that it is possible because today this Government make it so. With the extra funds, a decent home for all by 2010 will be possible—for people in Tower Hamlets and across the country.

I pay tribute to Ministers in the Office of the Deputy Prime Minister. My hon. Friend the Member for Poplar and Canning Town (Jim Fitzpatrick) and I have outlined in some detail the problems for areas with negative values, the legacy of slum housing and the need for extra funding. We met the Minister for Housing and Planning, who gave us much time and attention, and he and his officials were amazingly constructive in their approach. We met the Deputy Prime Minister who, again, was extremely concerned about the problems that we raised and determined to resolve the issue. I also thank the Under-Secretary of State, Office of the Deputy Prime Minister, my hon. Friend the Member for Pontefract and Castleford (Yvette Cooper) for her help. This ministerial team, on behalf of this Labour Government, are making outstanding progress on housing.

After having lavished so much praise on ODPM Ministers, I know that hon. Members will not expect me to conclude my speech without asking my right hon. and hon. Friends to turn to the subject that I hope they will deal with next: overcrowding. That is still a big problem in Tower Hamlets. As the Under-Secretary knows, the current overcrowding standards date back to 1935, and those in turn rest on legislation dating from the 1880s, which is quite extraordinary. That means that kitchens can be counted as bedrooms, so if my constituent took the cot out of the bath and put it in the kitchen sink instead, that might be all right. In any case, if the cot holds a baby under the age of one, under current standards, that baby does not count.

Well, 2004 is not 1880, and in 2004, every child counts. I am sorry to be sexist, but I expect particular sympathy for this argument from my hon. Friend the Under-Secretary, who is expecting a child in just three months. I know that women and other minorities have to put up with more expectations on their shoulders, but there we are.

I am very grateful that, at my request, the Department has undertaken research on the extent and impact of overcrowding, and I now ask the Government to go further and to bring the overcrowding standard into the 21st century.

2.50 pm

Hywel Williams (Caernarfon) (PC): It is interesting for me as a Welshman to hear some of the difficulties that we have struggled with in rural Wales for a long time being discussed on a far broader stage. The housing crisis in Wales and in the regions of England is as acute as that in the south-east. I refer hon. Members to early-day motion 1107. Housing in Wales is not immune to market effects from England, as we have seen over the past three or four years, with the Welsh tail being very much wagged by the English dog.

Markets in Wales are very local, however. The Halifax reports today that UK house price inflation last year was 19 per cent, but the figure in my part of the UK, in Gwynedd, was 57 per cent. I hardly need say that wage levels scarcely rose anything like 57 per cent, so affordability spiralled downwards. The rise in Gwynedd was the highest in the UK, but in West Glamorgan there was a rise of 56 per cent, and in the north-east of England and in Scotland the figure was 40 per cent, which means that ordinary houses are being put way beyond the reach of ordinary families on average earnings. My local authority surveyed houses for sale on the Lleyn peninsula earlier this year, and found that no one on an average income, with the usual multiplier applied by the building society, could buy any of the houses on the market. Those 26,000 people are effectively locked out of the housing market.

A terraced house in the Roath area of Cardiff that is on the market for £164,950 was going at £65,000 two and a half years ago. Roath is a pleasant area, but it is not exceptional. That house is clearly out of the reach of ordinary people living in the area. Housing is getting out

of the reach of local people in Wales in general, and the stock that we have is not of a fit standard. It is estimated that 50,000 children in Wales live in unfit housing.

In the Ely ward of Cardiff—in the constituency, incidentally, of Wales's First Minister, Rhodri Morgan—36 per cent. of the households are in unfit housing. It is hardly surprising that there is a great deal of unhappiness in the ward. In the Riverside ward, there is a 7.1 per cent. shortfall in new affordable housing: 428 houses are needed. Houses in Riverside are the most likely in Cardiff to be unsuitable, and households there are the least likely to be able to afford to move. It is hardly any wonder that a popular and diligent councillor, Neil McEvoy, has taken the obvious step of coming over from new Labour to Plaid Cymru.

Wales has the oldest housing stock in western Europe; a third of its houses are pre-1919, and many of them are in very poor condition. House building rates are so low that today's new houses would have to last for 2,000 years before their turn came for replacement. We are not building the houses that we require. In fact, 4 per cent. too few houses are being built each year to fulfil our unmet need—we are short of 32,000 houses.

In Wales, 8.5 per cent. of the housing stock is unfit, and the repair bill would be £1 billion. At the other extreme, we have some very good housing. In parts of my constituency, houses are priced at £300,000, £400,000 or even £500,000, but unfortunately they tend to be holiday homes. There are communities in the constituency where more than half the housing is in the holiday homes sector, and local people, usually on low wages, have no hope whatever of partaking in the housing market—essentially, they are locked out. Many are emigrating. The more economically active and energetic young people tend to leave. The average age of first-time buyers in Wales is the highest in the UK, at 36.

There are many problems, and it has been demonstrated in many of the speeches today that there is no easy answer to the housing crisis. We need many solutions. My party set up a rural taskforce in 2001 to look into possible answers, and I commend our document to hon. Members, and especially those from rural areas, such as the hon. Member for Ludlow (Matthew Green). It contains many positive suggestions. The taskforce considered the many difficulties that people experience in the simple task of getting a decent roof over their heads.

The report makes many recommendations, not least new build where that is appropriate, but as housing provision and markets are essentially local, new housing must be very carefully targeted. Unfortunately, in the past few years in Wales we have had policies that led, for example, to a minimum build of 50 houses in very small villages. Public money was not available for smaller developments, which would have been more appropriate.

The rural taskforce also considered part-ownership schemes. The hon. Member for Ludlow made some interesting points about that. My local authority is considering similar schemes under section 106. A crucial aspect of that is a proper assessment of local need. It is all very well saying that we will provide housing for local people, but we need an objective measure of what they need. That is a matter of equity for anyone who is trying to get in on the local housing market. People must know what they face. Gwynedd is currently constructing an instrument to measure local need on a highly localised basis. I hope that the measure will prove useful to other local authorities. We need proper research in rural areas, based on an appreciation of their particular needs. I am glad that my local authority is taking that on.

The needs of people in my area, in rural Wales, throughout Wales, and in rural areas of England and in the north-east are similar to those in the south-east of England. I ask the Government, and the Government in Cardiff, to apply themselves with equal vigour to the housing problems of those other areas.

2.59 pm

David Wright (Telford) (Lab): It is a pleasure to speak in another Commons debate on housing. I should perhaps declare my interest as a member of the Chartered Institute of Housing. As I have told the House on several occasions, I must be getting it wrong somewhere, because I pay the CIH to be a member and I receive no financial benefit whatever. However, it is a superb organisation that contributes effectively to the housing debate in the United Kingdom.

At this stage it is difficult to speak of a debate, because much of the ground has already been covered, but I want to focus on three broad themes: affordable housing; promoting choice across the housing sector; and housing market renewal. First, however, I should comment on the Conservative party's lack of a housing policy. The hon. Member for Meriden (Mrs. Spelman) made a good fist of a very difficult job, but her speech was a completely policy-free zone. She came across like a character in a western, wandering on a desert plain with tumbleweed blowing around.

Like the Minister, I visited the Conservative party's website yesterday to have a look at the policy document "A Home of Our Own." After three attempts during which the search engine crashed, I finally managed to get on to the site and to examine the document. It consists of 61 pages with one policy idea—an idea that the Conservatives have been clinging to for many years—which is the right to buy. I shall return to that issue a little later.The Conservatives' consultation process seems to have no end in sight. What is their housing policy? We do not know.

I returned to the Conservatives' website to have a look at a speech by the right hon. Member for Skipton and Ripon (Mr. Curry). Again, it was a completely policy-free zone, apart from a comment on right to buy for housing association tenants. I suspect that their policy is very similar to ours in large part, but there is of course a sting in the tail. The shadow Chancellor's announcements on Conservative spending plans, made in February of this year, would mean £18 billion of cuts over two years, and a £400 million real-terms cut in housing investment in 2007–08, compared with 2005–06. I am more than happy to take an intervention on that issue.

Mrs. Spelman: I thank the hon. Gentleman for inviting an intervention. Does he accept that the savings identified by the shadow Chancellor—indeed, they were agreed to by the Chancellor—in large part recognise the over-burdensome level of bureaucracy that was

[Mrs. Spelman]

introduced by this Government, and which the Chancellor himself says could be successfully stripped away after seven years in office?

David Wright: I welcome the hon. Lady's intervention, but our spending proposals already take into account the level of bureaucracy, as well as continuing growth in housing investment and the policy platform of the Office of the Deputy Prime Minister over the next five to 10 years. What she needs to do is to produce costed practical proposals for new housing investment, as the Liberal Democrats have done. In that regard, credit is due to the hon. Member for Ludlow (Matthew Green), who made a very good contribution to the debate. So far as the Conservatives' proposals are concerned, there is a policy vacuum and a public spending vacuum. That would mean less money for social housing development, less money for councils to renovate homes, and less money for registered social landlords to invest in local communities such as mine.

There is nothing new in this. Let us consider the Conservative party's social housing policy in the 1980s, and programmes such as "estate action". That programme's guidelines contained a specific requirement to reduce the number of social housing units. I should know, because unfortunately, while working for a local authority I administered a number of those schemes on behalf of the then Conservative Government. Specific guidance was given to seek reductions in social housing numbers. That is no surprise, given the broad policy platform pursued by the Conservatives during the 1980s and 1990s.

On promoting affordable housing, the bravest decision that this Government took was giving independence to the Bank of England early in our time in office. That decision was crucial in terms of providing stability for owner-occupiers and for people in the broader housing market, and it gave the country confidence in interest rates. The Barker review builds on that, envisaging a partnership between the Treasury and the ODPM in the development of housing policy. Although the Treasury has a key role to play in influencing the economy, giving independence to the Bank of England was an important step in building public confidence.

We remember the Conservative years. Between 1990 and 1997, nearly 500,000 homes were repossessed, and in 1992 1.2 million households were suffering from negative equity. The Minister has already told us about the continuing growth in owner-occupation under Labour, but we must remember that base rates averaged more than 10 per cent. between 1979 and 1997 under the Conservatives, hitting a peak of 17 per cent. Mortgage rates are now the lowest since the 1950s—nearly half their average under the Conservatives—saving home owners some £3,500 a year. Repossessions have fallen from 75,540 in 1991 to 11,970 in 2002. That is 11,970 repossessions too many, but it remains an incredible improvement on what the previous Conservative Government delivered.

The Minister has talked in great detail about ongoing housing spending commitments, and I am proud to note that the Government are increasing housing investment. I want to give a few examples from my constituency of how the Government's regeneration agency English Partnerships is working with the local authority and local communities. In the past year or so, EP has produced significant new housing proposals. I should point out that it did not function particularly well in the preceding three or four years, but significant progress has been made in the past 12 months. Projects are being undertaken in areas such as Lawley and Lightmoor. In the latter, a new Bourneville village—the first one to be built outside Birmingham—will come on stream in the next three to five years.

In terms of new housing development, a major mixed tenure and mixed development scheme in Lawley will secure an affordable housing level of between 20 and 25 per cent. That is a significant level of affordable housing; indeed, most of the housing in Lightmoor will be affordable housing. That is a very positive step and a major contribution on the part of English Partnerships, which is working in partnership with the local authority on regeneration programmes in Woodside, and with the millennium community scheme in the constituency of my hon. Friend the Member for The Wrekin (Peter Bradley).

Those projects integrate housing development with mixed-use development, including shops, community facilities and schools. That has to be the way forward. They adopt a tenure-blind approach, so that on walking down a street one cannot tell whether a house is for rent or for sale. That is particularly important. Under the Conservatives and programmes such as "estate action", we witnessed the virtual ghettoisation of social housing. Groups of housing units built by registered social landlords were clustered together on the worst parts of sites, instead of being integrated into wider housing schemes. That was the wrong approach, and I am glad that we have amended it. We should see more sustainable communities as a result.

My second theme is the promotion of choice across the housing sector. In my view, during the 1980s and 1990s, far too much emphasis was placed on owner-occupation; indeed, too much emphasis is still placed on it. That is not what happens elsewhere in Europe, where there is a much wider mix of housing and a greater acceptance that the rented sector—be it the social or private sector—has a major role to play in housing people.

The problem with right-to-buy policy that was pursued during the 1980s was that it did not secure the replacement of social housing units. I always supported right to buy. I thought that it was fundamentally right that people should have the opportunity to buy their own home. I am pleased that that is our broad position as a party, but we did not foresee the replacement of that housing stock using the capital receipt. A twist of hand or financial deceit took place in respect of the resources going into new investment from right to buy. Most of the money that became available to local authorities had to be used to pay off debt; only a small percentage of the cash could be reinvested by the local authority. It did not work, so we should re-examine the right-to-buy policy and perhaps come to a new consensus.

The Conservatives want to extend the right to buy to housing association properties. I believe that that will lead to even greater housing shortages and could cost up to £1 billion in extra public subsidy. Since its inception, right to buy has cost more than £40 billion in public

subsidy and I am not sure that we want to continue to put that level of subsidy into such a scheme. I am also concerned about the Conservative party's proposals because smaller registered social landlords will be endeavouring to balance their accounts. They have a small amount of stock available to them and my concern is that the proposal may destabilise some of our better, smaller RSLs. I know that that is a matter of concern within the sector.

Choice means allowing communities to decide who owns and runs the social housing in their area. As I said in an intervention on the Minister, the Conservatives offered only housing transfer—nothing else. I was proud when we extended the options available to social housing tenants to include the private finance initiative, arm's-length management organisations and the retention of stock within local authority ownership. It always puzzled me that those options were not on the table previously, particularly given that they draw in significant private sector investment. I can only conclude that the Conservatives believed that transfer was the only feasible model and that they wanted to remove social housing from the council-related sector completely. That was the policy—transfer or nothing.

On social housing, it is important to remember that in 1997, the repairs backlog amounted to £19 billion and there was a cut in investment in new affordable housing. In 1996, more than 2 million homes in the social housing sector were in a sub-standard condition. As we heard from the Minister earlier, we celebrate the fact that we have met our initial targets and are moving towards our decent homes targets for 2010 by improving the condition of 1 million homes. That benefits people across the country with better housing conditions and better standards. It has been achieved by offering more choice for people living in social housing—as I said, through PFI, transfer, ALMOs and the retention of stock with local authorities.

Under the Conservatives, there was a year-on-year decrease in housing investment, and in 1997, council funding for homes was halved to £750 million. Since then, we have trebled council funding for homes to £2.5 billion. Indeed, under the Conservatives, local authority housing debt rose by £500 million between 1992 and 1997, but it has since fallen by £3 billion. That is a positive record on the part of the Labour Government and I am very proud of it.

My final theme relates to housing market renewal. Housing markets are complex and localised, so we need a process that responds to those aspects. I greatly welcome the Government's initiative on "the northern way", which looks into how to sustain and regenerate housing markets across the north of England. We need to go further and build on the experience of the nine housing market renewal pathfinders. I would like to see us develop—I am looking at the Under-Secretary—"a midlands way" as well, so that we can see sustained investment across the midlands to promote housing market stability. We need to create balanced housing markets. Clearance, along with mixed tenure and mixed use redevelopment, will be particularly critical.

As the National Housing Federation, the Chartered Institute of Housing and the Local Government Association commented in their recent submission under the comprehensive spending review, it is time to develop a national strategy for housing market restructuring. It should take into account—I partly agree with the hon. Member for Meriden—several aspects of providing a comprehensive approach to housing market renewal and stability. That is the way forward and I commend those organisations for the work that they have done. We need to integrate best practice from the pathfinders into our wider housing strategy, and mainstream that approach.

I welcome this opportunity to debate housing issues. I am disappointed to find that the Conservative party is not offering a more comprehensive approach. I am sure that it will try to develop one in the coming months. We will continue to enjoy the debate. On our side of the House, we have a lot to be proud of.

3.15 pm

Andrew Selous (South-West Bedfordshire) (Con): In common with other hon. Members who have spoken in the debate, I want to draw on some of my constituency experience. I am enormously pleased that my district council of South Bedfordshire has plans to build some 7,000 houses over the next few years in order to meet the housing demands and needs of my constituents. Like others, I find that housing is the issue that people come to see me about most often. I am delighted that my council plans to build those houses to meet local need and go some way towards providing additional housing for the wider area.

My local housing authority—South Bedfordshire—is Conservative controlled. Only 5 per cent. of its housing stock is of a non-decent standard. It is a good housing authority, which manages its stock well. That may be why, when stock transfer came up a few years ago, tenants voted to stay with the local authority. They felt that it could trust it and did not want to leave it. I hope that the Government will continue the commitment to give local people the right to decide. It is important that the democratic element of stock transfer should remain in place.

Although I am positive about the local housing plans that are in place for my constituency, I share the widespread concern of my constituents. About 70,000 of them have backed me by signing a petition expressing concern about the Government's house-building plans, as contained in the communities plan, for my area. Frankly, we believe that the plan is inaptly named: it is not "sustainable", as the Government call it, for a number of reasons.

The principal reason is that 40 per cent. of people in Bedfordshire already commute out of the county to find work. There are nowhere near enough local jobs to provide for the 43,000 houses—as opposed to the 7,000 that we have sensibly planned for—that the Government propose to place in my constituency. There are also serious concerns, reflected in the Select Committee report, about water availability, and we are highly sceptical that we have sufficient infrastructure for 43,000 houses. We do not believe that the community facilities would be sufficient and we worry about large out-of-town housing estates being placed on the edge of small market towns. That is not the same as proper organic growth. We also believe that a serious lack of community spirit would result, as happened in the Easterhouse development on the edge of Glasgow.

[Andrew Selous]

Above all, we object to having something foisted on us undemocratically from outside our area. My constituents are sensible people, who are quite capable of electing local councillors to reflect their needs and wants for decent and affordable local housing for themselves and their children. We have a good record locally and it is absolutely wrong of the Government to try to take away powers from the local level to the regional level and then again from the regional to the national level. The Minister for Housing and Planning, who has just come back into the Chamber, confirmed that the regional spatial strategy would be "the creature", to use his words, of the Secretary of State. It is a top-down, rather than a bottom-up, approach, which does not trust the people.

I wish to make a few comments about why we have the housing problems now facing the country. I commend wholeheartedly the remarks made earlier by my hon. Friend the Member for Tunbridge Wells (Mr. Norman). He showed with great clarity and conviction that the Government lack a proper national strategy for coping with housing demand. I am in favour of meeting the genuine housing needs of the south-east, but the Government seem set on aiding the continuous flow of people from the north to the south-east. Their plans do not include providing proper transport links or infrastructure development, and there is no prospect of some Government Departments moving to the north, as has been mentioned already in the debate. We need that to balance the economic development in the country as a whole. The economy is concentrated in the south-east, which is being over developed, as anyone who spends any time on the M25 knows.

Mr. Pike: The hon. Gentleman is making an important point. In Burnley, we are beginning to tackle the housing problem, but the fact that industry is increasingly based in the south, or even in Europe, means that there are fewer jobs in areas such as mine, especially jobs that will attract back people who have been away to university. Does he agree that that is a very serious problem in areas of low housing demand?

Andrew Selous: As always, the hon. Gentleman makes a sensible and powerful point: he wants local jobs to go with proper housing in his area. It will come as no surprise to him that I want exactly the same for my constituents. The Government's plans are wholly unbalanced. We need a proper relationship between housing and jobs. They should be close together, so that we can reduce the amount of unnecessary transport, and thereby pollution. In that way, we could achieve a proper and sustainable environmental solution. I am therefore absolutely at one with the hon. Gentleman on that point.

The second factor that has contributed to the problems that we face today is the sustained and heavy pressure that the savings and pensions market has come under in the past few years. We must accept that many people now buy houses purely as an investment. One reason for that is that the stock market has fallen in real terms since the Government came to power. The same has happened in Europe and the United States, so the problem is not unique to this country. Although people will rent houses that have been bought for investment, the practice has helped to push house prices up. Housing is therefore less affordable for the people about whom we are concerned this afternoon.

From the point of view of housing as well as of good community relations, it is important that we introduce a proper and systematic way of removing failed asylum seekers. I want to raise this matter in a sensible and measured way, but the information that I have suggests that there are about 250,000 failed asylum seekers in this country, mainly in London and the south-east. They have not been removed, even though the Government believe that they should be. It is important that we get a proper grip on that problem. That will help secure the good community relations that we all want, and relieve the extreme housing pressures that already exist in the south-east.

I want to be positive. Labour Members have criticised the Opposition for not having positive ideas, so I shall use the remainder of my speech to put forward some positive solutions of my own.

I understand that there are about 150,000 empty properties in London and the south-east. I want to make a specific proposal, which I have mentioned before and which I shall keep mentioning. It has to do with the empty flats over shops that can be found in every high street in the country. That phenomenon undermines the vitality of our town centres.

Those flats would make excellent starter homes for newcomers to an area, or for couples with one child who are just starting out. Such people might not want to remain all their lives in a flat over a shop, but a small financial inducement could be appropriate to facilitate the development of the properties.

Matthew Green: Such as what?

Andrew Selous: I am thinking of some form of grant, or of a tax penalty if such properties were not developed. I favour a carrot-and-stick approach, although there is no time for me to go into the details—as the hon. Gentleman said in respect of some of his party's policies. However, some such inducement could easily be introduced, and we should explore the possibility.

The notion of extended financial families is somewhat new to me, although it received an airing in the national press last week. In this country, our concept of the family is nuclear, and that is hugely to our detriment. Several national newspapers last week carried stories about families who live their lives together. When we build new houses, why not consider building ones with two kitchens, for example? In that way, grandparents could live in one part of a house and younger people in another, but everyone could retain some privacy. All sorts of advantages in respect of child care and so on could flow from such an arrangement, which also represents an environmentally sensible solution. I urge a little more flexibility in our response to new building.

The debate has touched on demographic change, the euphemism for which is "household formation". I think that we should be more blunt: this country leads the way in Europe in the incidence of relationship breakdown, in all its manifestations. That is a significant driver of demand, and therefore of the housing crisis that we face. We should look much more seriously at relationship

support work—a sector into which the Government put only tiny amounts of money. Only £5 million goes to the marriage and relationship support programme. An excellent project for couple mentoring proposed by the organisation Care for the Family was turned down only last week. We must look seriously at this area, as helping people to stay together will reduce housing demand. That is a sensible approach to take.

We should also extended the disabled facilities grants scheme. To pay for that, I would scrap much of the regional apparatus, and the result would be that many more disabled people would be helped to stay in their own homes.

Finally, we need to look seriously at how we can help people in large properties—particularly council tenants—to move to smaller ones. We could provide some sort of financial inducement in that respect, and thus free up the larger properties for families who need them.

3.27 pm

Mr. Alan Hurst (Braintree) (Lab): I am grateful to be called to speak, Mr. Deputy Speaker—especially so late in the debate, as it may help me revive my skill at précis, which I fear had become a lost art for me. It seems a long time since my right hon. Friend the Minister for Housing and Planning spoke, but one cannot help but be carried along by the enthusiasm with which he puts the Government's case and sets out their many achievements. Indeed, by the end of his speech, I thought that he was talking not so much about building low-cost houses as about building the new Jerusalem. That may remain a little bit further down the road, I suppose.

I have been somewhat perplexed by the argument mounted by some Opposition Members that the problem does not come down merely to a question of supply and demand. I always thought that the Conservative party—at least in its more modern phase—was very much the party of supply and demand and the free market economy. The views of the hon. Member for South Holland and The Deepings (Mr. Hayes) may hark back to a more ancient Toryism, but the free market has been the hon. Gentleman's party's dominant philosophy in modern times. All of a sudden, the Opposition appear to believe that the free market or supply and demand do not affect house prices and people's ability to be housed. Of course that is not the sole factor. A large element is the interest rate, but it would take a brave Government, and an even braver Opposition, to say that they would raise interest rates to dampen supply and demand. In any case that would not solve the problem, which will be solved only when there are more properties for people to occupy.

The problem needs a more delicate approach than has sometimes been brought to it. There is no point in allocating a percentage target for each region of the country uniformly, because the pressure is greater in the south-east. Pressure is also felt in certain rural areas, to which people would like to retire. The only way to solve the problem is—dare I say it—a degree of state intervention. Some Opposition Members talked about state intervention in the sense of moving people around the country. Can we really say to people, "Well, your family has lived here for generations, but the houses are too expensive down here. Why don't you move a couple of hundred miles to where the houses are cheap?"? I do not always know what is meant by the phrase "sustainable communities", but "community" means living and working in an area where one is known and, in many cases, where one's family has lived for a long time. It is therefore important to have sizeable schemes to provide houses for rent and to buy that straightforward working people can afford. That was always what was done in the past.

When we had state intervention in the form of large council house building programmes, we did not have the wild price fluctuations that we have had since the 1970s. The rate of increase was fairly steady from 1920 until about 1970, because we had state provision of housing for those who could not compete in the open market.

I commend the Government for the steps that they are taking and the money that they are putting in. I ask them not to be afraid of looking back on our recent history—which did not begin in 1979, but a long time before—and consider some of the solutions used in those days, such as when Mr. Attlee built 1 million houses in five years. We might reflect on how that was done. We might also consider the scheme put forward by the hon. Member for Ludlow (Matthew Green) that operates in Shropshire and other places. We must be innovative and we must not be afraid to use the power of Government to ensure that poorer people have decent housing, just as it was offered to their parents and grandparents in the years after the second world war.

3.31 pm

Mr. John Hayes (South Holland and The Deepings) (Con): This has been a good debate, with many useful contributions from both sides of the Chamber. It began with an important speech by my hon. Friend the Member for Meriden (Mrs. Spelman), which set out our profound concerns about the Government's performance on this issue and signalled the direction in which our party will be heading, to which I shall return later.

It is interesting to note that this debate is an Opposition debate. The only chance that the House has had to debate housing post-Barker is at the behest of the Opposition, today an in the debate in Westminster Hall obtained by my hon. Friend the Member for Tunbridge Wells (Mr. Norman). He spoke persuasively then, as he did today. It is sad, but perhaps unsurprising, that the Government seem unwilling to defend their record, and reluctant to debate the future. In 1997—I carry a copy of the 1997 Labour manifesto at all times to remind me of the calumnies that it contains—the Labour party took a more optimistic view. They declared with shock that homelessness had more than doubled under the Conservatives. The manifesto said:

"Today more than 40,000 families in England are in expensive temporary accommodation."

[Mr. John Hayes]

Seven years later, 95,060 statutorily homeless households live in temporary accommodation—the highest figure ever recorded.

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper) *indicated dissent.*

Mr. Hayes: Well, the Minister will know that Shelter has said that it is a profound disappointment that the Government have failed to deal with those fundamental issues of homelessness. They tell me that more than 100,000 children become homeless in England every year. Some 500,000 households are officially overcrowded, including 300,000 families with children. Only 31,000 new affordable homes were built in 2003, compared with more than 60,000 when we were in government in 1993–94. More than 3 million households live in poor housing.

I welcome the Government's success in meeting their target on bed-and- breakfast accommodation. It is good that 4,000 families in bed-and-breakfast accommodation have been moved into more appropriate accommodation, but at least 9,000 families living in bed-and-breakfast accommodation are not covered by the target. We heard about some of them in the debate today. We heard about those families who are referred to temporary accommodation through social services. We heard about some of the asylum seeker families with children who are not included in the figures. We heard about many families who are housed in unsuitable, inappropriate accommodation, in hostels and elsewhere. Yes, a small target has been hit and a pledge has been met, but there are bigger targets and many more significant matters. There are many greater indictments of the Government, not merely from the Opposition but from all those who share our concern for some of the most vulnerable people in our society.

The Government are failing on homelessness. They are also failing on house building. Much has been made of house building in the debate and I acknowledge that there is a housing crisis, but the real crisis is housing mix; it is about the match between the availability of particular types of houses and the need for them. For example, there is a real problem in social housing, where the number of houses built has halved under the Government. There is a real problem in relation to accommodation for single-person households because much of the building in the market sector has been three or four-bedroomed houses, as my hon. Friend the Member for Tunbridge Wells pointed out. Indeed, according to figures produced by the Office of the Deputy Prime Minister, that trend is likely to continue unabated. The real problem is about the marriage between provision and need, and the Government show no signs of dealing with it.

Matthew Green: The hon. Gentleman has pointed out that the wrong sort of housing is being built, and I very much share that view, but given open market conditions, how does he propose, through the planning system, to build the right sort of houses? Does he want centrally imposed Government targets to tell local councils how many one-bedroomed houses to build?

Mr. Hayes: What is clear is that those predict and provide targets have produced the wrong housing mix. We have had predict and provide for years, yet we have ended up with a situation in which affordability is as bad as it has ever been and where the houses being built do not meet demand from single-parent households, first-time buyers and others. It is clear that the best way to deal with those problems is to trust local communities, as my hon. Friend the Member for Meriden said in her opening remarks. It is entirely appropriate that the people closest to local communities, with their interests at heart, should make decisions about how those communities should develop.

The Minister described that idea as an intellectual construct to defend nimbyism. If nimbyism is believing that local people should have a key role in deciding how their neighbourhood changes and develops; if it is believing that for the most part, incremental development is always preferable to large-scale inappropriate development; if it is believing that houses should be built in character with the landscape and houses around them, most of Britain and most Members of this place would be guilty of nimbyism. If the sort of threats I have described were planned for the constituencies of the Under-Secretary and the Minister, I suspect that they would find it hard not to become nimbies themselves. That is the truth of the matter.

People's natural concern for their environment and their community is written off by Labour Members as nimbyism, but we stand four-square behind those people in Bedfordshire and elsewhere, so well defended by my hon. Friend the Member for South-West Bedfordshire (Mr. Selous), who stands up for the interests of his constituents at every opportunity—as the Minister himself has previously acknowledged. We stand up for people in Ashford in Kent and for people in Northamptonshire and elsewhere who face the onslaught of the concreting over of their green and pleasant land. Those people are not against all development; they simply want appropriate development on a human scale.

Mr. Betts: The hon. Gentleman makes an interesting point. He is presumably not saying that the Conservative party is against any development at all, so can he explain what appropriate development is and what scale of development the Conservatives would support in the south-east?

Mr. Hayes: That would require a speech of considerably more than 15 minutes, but if the hon. Gentleman had been listening to me carefully he would have heard me say that development is best when it is incremental, when it is in character and in keeping with existing settlement, when it respects the environment and landscape and when it is appropriate to the needs of a mixed, balanced and self-sustaining community. Ultimately, it will be for those in each community to decide what is right for them and their locality, but those are the points of reference that I would offer them, and they would not be very far from the hon. Gentleman's considerations about such things, because he is a studious contributor to housing debates.

Let me turn to affordability. We must assume, given the absence of any Government statement to the contrary, that Kate Barker's assumptions are the Government's assumptions. Kate Barker says that the real problem of affordability is one of supply. She assumes that a supply-side solution can be devised and implemented to deal with the problem of escalating house prices. Let me say, as I have said before, that house prices are driven up and stay up because of a variety of demand-side factors: low interest rates, the unattractiveness of alternative investment vehicles, the amount of borrowing secured by housing equity and the disproportionate allure of home ownership in British culture.

Those are the things that have driven up and kept up house prices, and the idea that we can deal with house price inflation or even house price volatility by supply-side changes—given that, as my hon. Friend the Member for Meriden said, only 1 per cent. of housing is new build and only 10 per cent. of transactions apply to those houses—is at best extraordinarily ambitious and, at worst, hopelessly naive. The Minister knows very well that to effect those changes would take an enormous amount of time—the land must be found, local people must back the plans, the houses must be built and then investment must be put into all the associated infrastructure. That is neither sustainable, nor a practical solution to house price inflation and volatility.

The other side of the Barker report—the Minister did not mention this in his remarks today—is that, to effect such change, Government would have to ride roughshod over local communities. Power would need to be transferred to the regions, which would impose those building targets on local people, who would have almost no say in where the houses were built and what they looked like. That is a move from predict and provide to dictate and provide, and the Minister was very cautious about not mentioning that because he knows that it is indefensible.

When we make those charges, the Secretary of State—supported by the Ministers present today, who are good people, but misguided ones—usually crows about the green belt, but as I described in a question to the right hon. Gentleman just a few days ago, the truth is that Government's claims about the green belt do not bear close examination. The Library tells us that the Government are "imprecise and evasive", when asked questions about where the green belt has and has not been developed.

When we study where the green belt has been expanded, we find that that has not happened in the areas where there is maximum pressure for development. Some 94 per cent. of the development of the green belt has occurred in a handful of areas in the north of England. The green belt was designed as a tight belt of land to avoid urban sprawl, yet none of the areas where urban sprawl is a real risk is benefiting from the Government's new interest in the green belt. Mr. Prescott's belt is elastic. It extends ever further into the countryside and ever further away from the areas that it is supposed to protect. So perhaps the Minister and the Secretary of State, before they make any more claims about the green belt, would be better served by looking closely at their record and giving more precise and less evasive answers to the very proper questions posed to them by hon. Members on both sides of the House.

We have been chided about our policies, and I want to say something about them in a moment. We had hoped to hear something from the Minister about empty homes; the development land tax; the impact of the Government's ideas on local democracy; and affordability targets. We had hoped to hear something about those things in the Minister's opening speech; perhaps we will hear something in the closing speech. All we have heard, as a defence of the Government's housing policy, is an attack on us.

There is a determination to implement a decent home standard that, although laudable, is by no means enough in terms of tackling overcrowding, warm homes and accessibility for disabled people—all issues that the Conservatives, together with some of the minor parties, have highlighted in Committee and elsewhere. So the Government should not tell me that we have not taken a stand on such things, for if they study the evidence, they will find that we have done so.

We have heard a lot about the communities plan, of which the Office of the Deputy Prime Minister: Housing, Planning and Local Government Committee said:

> "Building more homes is not a panacea and the impact of such a housing programme on the environment could be unsustainable . . . The Government's objective to bring down house prices is unlikely to be achieved . . . The Committee is not convinced that the enlarged house-building programme can be accommodated in the South East without seriously affecting the quality of the environment."

The Conservatives are going to look at a more fluid system which, by extending transferable discounts, will allow people to move more easily from social housing to market housing. We are going to look afresh at shared equity as a means of dealing with affordability, and will put together an empty homes strategy that brings into use some of the 700,000-plus empty homes, on which the Government have consulted endlessly but about which they have done nothing. We are going to look at bringing into use some of the ex-industrial and commercial premises, redesignated for housing purposes, and at effecting a real green belt that protects our towns and cities from urban sprawl.

The challenge before us is to beautify our landscape, improve our towns and cities, and serve the future in stone and brick or merely propitiate the present with cheap durables, utility and ubiquity. Some will rise magnificently to that challenge, but many will not. Nothing in the words or character of the Government gives me confidence that they will rise above their lamentable record. However, there is still an opportunity for them to do so. Let them come to the Dispatch Box in the few minutes available and give us an honest appraisal of how they intend to improve things in the interests of all the people of this country.

3.46 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): We have had an interesting debate. My hon. Friend the Member for Sheffield, Attercliffe (Mr. Betts) gave a powerful description of cuts in affordable housing investment in the 1980s and '90s, and raised the important issue of quality and design. The hon. Member for Tunbridge Wells (Mr. Norman) made a thoughtful response to the Barker review, which we have partly debated before. He

[Yvette Cooper]

made important individual points, but they did not add up to the conclusion that he drew, a subject to which I shall return later. The hon. Member for Ludlow (Matthew Green) spoke about empty homes, on which we are doing a lot of work, and overcrowding, which was also raised by my hon. Friend the Member for Bethnal Green and Bow (Ms King). I pay tribute to the work that she and other Labour Members have done on the issue. We are making amendments on overcrowding to the Housing Bill, and we will shortly consult on the issue in more detail.

The hon. Member for Caernarfon (Hywel Williams) talked about the quality of housing in Wales which, he will know, is a devolved matter. My hon. Friend the Member for Telford (David Wright) pointed out the importance of mixed tenure communities, and called for a midlands way. The hon. Member for South-West Bedfordshire (Andrew Selous) complained about the sustainable communities plan, but he knows that there is considerable consultation at both regional and local levels on the proposals. My hon. Friend the Member for Braintree (Mr. Hurst) made sensible points about supply and demand in the housing market.

The Opposition are still burying their heads in the sand about the need for new houses, and there were contradictions in the arguments that their spokespeople made, both in the motion and in their speeches. They want to argue that there is not a problem with housing supply, yet they complain that key workers cannot afford to buy a house. They do not want more houses to be built in their constituencies, yet they complain that first-time buyers cannot afford to buy a home in the towns and villages where they grew up. They say that we need more affordable housing, yet they want to cut the social housing budget and stock. They cannot have it both ways.

I welcome the hon. Member for Meriden (Mrs. Spelman) to her post. She said that she cares passionately about these issues, and I believe that she does. However, she has done nothing to improve the internal logic and consistency of the Conservatives' position.

Mr. Mark Francois (Rayleigh) (Con): I thank the Minister for her courtesy in giving way. I have been listening to what she is saying, but the missing word is "infrastructure". In my constituency, all the secondary schools are effectively full, it is difficult to register with a general practitioner, and it is practically impossible to find an NHS dentist. The Government cannot keep forcing more houses into the south-east of England, including my own county of Essex, unless they are prepared to provide the infrastructure to go with them. If they are not going to do so, they should stop trying to cover us in concrete.

Yvette Cooper: Of course infrastructure is important in growth areas. That is exactly why we are putting hundreds of millions of pounds of investment into the growth areas. Conservative Members expressed their concerns about the housing market, but all that they could say about their own policy was that they were conducting a review. The predecessor of the hon. Member for Meriden said that he was doing a review and he asked the right hon. Member for North-West Hampshire (Sir George Young) to lead it. I have a great deal of respect for the right hon. Member for North-West Hampshire, but I remember that he was the Minister who described the homeless as the people one stepped over as one came out of the opera. So we will wait with bated breath for that review and the conclusions that it reaches.

The Conservatives argue that we do not need to increase the housing stock. They do not like the Barker report. I see that those on the Conservative Front Bench have decided to offer their own analysis in place of Kate Barker's, and I am sure that the House will want to weigh in the balance the economic expertise of Kate Barker, a member of the Bank of England's Monetary Policy Committee, and the economic expertise of those on the Conservative Front Bench today. They are, after all, the team whose leader argued strongly against giving the Bank of England independence and said that it should not have increased interest rates in 1997–98. Given that those interest rates were so important in preventing the boom-bust cycle and in preventing a crash in the housing market like the one that we saw in the early '90s, I think economic history has demonstrated that we are lucky to be dependent on the judgment of the Monetary Policy Committee in this area, rather than on that of the Conservative Front-Bench team.

The Conservatives are kidding themselves if they think they can ignore the problems of house price inflation and pretend that there is no case for more houses to be built. Demand is increasing and supply has not kept up. The hon. Member for South Holland and The Deepings (Mr. Hayes) argues that we should not concentrate on addressing housing supply because it takes a long time to build houses. I must point out to him that if he had started to take a long-term view 10 or 20 years ago, and if his party had done the same, we might have a rather healthier housing market today.

The Conservatives keep pretending that we do not need more houses. Tell that to the nurse who cannot afford to buy a flat within an hour of the London hospital in which she works. They say they care about key workers and they want to support first-time buyers, yet the logic of their analysis is to price more and more of them out of the housing market altogether, and that is not fair.

The hon. Member for Meriden claimed that we were patio-ing over the countryside. I should point out to the Opposition that the green belt has increased since 1997 by 25,000 hectares, with a further 12,000-hectare increase under consultation. What happened to the green belt between 1987 and 1997? It was cut. The Government have increased brownfield development above 60 per cent., which the Tories continually failed to do.

Mr. Hayes: The Minister says the Government have increased the green belt, as I predicted she would, but 22,630 hectatres—94 per cent. of the total—is in Blyth Valley, Tynedale, Bolsover and Blackburn, which are not the areas that are under most pressure to develop. It

is unsurprising that the House of Commons Library describes her policy and her answers on the subject as evasive. Are they evasive or is the Library wrong?

Yvette Cooper: We have made clear throughout our commitment to sustaining the green belt in every region. That is exactly what we are doing, unlike the policies of the Conservatives when they were in government, when they cut the green belt over a long period.

It is important that we address the problems faced in parts of the north, where some areas face low demand and where we have set out a £500 million programme to tackle low demand, as well as regional growth strategies such as "the northern way", whereas the Conservatives ignored the problems for so long. The hon. Member for Meriden said that she cared about regeneration, and again, I believe her, but she urged us not to cut regeneration funding. Has she talked to the shadow Chancellor recently? Does she know that he wants to cut 5 per cent. in real terms from every budget except health and education?

Mrs. Spelman *indicated dissent.*

Yvette Cooper: The hon. Lady denies it, but the shadow Chancellor said on the record that he wants to freeze spending and make a 5 per cent. real terms cut in regeneration programmes, which would mean cuts to the new deal, Sure Start and neighbourhood renewal programmes. She might want to focus her passion within her own party; this party is committed to keeping up investment in regeneration programmes because they tackle unjust inequalities across the country. We need more, better quality affordable housing.

Sarah Teather (Brent, East) (LD): Is the Minister aware that house prices in my area rose by 11 per cent. last year, which is the greatest increase in any London borough, and that 18,000 people are on the Brent waiting list to be transferred to council housing, 4,238 of whom are in temporary accommodation? Is she also aware that the incidence of empty homes is much higher in Brent than elsewhere in London—5.4 per cent. of properties in Brent are empty, compared with the London average of 3.2 per cent.? Does she think that more could be done to address that problem?

Yvette Cooper: The hon. Lady makes an important point, and I agree that more could be done about empty homes. We are working closely with the Empty Homes Agency because we want to act on the issue, which is why we held a consultation. The hon. Lady referred to the difficulties that some of her constituents face, and she knows that both affordable housing and overall housing supply in London and the south-east are important issues. We must increase the supply of affordable housing and tackle the issue of quality, which is why we are addressing the £19 billion backlog in repairs and maintenance. In 1997, we inherited a situation in which 2.1 million families were living in cold, damp or draughty accommodation, which included homes with leaky windows and inadequate heating that did not meet modern standards and expectations.

Mr. Clifton-Brown: The Government amendment states that the Government have taken the trouble

"to support the creation of 230,000 affordable homes since 1997".

Given that a parliamentary answer on 27 April stated that 14,601 affordable homes are currently being built, and that seven times 14,601 is way short of the 230,000 total, will she undertake to put in the Library which regions those 230,000 houses were built in?

Yvette Cooper: I am happy to provide the hon. Gentleman with more information about affordable housing, which is an issue that we must address across the country. The Conservatives also need to reflect carefully on their claims about building social housing. In the early 1990s, the public sector could build affordable homes at those levels because the housing market had collapsed, the property and construction markets were in crisis, the Tories had pushed the country into a devastating recession and interest rates had hit 15 per cent. Some 1.5 million families suffered negative equity because of the stupid economic policies pursued by the Conservative Government at that time. Do Conservative Members really want to hold up the early '90s as a great example of housing policy? We know that they want to turn the clock back, but it would be foolish to turn it back to a policy of boom and bust.

Look at the Tories' other polices for tackling affordable housing. They want to force housing associations to adopt the right to buy, which would cut housing stock in the long term. Their most ludicrous policy is to cut investment in housing. The shadow Chancellor has made it abundantly clear that he wants £18 billion of cuts in two years, which means at least £400 million of cuts in housing. I must point out to the Tories that houses cost money, and do not grow on trees or fall from the sky, street by street. Affordable houses cost money, and I do not know how they can increase affordable housing by cutting the housing budget.

Question put, That the original words stand part of the Question:—

The House divided: Ayes 203, Noes 317.

Division No. 159] **[3:59 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Davies, Quentin *(Grantham & Stamford)*

Davis, rh David *(Hallamprice & Howden)*
Djanogly, Jonathan
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Gray, James *(N Wilts)*
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
Osten, Mark *(Winchester)*
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Peter Atkinson and Gregory Barker

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corston, Jean
Cousins, Jim
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*

Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Iranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGrady, Eddie
McGuire, Mrs Anne
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Quinn, Lawrie
Reed, Andy *(Loughborough)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Soley, Clive
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, rh Alan *(Swansea W)*
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Jim Fitzpatrick and Vernon Coaker

Question accordingly negatived.

Question, That the proposed words be there added, *put forthwith, pursuant to Standing Order No. 31 (Questions on amendments):—*

The House divided: Ayes 317, Noes 199.

Division No. 160] **[4:14 pm**

AYES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Armstrong, rh Ms Hilary
Atherton, Ms Candy
Atkins, Charlotte
Austin, John
Bailey, Adrian
Baird, Vera
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Bell, Sir Stuart
Bennett, Andrew
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blears, Ms Hazel
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Browne, Desmond
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, Ronnie *(Blyth V)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clark, Dr. Lynda *(Edinburgh Pentlands)*
Clark, Paul *(Gillingham)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clelland, David
Clwyd, Ann *(Cynon V)*
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Connarty, Michael
Cooper, Yvette
Corston, Jean
Cousins, Jim

Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, Ann *(Keighley)*
Cryer, John *(Hornchurch)*
Cummings, John
Cunningham, Jim *(Coventry S)*
Cunningham, Tony *(Workington)*
Davey, Valerie *(Bristol W)*
Davidson, Ian
Davies, rh Denzil *(Llanelli)*
Davies, Geraint *(Croydon C)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Doran, Frank
Dowd, Jim *(Lewisham W)*
Drew, David *(Stroud)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Flint, Caroline
Flynn, Paul *(Newport W)*
Follett, Barbara
Foster, rh Derek
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Godsiff, Roger
Griffiths, Jane *(Reading E)*
Griffiths, Win *(Bridgend)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hendrick, Mark
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Hewitt, rh Ms Patricia
Heyes, David
Hill, Keith *(Streatham)*
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hood, Jimmy *(Clydesdale)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Howarth, rh Alan *(Newport E)*
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Beverley *(Stretford & Urmston)*
Hughes, Kevin *(Doncaster N)*
Humble, Mrs Joan
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Ingram, rh Adam
Iranca-Davies, Huw
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jones, Jon Owen *(Cardiff C)*
Jones, Kevan *(N Durham)*
Jones, Lynne *(Selly Oak)*
Jones, Martyn *(Clwyd S)*
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Keen, Ann *(Brentford)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Lewis, Ivan *(Bury S)*
Liddell, rh Mrs Helen
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Lyons, John *(Strathkelvin)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McFall, John
McGrady, Eddie
McGuire, Mrs Anne
Mclsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
MacShane, Denis
Mactaggart, Fiona
McWilliam, John
Mahmood, Khalid
Mahon, Mrs Alice
Mann, John *(Bassetlaw)*
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Miliband, David
Mitchell, Austin *(Gt Grimsby)*
Moffatt, Laura
Mole, Chris
Moonie, Dr. Lewis
Morgan, Julie
Morley, Elliot
Morris, rh Estelle
Mountford, Kali
Mudie, George
Mullin, Chris
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
O'Brien, Bill *(Normanton)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Owen, Albert
Palmer, Dr. Nick
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pope, Greg *(Hyndburn)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Quinn, Lawrie
Reed, Andy *(Loughborough)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Ross, Ernie *(Dundee W)*
Roy, Frank *(Motherwell)*
Ruane, Chris
Ruddock, Joan
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Sarwar, Mohammad
Savidge, Malcolm
Sawford, Phil
Sedgemore, Brian
Sheerman, Barry
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Singh, Marsha
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Jacqui *(Redditch)*
Smith, John *(Glamorgan)*
Soley, Clive
Southworth, Helen
Squire, Rachel
Starkey, Dr. Phyllis
Steinberg, Gerry
Stewart, David *(Inverness E & Lochaber)*
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Straw, rh Jack
Stringer, Graham
Stuart, Ms Gisela
Sutcliffe, Gerry
Taylor, rh Ann *(Dewsbury)*
Taylor, David *(NW Leics)*
Thomas, Gareth *(Harrow W)*
Todd, Mark *(S Derbyshire)*
Touhig, Don *(Islwyn)*
Trickett, Jon
Truswell, Paul
Turner, Dennis *(Wolverh'ton SE)*
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Twigg, Derek *(Halton)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Wilson, Brian
Winnick, David
Winterton, Ms Rosie *(Doncaster C)*
Woodward, Shaun
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes: Jim Fitzpatrick and Vernon Coaker

NOES

Ainsworth, Peter *(E Surrey)*
Allan, Richard
Amess, David
Arbuthnot, rh James
Bacon, Richard
Baker, Norman
Baldry, Tony
Baron, John *(Billericay)*
Barrett, John
Beggs, Roy *(E Antrim)*
Beith, rh A. J.
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Bruce, Malcolm
Burns, Simon
Burnside, David
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent

Calton, Mrs Patsy
Cameron, David
Campbell, Gregory *(E Lond'y)*
Campbell, rh Sir Menzies *(NE Fife)*
Cash, William
Chapman, Sir Sydney *(Chipping Barnet)*
Chidgey, David
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Cormack, Sir Patrick
Cotter, Brian
Cran, James *(Beverley)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Duncan, Peter *(Galloway)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Flook, Adrian
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gidley, Sandra
Gillan, Mrs Cheryl
Goodman, Paul
Green, Damian *(Ashford)*
Green, Matthew *(Ludlow)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hancock, Mike
Harris, Dr. Evan *(Oxford W & Abingdon)*
Harvey, Nick
Hawkins, Nick
Hayes, John *(S Holland)*
Heald, Oliver
Heath, David
Heathcoat-Amory, rh David
Hendry, Charles
Hoban, Mark *(Fareham)*
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Hunter, Andrew
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Jones, Nigel *(Cheltenham)*
Keetch, Paul
Kennedy, rh Charles *(Ross Skye & Inverness)*
Key, Robert *(Salisbury)*
Kirkbride, Miss Julie
Kirkwood, Sir Archy
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Lidington, David
Lilley, rh Peter
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
Maude, rh Francis
Mawhinney, rh Sir Brian
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Moore, Michael
Moss, Malcolm
Murrison, Dr. Andrew
Norman, Archie
O'Brien, Stephen *(Eddisbury)*
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Paterson, Owen
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Redwood, rh John
Reid, Alan *(Argyll & Bute)*
Rendel, David
Robathan, Andrew
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sanders, Adrian
Sayeed, Jonathan
Selous, Andrew
Shepherd, Richard
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Smyth, Rev. Martin *(Belfast S)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Strain, Anthony
Streeter, Gary
Stunell, Andrew
Swayne, Desmond
Swire, Hugo *(E Devon)*
Syms, Robert
Tapsell, Sir Peter
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Matthew *(Truro)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Teather, Sarah
Thomas, Simon *(Ceredigion)*
Thurso, John
Trend, Michael
Trimble, rh David
Turner, Andrew *(Isle of Wight)*
Tyler, Paul *(N Cornwall)*
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Webb, Steve *(Northavon)*
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Willetts, David
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Yeo, Tim *(S Suffolk)*
Young, rh Sir George
Younger-Ross, Richard

Tellers for the Noes:
Mr. Peter Atkinson and Gregory Barker

Question accordingly agreed to.

MR SPEAKER *forthwith declared the main Question, as amended, to be agreed to.*

Resolved,

That this House commends the Government's record on housing, and the progress it has made in delivering sustainable communities, as set out in Making it Happen: The Northern Way and elsewhere; notes that one million more people own their homes now than in 1997, whilst mortgage rates are at their lowest since the 1950s; notes that since 1997 there are one million fewer social homes below the decency standard and welcomes the Government's approval of 58 new schemes that could make decent another 170,000 social homes; applauds the fact that the number of families with children in bed and breakfast accommodation for longer than six weeks has reduced by at least 99.3 per cent. since March 2002; supports the Government's plans in the Thames Gateway and newer growth areas to deliver new sustainable communities and provide an extra 200,000 homes; further welcomes the action the Government has taken to support the creation of 230,000 affordable homes since 1997, to help over 10,000 key workers into home ownership in areas of high demand, and to reduce rough sleeping to the lowest level since records began; further supports the Government's creation of a £500 million Market Renewal Fund to tackle the worst cases of low housing demand and abandonment; applauds the creation of regional housing boards to ensure investment is focused on regional priorities; and welcomes the fact that the Government has added 25,000 hectares to the greenbelt with a further 12,000 hectares in prospect, and is exceeding its brownfield target, having built 64 per cent. of new homes on previously developed land in 2003.

Christmas Day (Trading) Bill *[Money]*

Queen's recommendation having been signified—

Mr. Deputy Speaker (Sir Michael Lord): I must inform the House that Mr. Speaker has not selected the amendment on the Order Paper.

4.26 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I beg to move,

That, for the purposes of any Act resulting from the Christmas Day (Trading) Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums which under any other Act are payable out of money so provided.

As drafted, the Christmas Day (Trading) Bill introduced by my hon. Friend the Member for North Durham (Mr. Jones) may have some small expenditure implications for the Treasury purse. A money resolution is required because inspectors will enforce the prohibition on the opening of large shops on Christmas day. The costs are expected to be negligible because only a handful of shops have opened in the past. The overwhelming majority of large shops do not currently open and do not plan to open in the future. The new regulation will simply maintain the status quo.

Enforcement will be informed by local publicity or complaints by members of the public. I do not envisage trading standards officers, whose responsibility it will be to enforce the regulation—

Mr. John Bercow (Buckingham) (Con): I am immediately intrigued by the hon. Gentleman's use of the word "negligible". Does he interpret "negligible", in this context, to be a sum smaller or larger than the £50,000 limit proposed in the admirable amendment tabled by my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth)?

Mr. Sutcliffe: The amendment was not admirable, because it was not chosen. The figure will be negligible in the context of the enforcement that may be required. The new regulation will simply maintain the status quo.

Mr. John Redwood (Wokingham) (Con): The Minister should give us a little more information than that. Will he estimate the cost, and say by how much it will exceed the rather generous figure of £50,000 mentioned by my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth)?

Mr. Sutcliffe: I do not want to waste the time of the House; we will have the opportunity to look at such matters in detail when the Bill goes into Committee, which I understand will be next week. Clearly, there are issues that need to be discussed but, as I have already explained, we see "negligible" as referring to the impact that there will be on the Treasury purse.

Mr. Greg Knight (East Yorkshire) (Con): The Minister has said that the impact will be negligible on the Treasury purse, but is not the problem that the money resolution, if passed, will in effect sanction council tax increases across the United Kingdom?

Mr. Sutcliffe: No, it is not. That is a spurious attempt to railroad the discussion and move us away from the purpose of the excellent debate that we had on Second Reading, when hon. Members, including the right hon. Member for Bromley and Chislehurst (Mr. Forth), attended the House on a Friday morning. I respect his abilities on Friday mornings, as I mentioned during that debate. Members on both sides supported the intentions of the private Member's Bill, and we are today just discussing the money resolution, which is the norm for such Bills. As I have said, there will be time in Committee to go through in more detail some of the points that hon. Members want to raise.

I do not envisage that trading standards officers will have to visit large shops to check compliance on Christmas day. The legislation is likely to cause a minimal addition to existing enforcement responsibilities, so the implications for the public purse are expected to be negligible. I commend the motion to the House.

4.29 pm

Mr. Andrew Mitchell (Sutton Coldfield) (Con): First, I convey the apologies of my hon. Friend the Member for Canterbury (Mr. Brazier) who would normally deal with this business but is occupied on parliamentary business elsewhere in the House. I was not present for the Second Reading debate on a Friday—I was in my constituency—but I have read the report of the debate, and I see that it was in general a good-natured occasion, apart from the unexpected and savage attacks on my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth), who was present in his capacity as the guardian of the taxpayer and a fierce fighter for deregulation.

I note that at the time of an enormously skilful and successful Government Whips Office in 1994, a very difficult and contentious measure was enacted, enabling the House to resolve a matter that had presented many difficulties in previous years.

Mr. Greg Knight: I am grateful to my hon. Friend for his complimentary remarks about the Whips Office in 1994, as I was Deputy Chief Whip at the time. If my memory serves me correctly, he, too, was a member of the very same office.

Mr. Mitchell: These matters were too long ago for—

Mr. Deputy Speaker: Order. This is all very interesting, but I would be grateful if the hon. Gentleman returned to the matter before the House.

Mr. Mitchell: Thank you, Mr. Deputy Speaker. You will recall that on that occasion a number of hon. Members, of whom I was one, supported an amendment that we believed would exclude Christmas day and Easter day from the provisions on Sunday shopping. Unfortunately, the fact that Christmas day could fall on a day other than Sunday eluded a number of hon. Members, including me, hence the need for this Bill, which I support.

I urge my colleagues to support the money resolution, as the Bill should stand or fall on its merits and should not be stillborn because of the failure to pass this resolution.

Mr. Redwood: Does my hon. Friend think it right that the Government should produce a money resolution without giving us any hint about how much money might be involved?

Mr. Mitchell: My right hon. Friend pre-empts precisely the point that I was about to make.

Does the Minister agree that the cost of not passing the money resolution might be far higher? Although a severe problem is yet to emerge, there is a danger of a domino effect, whereby when one or two shops start opening others might follow. The market pressures could become so intense that retailers had to open, and before long Christmas day would be the same as any other trading day. If we then tried to introduce legislation, the costs of enforcement and publicity would indeed be far greater.

Does the Minister accept the comments made by my right hon. Friends about the lack of detail about the costs involved? It would be helpful if he said a word or two about the extent of the costs. What would they be for, and how much does he estimate that they might be? We have a duty of care to the taxpayer—something that the Government, sadly, take all too lightly. I hope that he can supply those details.

Although the amendment tabled by my right hon. Friend the Member for Bromley and Chislehurst was not selected, specific amounts have in the past been added to money resolutions. The last such occasion was about 50 years ago when a money resolution on the Coal-Mining (Subsidence) Bill was debated, limiting payments to £1.5 million in the first year and £250,000 in subsequent years. One of your predecessors, Colonel Sir Charles McAndrew MP, was in the Chair, Mr. Deputy Speaker. My predecessor as MP for Sutton Coldfield, Sir John Mellor, made a supportive speech, and my predecessor as MP for Gedling, Sir Kenneth Pickthorn, made a speech in which he complained that he had been sitting in the House for some five hours and had not been fed or watered in that time. He received considerable sympathy from Members and then made an impassioned speech. The House did not divide on that occasion, but the Minister present explained the amount of money involved, what it was being spent on and how the figures had been reached.

I shall support the money resolution, and I advise my right hon. and hon. Friends to consider doing likewise for the reason that I gave: the Bill should stand or fall on its own merits; it should not fall because the money resolution does not go through. However, I commend the practice whereby the Minister dealing with the motion explained the sums involved in a money resolution. I hope that the Minister present will give us more details on that later.

4.36 pm

Mr. Eric Forth (Bromley and Chislehurst) (Con): We have a problem—the blank cheque syndrome. Every time a money resolution is presented to us in this way, Ministers come over all coy and cannot—or will not—give us the amount involved. That is absurd. We—the tribunes of the people and the defenders of the taxpayer—are given no information whatsoever by Ministers as to the sums that they propose to extract from the taxpayer to support a Bill. That problem remains and, sad to say, the Minister present has followed the pattern with which we are all too familiar. *[Interruption.]* He is looking particularly pleased with himself, although I cannot imagine why. When a horrified electorate discover the outrage being perpetrated on them today, they will, I hope, wipe the smile off his face.

Mr. Sutcliffe: The right hon. Gentleman is a distinguished Member of the House and a former Minister. Is this not an enabling motion of the sort that accompanies most Bills, and which will permit the necessary spending once the Bill has completed its legislative passage? Did he not move money resolutions when he was a Minister?

Mr. Forth: I cannot remember, but I hope that I would not touch a motion such as this with a bargepole, under any circumstances.

The Minister has generously helped me by reminding me of another problem. The Bill has not even reached consideration in Committee or on Report, when it may well be substantially altered in who knows what manner, yet he wants us to vote unknown sums for a Bill that has yet to take its final form. That is another absurdity and a generic problem that we face with these motions, although I realise that the Minister is not responsible, as he does not control the procedure of the House.

I had hoped to move an amendment to the money resolution that would make the Bill's originator—a trade union—pick up the cost of implementing it. It is surely absolutely proper that the trade union in question, which is trying for the second or third time to get the Bill through the parliamentary process, should pay the cost of implementing it, rather than the taxpayer.

Mr. Kevan Jones (North Durham) (Lab): The right hon. Gentleman's line of argument is very interesting, but I should point out that the Bill is also supported by the Catholic Church and the Church of England. Is he suggesting that they, too, should be levied for the cost of implementing it?

Mr. Forth: Perhaps. The problem is that often anonymous or unknown interest groups introduce Bills and put undue pressure on innocent Members of Parliament, who are expected to bring them before the House. The groups then slink away into the darkness, leaving the taxpayer holding the no doubt substantial bill. To my mind, that is a difficulty.

Mr. Simon Thomas (Ceredigion) (PC): The right hon. Gentleman is advancing a very interesting proposition. Does he want to surcharge the new Leader of the loyal Opposition in respect of what happened with the poll tax? It was the poor old taxpayer who had to pick up the cost of that.

Mr. Forth: If I recall correctly, the excellent poll tax—I still believe that it was a wonderful idea, but it went a little wrong in implementation—was not introduced through a private Member's Bill. It might have done better if it had been. It might have received excellent scrutiny and emerged in a better form. I am talking in

[Mr. Forth]

the context of a money resolution for a private Member's Bill and I am focusing like a laser on that aspect of our procedure.

My first thought was that we should try to find a way to ensure that those who inflict regulatory measures on us pay the cost of them. I was advised that that might be complicated, and then our excellent Clerks gave me further advice. My modest amendment was tabled partly as a probing amendment, but I also thought that it might provide the cost of one additional official in the Department to oversee the process. My right hon. and hon. Friends have already extracted from the Minister the fact that, if this regulatory measure is implemented, it will impose additional costs on local authorities. If the Government are not going to divvy up, the taxpayer will inevitably have to pay up. We are left with a most unsatisfactory degree of uncertainty about the measure.

I am sure that we all look forward to seeing the Bill in Committee, but more important to me is the fact that we will have ample opportunity on Report to explore in greater detail the substantial areas for amendment, which I hinted at on Second Reading. I believe that there are many possible ways of strengthening and improving the Bill.

Mr. Greg Knight: Has my right hon. Friend had any private briefing from the Minister on this matter? I am still at a loss to understand how the Minister can say that the cost of the money resolution will be negligible, because we are dealing with a Bill that is not yet an Act of Parliament. If the Bill, in its final form, imposes a number of onerous duties on local authorities, they might seek to employ an army of staff to implement them. How can the Minister tell the House that the costs are negligible?

Mr. Forth: I cannot tell my right hon. Friend when I last had a private briefing from a Minister. It must be some time—perhaps not since I was a Minister. I certainly cannot think of any occasion since. My right hon. Friend reinforces an important point. The Minister claimed that the costs were negligible, which suggests that he has some idea of the scale of the costs, yet he will not tell the House with the honesty and transparency that the Government frequently claim for themselves—we have heard all the guff about freedom of information and open government—what the scale will be. In fact, when it comes to it, we get no transparency or honesty from Ministers at all. How does the Minister know that the costs will be negligible, when he refuses to tell us how negligible? He will not even give a hint as to the likely figure, even though, as my right hon. Friend reminded us, the Bill may be subject to amendment in Committee or on Report.

The costs could be reduced and, if they were, the taxpayer would be grateful. However, if hon. Members want to strengthen or improve the Bill or bring in additional protection for workers in smaller shops, the costs could increase. There are any number of ways of exploring the Bill and its possibilities. As my hon. Friend the Member for Sutton Coldfield (Mr. Mitchell) pointed out, it is some time since we looked into this issue and the Bill provides us with an opportunity to revisit it—writ large rather than in a narrow way. The House should embrace the opportunity to debate the likely effects of the measure and the degree of choice likely to be available to shop owners and proprietors, shoppers and consumers and those who work in shops, large or small. There are many issues that deserve exploration, all of which add some doubt as to the likely scope of the Bill and the consequent burden to the taxpayer of the associated money resolution. All in all, we face a very unsatisfactory set of circumstances.

Frankly, I am disappointed in my hon. Friend the Member for Sutton Coldfield. He is prepared to offer our party's support—the party that poses as the party of the taxpayer and of deregulation—and sign up to a money resolution at this stage, without even knowing what the Bill in its final form will say. I hope that he will go away and do his homework a little better next time, because that really will not do. When he next talks about deregulation, I shall be sitting behind him, prodding him and reminding him of where we are going.

This has been another sad little episode in the saga of money resolutions. The Minister brought no glory on himself or on the Government. I look forward to giving the Bill a through going-over in the parliamentary stages that lie ahead, in the hope that we might tease out some more information.

4.45 pm

Mr. Kevan Jones (North Durham) (Lab): On Second Reading, the Bill received widespread support from all parties in the House. It has widespread support in the country as well. The right hon. Member for Bromley and Chislehurst (Mr. Forth) tried to suggest that only the trade unions support it, but Church groups and—as my postbag shows—ordinary citizens also think that the Bill is proper in its aims.

The hon. Member for Sutton Coldfield (Mr. Mitchell) said that when the Sunday Trading Act 1994 went through the House many Members thought that Christmas day was exempt. Many Members who were present on Second Reading also referred to that, and this Bill is designed to close that loophole. I found some of the arguments presented by the right hon. Member for Bromley and Chislehurst to be amusing. He suggested that he wanted to improve the Bill; if so, I look forward to his contribution to the debate, but my clear impression is that he wants to wreck the Bill. His speech this afternoon contained a veiled threat that he would do just that when it comes back on Report. That would be sad.

Chris Bryant (Rhondda) (Lab): He has never been accused of subtlety before.

Mr. Jones: People do not accuse me of that either, but the fact is that the Bill enjoys widespread support. I am very grateful for the support expressed by the Conservative Front-Bench spokesman this afternoon.

The Bill will not lead to a substantial increase in costs. The idea that local authorities will have to employ armies of new inspectors to look for people selling products forbidden under the Bill on Christmas day is ludicrous. The officers needed to police the Sunday Trading Act 1994 already exist. There is no need to visit a store, as evidence can be adduced from till rolls and

other sources to show whether it was open on Christmas day. Therefore, the arguments that have been advanced do not hold water.

The right hon. Member for Bromley and Chislehurst mentioned regulation. We had a long discussion about his view of society, but I believe that a certain amount of regulation is welcome. On Second Reading, the Conservative Front-Bench spokesman made it clear that many of the great regulatory Bills in the early part of the previous century were brought in by a one-nation, caring Conservative Government. I accept that the right hon. Gentleman does not belong to that sector of the Conservative party.

Many of the issues raised this afternoon can be addressed in Committee. I welcome positive suggestions to improve the Bill, but I do not want a repeat of what happened on Second Reading, or even this afternoon. No attempt to stop or wreck the Bill can be considered productive, given the widespread support that the measure enjoys. The use of parliamentary tactics to thwart the progress of a Bill that enjoys the support of the majority of hon. Members reflects no credit on the people involved, or on the House.

4.49 pm

Mr. John Redwood (Wokingham) (Con): When Ministers support a motion such as this, they should be able to tell the House the Government's estimate of the cost involved. What is the point of a debate on a money resolution if the amount cannot be debated? The Minister seemed to think that Opposition Members were asking some sort of trick question when they wanted to know how much money was involved, but it is the central question in the dispute.

Mr. Sutcliffe: The Bill's enforcement and publicity costs could be met from existing trading standards budgets, but amendments to it might make further spending necessary. The money resolution covers that eventuality.

Mr. Redwood: If that is to be done properly, the Government must give the House some guidance on what costs might be involved. The fact that they think that a money resolution may be necessary implies that the Bill will incur costs over and above the moneys already voted by the House under the relevant budget heads.

The fact that the Minister has said that he thinks that the sums involved will be negligible to the Treasury implies that he has in mind the rough magnitude of the costs. The Minister tries to defend his position by saying that the Bill might be amended, but I want to know the price tag of the Bill, as drafted, for the consolidated fund and for local authorities, which are partly financed by the council tax. Those are important issues because, as the Minister knows, we are about to have some local government elections, in which the extremely high levels of council taxes—especially from Labour and Lib Dem councils—will be the leading issue. Now we have a Minister who seems to want to place more burdens on local authorities, without telling us how much, how the costs will be funded and who will pay.

The Minister said that the amount would be negligible to the Treasury. I would have been more relaxed if he had just said that it would be negligible, because that would mean a few pounds. However, "negligible" to the Treasury could be a very large sum. We have a Treasury that thinks that it needs to take more than £400 billion a year from British taxpayers. Well, 1 per cent. of that is £4 billion, which clearly is not negligible, even to the Treasury, and 0.1 per cent. is £400 million, which is probably not negligible to the Treasury. However, 0.01 per cent. could be said to be negligible to the Treasury, but it is £40 million—a huge sum. Is that the sort of sum that the Minister has in mind?

I come to my main worry about this short but interesting debate. I understand the motivation of those who strongly support the Bill. They do not want shop employees to be put under any pressure to work on Christmas day against their will. Those supporters think that that is a bigger problem than the possibility that some people might wish to work on Christmas day for higher sums, which is what concerns my right hon. Friend the Member for Bromley and Chislehurst (Mr. Forth). I understand that shop workers do not want to be put under any pressure to work on Christmas day, but will pressure be put on enforcers—people who police trading standards and shop practices—to work on that day instead? Why do shop workers have to be protected but not the enforcers?

We need to know the Minister's thinking on the sums involved in the money resolution in more detail. The hon. Member for North Durham (Mr. Jones) says that he does not think that enforcers would need to work on Christmas day. He thinks that they would be able to collect evidence after the event in the normal course of their duty. However, I suspect that courts of law might want to have direct evidence from an enforcer who had seen for himself or herself that a shop was trading on Christmas day. That means that large sums would have to be offered to existing trading standards enforcers to induce them to go to work on Christmas day—and an element of compulsion would probably be necessary—or a separate army of enforcers would have to be hired specifically for that day. Perhaps redundant Santa Clauses could be hired for the purpose, if they did not have anything better to do on Christmas day. If they were very lonely, they might like to earn the money that the Minister has in mind under the resolution by enforcing the ban on Christmas day trading.

The Minister owes us an explanation before the debate is over. Why did he say that the sum would be negligible to the Treasury? How big a sum might that be, because it could be quite large? After all, we know how careful Ministers are with the language that they are allowed to use with official advice in such circumstances. We also need to know whose freedoms and liberties not to work on Christmas day might be damaged in return for greater scope for shop workers to avoid doing so.

Mr. Greg Knight: I am with my right hon. Friend all the way on the points that he has made. Does he agree that the Minister has a duty to give the House some guidance on the level of cost that could be involved? For example, what would it cost if every trading standards department across the UK had only two people on duty

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on Christmas day? We should be given some idea of the figures. So far, the Minister has failed to give the House the information that it should properly be given.

Mr. Redwood: I am grateful to my right hon. Friend, as I was about to make exactly that point. There are shopping centres in all our towns and cities and in many of the larger villages, so if the measure is to be enforced properly it will require invigilators to be available at the end of a phone line when evidence comes in, or at shopping centres in person.

As proponents of the Bill have said, if things get out of hand and shops start to open on Christmas day it will be difficult to control the process. One assumes that a tough enforcement operation would be mounted in the first year of implementation of the proposal, to fulfil the aims of the Bill, so two people per trading standards area might be insufficient. In my district, which has a unitary council, we might get away with only two or three invigilators, as we do not have many shopping centres, but in a county, which is the more normal area covered by a trading standards department, two would be an underestimate, given the large number of shopping centres in such an area.

Before the debate closes, the Minister owes it to the House to explain why he said "negligible to the Treasury" and what range of forecast that implies, on the evidence of the Bill as drafted—of course, we do not expect him to be a clairvoyant and to know what amendments might be accepted. He should also let us know how many trading standards officers, or their equivalent, will be needed. Will they all be needed on Christmas day or will the courts accept subsequent evidence? I think that is doubtful. If the Minister can answer those points, we might be able to do a decent job of scrutinising the proposal.

4.56 pm

Mr. Owen Paterson (North Shropshire) (Con): My contribution will be brief.

We held an interesting debate on Second Reading, which the Minister attended, and it seems strange that he has given blanket approval of a money order when the measure is not yet in its final form. The Bill's promoter, the hon. Member for North Durham (Mr. Jones), rightly said that it had wide support in the country. However, it could be improved and I wrote to him on 7 April, following our debate, to describe an anomaly in my constituency, where there is a splendid organisation for which the measure might have cost implications.

Mr. Faulks used his demob money to start Stan's Shop in St. Martin's, which was then a very small enterprise. It has been built up into a substantial and successful shop, which, by tradition, opens for two hours on Christmas day. The practice began because children opened their stockings and found toys without batteries, so as a kind gesture to local people Mr Faulks opened his shop for two hours. However, the business has grown—it is now known as Stan's Superstore—and the problem, which is directly related to the motion, is that it is above the 23,000 ft threshold cited in the Bill as the qualification for a large store.

As I wrote to the hon. Member for North Durham on 7 April, I wondered whether he might take the opportunity afforded by this debate to let me know whether he intends to reply. We might be minded to table amendments either in Committee or on Report so that my constituents could continue to benefit from the service provided by Stan's Shop, which is—as I said—a local tradition and of great benefit to local people.

As someone who would like to see the benighted British taxpayer pay considerably less tax, especially in a county such as Shropshire, where we suffer from a ghastly Liberal-Labour regime that imposes hideous council tax increases, I am nervous about the weasel words used by the Minister. I think they mean that he might put the costs of the Bill on to council tax payers. The measure may not affect the Treasury, but it could hit council tax payers, so I should be loth to table amendments that would place further costs on my constituents, who already struggle to pay the tax that is currently being imposed on them.

Perhaps the hon. Member for North Durham could intervene to let me know whether he intends take up the ideas about which I wrote in my letter of 7 April. I should also very much like the Minister to explain whether "negligible" means a soft touch for the Treasury because the costs of administering the Bill are to be dumped on the poor old council tax payer.

4.59 pm

Mr. Gerry Sutcliffe: With the leave of the House, I wish to respond quickly to some of the points that have been made. Let us not lose sight of what the Bill is about or of the fact that it enjoys the support of many hon. Members of all parties.

The hon. Member for Sutton Coldfield (Mr. Mitchell) put his finger firmly on the nub of the issue when he referred to the domino effect. In the consultation process, major retailers clearly said that, if one of their competitors opened on Christmas day, the rest would do so, and that they would rather have a rule in place to stop that happening.

The right hon. Member for Wokingham (Mr. Redwood) supports competition, and those involved in enforcement would consider what happens on Christmas day. That is how the enforcement would take place.

This is an enabling money resolution, as always. It is intended to ensure that, if there are extra costs, the money can be forthcoming from the Treasury. As I have said, there may be no extra costs because trading standards officers are already involved in enforcement and the publicity surrounding the changes would suffice.

Mr. Greg Knight: Will the Minister give way?

Mr. Sutcliffe: I will not give way.

As my hon. Friend the Member for North Durham (Mr. Jones) has said—

Mr. Knight: Will the Minister give way?

Mr. Sutcliffe: I have already said that I will not give way.

As my hon. Friend has already said, this important Bill enjoys a great deal of support throughout our communities and it is about keeping Christmas day special. I hope that he is wrong; I hope that the right hon. Member for Bromley and Chislehurst (Mr. Forth) is not about to try to wreck the Bill. People want this important Bill to be passed, and I hope that the House will support this enabling money resolution.

Question put and agreed to.

Resolved,

That, for the purposes of any Act resulting from the Christmas Day (Trading) Bill, it is expedient to authorise the payment out of money provided by Parliament of any increase attributable to the Act in the sums which under any other Act are payable out of money so provided.

Genetically Modified Crops

[Relevant documents: the second report from the Environmental Audit Committee, Session 2003–04, on GM Foods—"Evaluating the Farm Scale Trials", HC90—and the fifth report from the Environmental Audit Committee, Session 2003–04, on GM Foods—"Evaluating the Farm Scale Trials: the Government Response", HC564.]

Motion made, and Question proposed, That this House do now adjourn.—*[Derek Twigg.]*

Mr. Deputy Speaker (Sir Michael Lord): I must inform the House that there is a 12-minute limit on Back-Bench speeches in this debate.

5.1 pm

The Minister for the Environment (Mr. Elliot Morley): Although I appreciate that the previous debate was very important and I do not dispute the right of hon. Members to raise such issues, I was a bit disappointed that it took so much time away from an opportunity for the House to discuss genetically modified crops—another very important issue. I will try to keep my comments brief, so that as many hon. Members as possible get the opportunity to participate in the debate.

Mr. Simon Thomas (Ceredigion) (PC): On a point of order, Mr. Deputy Speaker. I am concerned by the fact that the Minister has suggested that there is limited time to debate this matter. Can you confirm that we still have the full three hours?

Mr. Deputy Speaker: Yes, we have. In fact, the debate will conclude not later than 8.1 pm.

Mr. Morley: In that case, I was under a misunderstanding; I thought that the debate would finish at 7 o'clock. I am pleased about that; I may include a little more in my opening remarks. I thank the hon. Gentleman for that information.

The whole issue of GM foods is clearly contentious, complicated and difficult. I have followed the issue closely, both before and since becoming a Minister in 1997 at the then Ministry of Agriculture, Fisheries and Food. So I can claim a long involvement in the way that the general debate has been structured, in the Government response and, of course, in the various controversies that surround it.

Mr. John Redwood (Wokingham) (Con): Will the Minister please explain to the House why the Government decided to hold a consultation exercise, which we applauded, but ignored the strong advice from the British public that the Government were rushing and that all this was premature?

Mr. Morley: The public response has not been ignored; it has shaped our response. If the right hon. Gentleman is referring to "GM Nation?", it was always made very clear from the outset that it was not a referendum on GM foods. The whole point of that debate was to allow people to explore the issues and express their concerns, to hear both sides of the argument and to try to engage as many people as possible. It was very much an unusual public

[Mr. Morley]

consultation exercise, but the public's participation and engagement was useful, and I certainly pay tribute to the Agriculture and Environment Biotechnology Commission, which organised that consultation exercise.

I understand people's concerns about GM foods. From the very beginning, I have always had some concerns about the possible impact on the environment. I want to make it clear that the Government's whole approach to GM foods is one in which food safety and the environmental impacts are absolutely paramount, and I shall expand on that in a moment.

I am sure that I need not explain to the House that we are dealing with a range of opinions about GM. We are also dealing with extremes of opinion. At one extreme, there are people who are involved in the development and marketing of GM foods who do not believe that there is a need for traceability and labelling. They believe that the European Union is acting illegally, and that GM products should have open and unfettered access to our markets. That is not the Government's position. At the other extreme, there are people who, no matter what evidence is presented or how detailed it is, will never ever accept the principle of GM foods. The Government have to find a way through those conflicting positions.

Mr. Colin Challen (Morley and Rothwell) (Lab): Some people regard this as a free trade issue. The United States has launched an action against the European Union under World Trade Organisation rules. Have the Government taken a strong position in the European Union, and have they persuaded Ministers and others in European countries to defend the EU moratorium and to fight against sanctions?

Mr. Morley: We have always believed that the EU approach, which is science-based, judges each application on its merits and allows for measures on labelling and traceability, is absolutely right. The challenge in the WTO is based on a mistaken premise. As for the way in which the EU is trying to handle the issue of GM, that is open and transparent, and is not in any way an attempt to apply trade barriers. It reflects the concerns of consumers, both in the EU and other countries, and recognises that there must be a process in the EU, as there must be in the UK. We firmly support that position, and have no intention of moving from it.

Andrew George (St. Ives) (LD): Given that the Minister has said that openness and transparency are pre-eminent in the conduct of this debate, does he regret that we are debating not a substantive motion, allowing all Members a vote, but an Adjournment motion on GM crops and foods, long after the Government have made their initial decision?

Mr. Morley: I would regret that if this were the first debate on GM in the House, but it is not. There has been a range of opportunities for Members to express their opinion.

Andrew George: Not in Government time.

Mr. Morley: It is certainly true that some of those opportunities arose in Adjournment debates secured by right hon. and hon. Members, but there have been discussions in various Committees, including European Standing Committees. Many questions have been asked about GM during Department for Environment, Food and Rural Affairs questions and, indeed, other departmental questions. There has therefore been a great deal of opportunity to discuss the issue. This is not an issue where, in relation to EU markets and EU trade, we can have a vote and take a different position from the rest of the EU. Our position must be shaped within EU structures, as the hon. Gentleman will be aware, and we must adopt a rigorous, thorough and logical approach. I believe that we have already done so, and we must take the same approach to future applications on GM foods and crops.

Mr. Peter Ainsworth (East Surrey) (Con) *rose—*

Mr. Morley: I am anxious to make progress, but I shall give way to the hon. Gentleman, as he chairs the Environmental Audit Committee.

Mr. Ainsworth: Is the Minister implying that, if the EU decided at some point that we had to grow commercial GM crops, we would have no option but to do so?

Mr. Morley: No, that is not the position at all, although there are complex trade issues, as the hon. Gentleman will be aware. We ourselves have developed some of the processes that have been put in place, to respond to the needs of our country and reflect the views of the public, as expressed in "GM Nation?". We have also participated in shaping the EU structure, which must be in place in the single market, as there is an EU competence on food and trade. I believe that that structure is thorough and robust.

There is a range of players involved, of whom consumers are perhaps the most important. Food safety and environmental safety issues are paramount, but there are also issues of consumer choice. People should have a choice whether or not to buy GM produce. Farmers are another important group. There are farmers who are for GM crops, and others who are against them, and we must listen to both views. The organic sector is important, and we must listen to its views on GM crops and developments. There is the environmental view, which I take seriously, and the food industry view in relation to both the retail and the processing side and on consumer choice and demand.

Then there is the biotech industry. There are people who think that the biotech industry is all about GM, but I stress that it is much wider than that. It is worth stating that we have world-class institutions in this country and we can be proud of the science and innovation in the UK, which we strongly support. I make no apology for that. Finally, there is potential, and like anything else, that potential—the claims that are made—must be rigorously examined and subject to due process. There may well be potential in GM crops, if not now, if not from this generation, then in future. I do not know whether that will be the case, but it is important for all of us to have an open mind and to examine the claims that are made on their individual merits.

Joan Ruddock (Lewisham, Deptford) (Lab): My hon. Friend is making the case that the biotech industry is

extremely important to this country, that we all support it and that research into GM food and crops should continue, but is it not true that if we did not grow GM crops or have GM food in this country, it would not damage our science base?

Mr. Morley: It would not necessarily damage our science base, although if one took that position even if a product was demonstrated to be safe and met all the criteria, that might undermine confidence in science. As a general principle, however, I do not disagree with my hon. Friend who, I recognise, has taken a pragmatic and reasonable position.

I shall not deal in detail with the process that has been put in place, the public debate centred on "GM Nation?", a thorough scientific analysis of all the available information, or the scientific report which brought that together and which I found thorough and helpful. The review by the No. 10 strategy unit looked at the economic case for GM and was no apologist for the GM sector. Again, it was thorough and honest in its interpretation. The field-scale evaluations were the largest and most thorough trial of its kind anywhere in the world. All that has been going on since 1997, so no one can accuse us of rushing into this and of not putting in place a thorough, logical, step-by-step approach to evaluating GM crops.

Dr. Andrew Murrison (Westbury) (Con): The Minister speaks about debate, but there is no point in debate unless it is reflected in policy. Is he aware that the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), when speaking for the Government in European Standing Committee C on 26 April, spoke for a total of 42 minutes and mentioned "GM Nation?" only once, and that that was only when prompted by other hon. Members? Does that reflect the Government's attitude towards "GM Nation?" and public debate on this important issue?

Mr. Morley: That is a strange point. In a European Standing Committee, there is up to one hour of questions to the Minister, so it is no surprise to me that my hon. Friend spoke for 42 minutes. I have read the *Official Report* of the Committee, and I thought she answered the questions that were put to her in a detailed and thorough way. The questions reflected the concerns that emerged from "GM Nation?", which the Government acknowledge. That is why we have been so determined to approach the matter cautiously and pragmatically and on a case-by-case basis.

Much of the focus has been on the GM maize that was given the go-ahead. It always had approval, I remind the House. It was not given approval—it was given the go-ahead because of the voluntary moratorium. A point that is often ignored is that we are one of the few countries to have rejected GM crops after a thorough field-based evaluation that took into account the effect on biodiversity into account. I am not aware of other countries that have taken that significant step.

Mr. Simon Thomas: I am glad that the Minister has enough time to take interventions. His point is valid, and the Government should be congratulated on conducting field-scale evaluations, which have helped the debate. Does he accept that the unique point about GM technology is its irreversibility? Many changes in agricultural practice were mistakes—for example, grubbing up hedgerows, the movement to monoculture and the move away from some organic practices—but they will undoubtedly be corrected in the United Kingdom, particularly given the reform of the common agricultural policy.

GM technology releases novel genes that cannot be re-extracted from the environment, and it is right and proper to exercise extreme caution. Does the Minister think that more work should be done on the health impact of GM food? Following the field-scale evaluations of the environmental impact of GM crops, a little more work should be done on the health impact of GM food and the potential for genes to be retained within the human organism.

Mr. Morley: We should never take where we are for granted, or our current position as the definitive position. I talked today to the Food Standards Agency, which told me about its ongoing research into the effect of GM food on health. Its research relates not only to the current generation of GM products but, for example, to GM oils. The research is ongoing, and our scientific review identified the point, which we take seriously, that more information and more research are always needed. I therefore agree with part of the hon. Gentleman's argument.

Our scientific evaluations have looked for adverse effects of GM products on consumers and the environment. We have considered not only our own research but what is happening internationally, and we will continue to do so—we constantly examine whether our position is wrong and are not complacent. We actively seek further information, which might mean modifying our position, but there is no reputable evidence of adverse health effects from eating GM food. That is the current position, but we do not regard it as the final word and we will continue to research the matter and to monitor other work on the subject.

The time scale for the evaluation was driven by scientific requirements and not by external pressures, such as trade pressure or demands from the US. In all the time that I have been involved with the matter, I can honestly say that I have seen no evidence of external pressure on the UK evaluation.

Hon. Members will know that my right hon. Friend the Secretary of State for Environment, Food and Rural Affairs announced the results of the farm-scale evaluations to the House and how we will take the matter forward. We will implement co-existence measures on potential authorisation for growing GM crops and a potential liability scheme. Although the shape of the liability scheme is open to discussion, the Government believe that it should be financed by the biotech sector, which will produce the crops. The consultation on that matter will be made public before the House goes into recess, and it will continue throughout the summer until the autumn, when we will have an opportunity to evaluate the responses with a view to implementing measures for next year. With the withdrawal of the application for GM maize, no applications will take place in 2005—possibly not even in 2006—so there is plenty of time in which to implement the measures.

[Mr. Morley]

I accept what the hon. Member for Ceredigion (Mr. Thomas) says about irreversible technology and recognise that it must be a consideration in what we do. I also accept that in considering its potential, one must apply the principle of proportionality. As he will be aware, GM maize is not native to the UK and has no wild relative, and its seeds will not survive a winter in the soil. In the case of that particular product, the technology is not irreversible, but we may of course have to consider the issue in deciding whether other products are to be approved. I am sure that our expert advisory bodies will take that into account.

Andrew George: Will the Minister clarify the position that the Government intend to take on liability? He has said, as did the Secretary of State in her statement, that he would like a liability scheme to be put in place. However, the Government have made it clear that they do not intend to fund it, and neither, according to its response, does the industry. Given that the industry is not prepared to consider such a scheme, is it merely desirable or absolutely mandatory in relation to any future planting of GM crops?

Mr. Morley: Our view is that we need a liability scheme to provide confidence, not least in the biotech sector itself. The hon. Gentleman is trying to get me to pre-empt the results of the consultation on the draft proposals. He will have an opportunity to comment on that if he so chooses, as will other hon. Members.

I want to deal with one more issue before I bring my remarks to a close. Although I may be wrong, I suspect that the Chairman of the Environmental Audit Committee, the hon. Member for East Surrey (Mr. Ainsworth), may want to make a few comments in relation to the Government's response, and I want to take this opportunity to say a few words in advance. Hon. Members who serve on that Committee and on the Environment, Food and Rural Affairs Committee will know that I regard them very highly and always take their reports seriously. Indeed, I always try to incorporate their recommendations in Government policy—I have been successful in doing that in the past and hope to be so in future.

Gregory Barker (Bexhill and Battle) (Con): I am pleased to hear the Minister's comments, but if that is the case why did the Government publish their recommendation just four days after the Environmental Audit Committee published its report?

Mr. Morley: The hon. Gentleman might have allowed me to expand my argument, as I intend to deal with that matter. It is certainly true that we made it clear in our response to the Committee that we did not agree with some of its specific criticisms; and today the Committee made it clear that it does not agree with some of our specific responses, as is its proper and democratic right. That was evident from what the hon. Member for East Surrey said on Radio 4.

As for the Government's going ahead with the announcement four days after the publication of the Committee's report, I can assure the hon. Member for Bexhill and Battle (Gregory Barker) that on the day the report came out I went through it thoroughly and asked my officials these key questions. Does it contain something new that we need to take into account? Does it contain evidence of which we were unaware? And does it contain something that we have not considered in relation to the approach that was outlined by my right hon. Friend the Secretary of State? The answer to those questions was no. Everything in the Committee's report had been actively considered by DEFRA and by our expert advisory committees.

The Committee's principal point was about atrazine, which had been raised in the House on several occasions. We specifically asked the Advisory Committee on Releases to the Environment to consider that, and members of the Committee will know that the scientists involved in the farm-scale evaluations produced their report in *Nature* the same day as the Committee's report was published. The scientists' report tackled some of the points in scientific terms.

We believed that the Environmental Audit Committee was mistaken in not inviting the scientists who conducted the farm-scale evaluations to appear before it to answer some of its specific concerns. It is not for me to tell the Committee whom it should invite; I merely make a comment. However, I note that the Royal Society echoed it in a press release that it issued today. I do not want to say too much about the Royal Society's comments to the EAC because they are a matter for the Committee.

Mr. Peter Ainsworth (East Surrey) (Con): The Minister is perceptive—if I catch your eye, Madam Deputy Speaker, I shall indeed wish to deal with several points later. The Royal Society did not have the courtesy to send the Committee a copy of any press release today.

May I commend the Minister on his speed reading? He said that he read our report and considered it carefully on the day we issued it. Given that the Government and the Department experienced difficulty in replying to our previous reports in the usual agreed and allotted time, I commend the Minister on reading in a single day a report that stretches to 250 pages and responding to it with such alacrity.

Mr. Morley: The hon. Gentleman may remember that the report was published on a Friday and I therefore read it over a weekend. It made for interesting reading. Of course there are sometimes time lags before responses appear. I am keen to respond to Select Committees as quickly as possible. However, it is not always possible to respond quickly, sometimes because the recommendations are genuinely complex. That was not the case with the EAC report, which contained nothing new that we had not already considered. That is why, after all the years of farm-scale evaluations and preparation, which went beyond the scope of FSEs, there was no case for holding up the announcement, especially as it was already behind schedule and many people were waiting for it. It was only right and proper that not only the House but the many other stakeholders heard the Government's response and the way in which we would deal with applications. We did not believe that there was anything to be gained from delaying the announcement.

I am sure that the hon. Member for East Surrey wants to make other points about the matter and I shall listen to him with interest. I am sure that my right hon. Friend the Minister for Rural Affairs and Local Environmental Quality will pick them up in his reply. However, I emphasise that I do not accept the hon. Gentleman's point on behalf of the Committee that the Government's response contains several wilful or careless misinterpretations of the report. People who know me know that we would not act in that way and that we try to take such matters seriously. I simply stress to the hon. Gentleman and other Committee members that sometimes we disagree. One cannot always produce a report and expect people to believe that it is absolutely correct, especially if it is not backed up in every case with scientific evidence to contradict the expert evidence that the Committee heard and the Government received.

All that is not to say that we dismiss the report. As I said, I have taken careful account of it. However, I do not accept the claim that the Government wilfully or carelessly misinterpreted it. We have some disagreements and we have spelt out where they arise.

Sue Doughty (Guildford) (LD): On the timing of the Government's announcement so soon after the report's publication, the Minister said that several people were waiting for it. I do not wish to be unkind to the Department, but it is not unusual for people to wait for information from it. Who are the people who needed the information so urgently, and why did the Government listen to their wishes as opposed to all the others who await answers from the Department?

Mr. Morley: This was a three-year process and it was also very public, given the way in which we actively encouraged ACRE to hold an open meeting when it evaluated the FSEs. I would like to pay tribute to ACRE, along with our expert advisory groups and the scientists, for their excellent job of evaluation and for the open and thorough way in which they have done it.

Although we can disagree on GM—I am sure that we shall hear some disagreements in this debate—I hope that Members on both sides recognise that we need a process for dealing with this issue.

Mr. Challen: Will my hon. Friend give way?

Mr. Morley: I am coming to a conclusion, if my hon. Friend does not mind.

We need a logical, thorough, science-based process that people can understand. We do not accept that there is a blanket case for GM. We have already rejected two licence applications, under the conditions on which they were submitted. The other side of the coin, however, is that there is no blanket case for rejecting all GM applications out of hand. We must adopt a science-based approach and consider each application on its individual merits. We must take into account food safety and the environment, and we must, on occasions, apply the precautionary principle. Where there is genuine doubt, an application might have to be rejected.

I believe that that represents the kind of thorough process that the House will support. It is certainly the kind of approach that found support, in principle, in the public consultations, even though I acknowledge that some people do not accept GM in any circumstances.

Ms Joan Walley (Stoke-on-Trent, North) (Lab): Will my hon. Friend give way?

Mr. Morley: I was about to conclude, but I know that my hon. Friend has a long-standing interest in this matter, and I shall take this last intervention before I finish.

Ms Walley: My hon. Friend talks about the role and importance of science and, presumably, the independence of science. Will he tell us where science for the earth fits into all of this?

Mr. Morley: I am sorry. I did not quite catch that last bit.

Ms Walley: Science for the earth. My hon. Friend talks about the precautionary principle and about environmental issues. Where does he place those alongside the so-called independence of science?

Mr. Morley: Science has to evaluate the information that it has at any given moment, and it must be open to scrutiny. In regard to the approach that we have taken, all the main scientific studies have been independently peer-reviewed. Very few of the claims against GM have gone through that independent peer-review process, but that is the kind of evaluation that we expect. A scientific study is not necessarily the final word, and there must be some form of impartial, independent evaluation. That is also part of the process. I hope that I have answered my hon. Friend's point.

This is a difficult issue, and we are trying to find a pragmatic way through it. We are also sensitive to public opinion, which is why we have been so thorough, careful and cautious. In the end, however, if we are to use a logical, science-based process that can lead to applications being rejected—as some have been—we cannot argue against using the same procedures that could, on occasion, demonstrate that GM products might have certain advantages. We cannot argue that they should be automatically rejected.

5.33 pm

Mr. John Whittingdale (Maldon and East Chelmsford) (Con): Let me begin by welcoming the fact that the Government have finally made time for this debate on genetically modified crops. It is regrettable that it has taken such a long time for it to be held. It is also a pity that the Secretary of State is not here for it. This is the second time in a week—

Mr. Morley: My right hon. Friend the Secretary of State is currently engaged at the very highest level with the US Administration on issues of climate change. I know how important those issues are to Members on both sides of the House. I have also heard concerns expressed repeatedly about the US's non-engagement in the Kyoto process, and I hope that the hon. Gentleman

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will congratulate my right hon. Friend on going to the United States to encourage the Administration there to engage in it.

Mr. Whittingdale: Of course I accept the hon. Gentleman's explanation as to why the Secretary of State cannot be here. I would just point out that she has now been absent twice in the space of a week when we have been discussing major issues affecting her Department. This is not a one-off.

Gregory Barker: We have had to wait years for this debate—this is the first time this subject has been discussed on the Floor of the House in Government time. Given that this is such an important debate, is it not extraordinary that a window of opportunity could not have been found for it during one of the brief periods when the Secretary of State has dropped into the United Kingdom?

Mr. Whittingdale: My hon. Friend is entirely correct. Clearly, the timing of last week's debate, which was on an Opposition day, was chosen by us. As he points out, however, this is a Government debate, which the business managers have been seeking to schedule for a long time. We welcome the fact that it has finally arrived, but it is a pity that they managed to schedule it at a time when, as must have been known for quite a long time, the Secretary of State could not attend.

It would have been better if the debate could have taken place much earlier, and if it could have taken place before the Government took their decision to allow the licensing of a particular GM crop. Instead, today's debate is taking place not just after the decision has been taken to allow GM maize, but after the decision of the seed manufacturer to abandon its plans to introduce GM maize into this country. As a result, there seems little likelihood of any commercial growing of GM crops for the foreseeable future.

Mr. Morley: I want to clarify this matter, on which I touched in my opening remarks, as there is sometimes confusion surrounding it. The Government did not give the approval to the GM maize. We lifted the moratorium. The approval for planting the GM maize was agreed in January 1997.

Mr. Whittingdale: I accept the distinction that the hon. Gentleman makes. The fact is that essentially the Government gave the green light—*[Interruption.]* He must accept that the Secretary of State came to the House a few months ago and essentially said that the Government were willing to accept an application for the commercial growing of GM maize.

Mr. Simon Thomas: Both the hon. Gentleman and the Minister are missing the important point. Although the approval may have been given back in 1997, everything about which the Minister has been talking for 20 minutes—the logical process, the science-based process and the evidence-based process—has happened since 1997. It is therefore vital that the House is clear that such decisions are being made on the basis of that process. It is neither here nor there whether or not the approval was given in 1997. It would have been very bad had the approval gone ahead in 1997, because all the logic that the Minister talked about would not have been in place. In a sense, therefore, the hon. Gentleman is right that we are discussing a decision that has been made now, following all the evidence-based research. We cannot dismiss that simply because an approval was given, almost on the off-chance, within the European Union.

Mr. Whittingdale: I am grateful to the hon. Gentleman. It is the case that there was a moratorium while the Government rightly conducted the farm-scale evaluations. We have always believed that the Government are right to proceed cautiously, but we still have concerns about the circumstances in which they decided to accept that the farm-scale evaluations showed that GM maize should be allowed to be introduced.

I want to step back a little and examine the question of GM, which causes profound concern to a large number of people in the country. There are strongly held views on both sides of the argument, and in each of our respective political parties, which I suspect may become apparent during the debate. Many people point out that genetic modification has been going on for hundreds of years. Man has always tried to improve the quality of crops and livestock by genetic manipulation. All that has changed in the last few years is that science has provided a faster and more reliable means of doing that. Such a technique has been established in many countries, and as a result, it is almost certainly the case that everyone in the Chamber has at some time eaten food with genetically modified ingredients, or is wearing clothes that are made from GM fibre. Most scientific opinion accepts that it is safe to do so. Certainly I accept that there is little evidence of serious risk to human health in countries that have allowed genetic modification of crops for a number of years, such as America, Canada and Argentina. I also accept that genetic modification potentially offers great benefits both to farmers who take advantage of it, and to consumers, particularly in the third world.

Nevertheless there are serious concerns, particularly about the effect of the introduction of GM crops on our environment and on wildlife. For that reason, we have always taken the view that we should proceed cautiously, on a case-by-case basis and only when there is clear scientific evidence that there is no risk. I think the Minister will agree that that is sensible. As I said earlier, that is why we supported the FSEs—on the basis that they would provide the scientific underpinning for any risk assessment preceding the commercial introduction of any particular crop.

At first sight, the results seemed to show clearly that the introduction of two of the four crops trialled had led to a reduction in biodiversity, while the introduction of one, GMHT forage maize, had led to an improvement. We still have no results for the fourth crop, winter-sown oilseed rape. In their response to the Environmental Audit Committee's report, the Government said that they were awaiting the results with interest.

Like the Committee, I am sorry that the results for all four crops were not published at the same time. While it is obviously right for us to examine each crop individually, there is no doubt that the public's attitude

will be influenced by the overall results. A positive outcome for three out of four will be seen very differently from a half good, half bad result. I should be interested to learn when the Minister expects the Government to be able to release the results of the trials of the fourth crop.

The Minister referred to the criticism that the Government had reached their decision just a few days after the EAC had reported. In fact, it is worse than that. We know that the decision was actually made in Cabinet during the week before the publication of the report. Indeed, we know that the real decision was made about a month earlier, when the matter was put to the Cabinet Sub-Committee. We know because the minutes of the Sub-Committee were subsequently leaked. It was revealed that the Government had instructed their supporters to

"prepare the ground with key MPs, particularly those with an interest in science or food security".

While I sympathise with the Minister, who gave up his weekend to read the EAC's report in order to convince himself that nothing in it had not already been taken into account, we know that the decision had already been made before the report was even published. That shows a degree of contempt for the work of Select Committees. It seems that the Government are so uninterested in Select Committees' views that they cannot wait a while to hear the recommendations and take account of the evidence before reaching a decision.

Mr. Morley: It is true that the recommendations on the FSEs were put to SCI(BIO), a Cabinet Committee. That is part of the process of government, and part of the process of all Governments. It does not detract from the fact that the process relating to the announcement and the details was under way when the EAC's report was published. The process that I have described—that of trying to establish whether there is anything new—applies here as well.

As for the winter-sown oilseed, the papers are currently being peer-reviewed. After that the details will be made available, probably towards the end of the year. So that I do not inadvertently mislead the House, let me add that the GM maize approved in January 1997 was the Bt-176 version. The T25 maize was approved in August 1998.

Mr. Whittingdale: I am grateful to the Minister, particularly for his clarification on the fourth crop that was trialled, and for his other points. I accept that, obviously, any decision can be reversed until it is announced, and I suppose that it can even be reversed after that. The process goes on, as the Minister says, until the Secretary of State comes to the House. However, it is nevertheless the case that the key bodies that took the decision in this instance reached their conclusions before the Committee had published its report. That is simply a matter of fact.

In its report, the Environmental Audit Committee raised serious concerns about the validity of the trials and despite the Minister's words, those concerns still need to be addressed. He referred to the concern that in three quarters of the cases, the herbicide regime applied to the conventional crop being compared with GM maize involved the use of atrazine, a herbicide now recognised as devastating to biodiversity that is being banned in the EU from next year. Given that, it is perhaps unsurprising that the GMHT crop was seen to be advantageous to biodiversity, because it was being compared with a crop that had been treated with atrazine.

In their response to the Committee's report, the Government say that that does not invalidate the trial because it is the herbicide management of conventional maize that is changing, not that of GM maize. However, surely the whole basis of the trials was to compare the effect on biodiversity of the GM crop and its conventional equivalent, and it is that comparison that is now wholly undermined because the comparator will no longer be available in this country. The decision by Bayer CropScience to withdraw its application for seed listing of its GM maize creates an opportunity to look at that matter a little further. I ask the Government to do that, and perhaps to use a comparison crop and herbicide regime that is in current usage today, so that a proper and fair comparison can be made.

The Committee also, rightly, drew attention to the experience in North America, where there is evidence that the use of GM herbicide-tolerant crops has led to herbicide-resistant volunteers in the following year's crops and that, over time, that has caused the increased, not the decreased, use of herbicides. The Minister has acknowledged that concerns arising from the experience in Canada are important and should be taken into account, but there have been other reports, too. Recently it was reported in Argentina that the use of Roundup Ready soya had led to growing numbers of resistant volunteers, with the result that herbicide use had doubled since the crops were first planted seven years ago. In the breathing space that we have been given, I hope that the Government will look much more carefully at the results of research into the experience of other countries around the world.

Mr. Morley: I am certainly happy to give that assurance: we do need to look at experience around the world. However, this is a double-edged argument. With Bt cotton, pesticide use has gone down, much to the benefit of the agricultural workers who work with it. We have to take the hon. Gentleman's point into account, however.

The issue of atrazine was carefully examined by the Advisory Committee on Releases to the Environment, and it concluded that the trials were still valid. Atrazine is being phased out not because of its detrimental impact on biodiversity but because it is a very persistent herbicide and because of its effect on ground water. It was also a pre-emergent spray, and it is likely that it will be replaced by another pre-emergent spray, which has a bearing on this matter. Hon. Members will also recall that one of the conditions of the maize trial was that there would be further evaluation in relation to non-atrazine herbicides, even though that was not necessarily required on the scientific advice. A belt-and-braces approach was taken, and we will continue that research.

Mr. Whittingdale: I accept what the Minister says on the reasons why atrazine has been withdrawn, and I welcome the fact that further evaluations will take place and his assurance that the Government are willing to

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look at experience round the world. I am not in the business of prejudging the results, any more than he is. We maintain an open mind, in the same way as he is trying to persuade us he does, but it is important that all the relevant research should be carefully examined before we progress further. Our concern, highlighted in the Select Committee report, is that important research has not been properly evaluated before decisions have been reached.

I do not want to repeat every concern expressed by the Select Committee about the validity of the farm-scale trials, but I am concerned that the Government have not only ignored the findings in reaching their decision but, as has happened again today, have been quick to dismiss them.

Mr. Robert Key (Salisbury) (Con): I commend my hon. Friend's thoughtful and cautious approach, but I am a little concerned about where his argument will take us. He knows that I think it would be to the disadvantage of British agriculture and consumers and our environment to write off for ever the possibility of introducing GM crops commercially. I hope that he will recognise that this debate is dominated by the Select Committee aficionados and that there will almost certainly not be time for many people to speak who do not share their view. I hope that his policy will not be blown off course by a single Select Committee report and that he will maintain a careful and cautious view in the long term.

Mr. Whittingdale: I am happy to give my hon. Friend that assurance. He and I have discussed these matters before, and I know that there are differences of opinion on both sides. Our intention is to proceed cautiously, but certainly with an open mind. I hope that he will have an opportunity to contribute to the debate later. I will leave it to my hon. Friend the Member for East Surrey (Mr. Ainsworth) to go into more detail on the Committee's specific recommendations.

Supporters and opponents of GM crops alike recognise that before commercial cultivation can take place in this country there must be a clear legal framework, and I welcome the Minister's acknowledgement of that. The dangers of cross-pollination, contaminating conventional crops, are well known. Many farmers will wish to market their produce as non-GM. Organic farmers, in particular, have invested large sums in acquiring organic status and risk their livelihoods if their crops are contaminated. Organic farming has enjoyed steady growth over the past 10 years, but it is still not sufficient to meet domestic demand. We need a clear set of rules on co-existence before any GM crops are introduced. In particular, the issues of separation distances and liability for contamination must be resolved.

Mr. Mark Francois (Rayleigh) (Con): My hon. Friend makes a valuable point. I, too, serve on the Environmental Audit Committee, and he will know that my colleague on the Committee, my hon. Friend the Member for Bexhill and Battle (Gregory Barker), introduced a private Member's Bill to try to resolve exactly that grey area. Is it not very unfortunate, given that uncertainty, that the Labour party killed it?

Mr. Whittingdale: Indeed, that was exactly the point I was about to come to. That Bill would have provided a perfect opportunity to tackle these very important questions. I know, having talked to my hon. Friend the Member for Bexhill and Battle (Gregory Barker), that he discussed it with the Minister, who told him that he would listen carefully to his arguments and judge the Bill accordingly. I therefore share my colleagues' astonishment at the fact that he did not turn up for the Second Reading debate, and that the Bill was killed off by one of his stooges about 13 minutes after the debate had begun. He owes my hon. Friend and the House an explanation for the Government's actions, because we and the industry have been left with no real idea of the legal framework for the regulations that are a prerequisite for any commercial planting.

Mr. Morley: The hon. Gentleman will be well aware of what happened on that day in relation to the collapse of business, but he may not know that, although the House was inquorate, Labour Members joined Opposition Members in the Lobby. If the Bill was so important, one might have thought that the Opposition would have got enough Members in to support it.

Mr. Whittingdale: As the Minister was not present that day, he is perhaps unaware that one of his colleagues was directly responsible for what happened. It was one of his colleagues who moved the motion that the House do sit in private, which often results in the business being lost. The Minister has told us of the many opportunities to debate GM in recent months, and he mentioned such debates taking place in Standing Committees and in Westminster Hall. But on the one occasion on which this issue reached the Floor of the House of Commons, the debate lasted just 13 minutes because one of his colleagues killed the Bill off.

Gregory Barker: I should make it absolutely clear that my Bill was killed off through the direct connivance of Labour Whips, who whispered in the ear of the hon. Member for Hendon (Mr. Dismore) and got him to do their dirty business. Far more than 40 Members were present in the House that day. One or two very honourable exceptions defied the Labour Whips and entered the Lobby, but the others sat on their hands at the direction of the Labour Whips. That is a matter of record.

Madam Deputy Speaker (Sylvia Heal): Order. The record has now been made clear; perhaps we can proceed with the debate before the House.

Mr. Whittingdale: I entirely accept your ruling, Madam Deputy Speaker. But the point is an important one, because the issue at stake—liability and compensation—is absolutely central to whether GM cultivation takes place in this country.

Mr. Peter Ainsworth: At the risk of vexing you, Madam Deputy Speaker, does my hon. Friend agree that, although the Minister was not present when the Bill introduced by my hon. Friend the Member for Bexhill and Battle (Gregory Barker) was killed off, it is inconceivable that the Government Whips acted as they did without first consulting the Minister?

Madam Deputy Speaker: Order. I have already ruled on this matter. I see the relevance of the hon. Gentleman's point, but we have well and truly aired this subject.

Mr. Whittingdale: I accept your ruling, Madam Deputy Speaker, tempting though it is to follow my hon. Friend the Member for East Surrey (Mr. Ainsworth) down that path.

I want to say a little more about the important issue of liability. As has already been pointed out, in her statement to the House the Secretary of State made it clear that the Government are not willing to accept liability or to pay compensation for any contamination of conventional crops by GM. Indeed, the industry has made it clear that it, too, is unwilling to accept liability. A survey last year of principal underwriters in the UK found that neither farmers considering growing GM crops nor non-GM farmers seeking to protect their businesses from contamination by GM crops would be able to find anyone willing to give them insurance. So as the Select Committee says in its response to the Government,

"it appears that the Government is happy to leave conventional and organic farmers exposed to the possibility of severe financial losses and the GM industry free from mandatory inclusion in any scheme to establish proper liability".

That failure is enough on its own to prevent commercial cultivation from taking place. So in effect, having given a green light to planting, the Government have immediately erected a road-block to any further progress.

There is one other obstacle to the introduction of GM that is perhaps even more insurmountable: public opinion. All the polls continue to show a clear majority who say that they would refuse to eat GM food, and almost all the major retailers regard assuring their customers that their products are GM-free as a marketing necessity.

In her statement to the House, the Secretary of State was refreshingly honest. She admitted that the "GM Nation?" debate showed widespread opposition to the commercialisation of GM crops. What is more, as people learned more about it, their hostility deepened. The truth is that, as with other safety issues—the measles, mumps and rubella vaccine; nuclear power stations; mobile telephones—people do not trust the assurances that they are given. Until that changes, there is little likelihood of there being a market in this country for GM foods.

Mr. Challen: A certain degree of party-political disputatiousness—if there is such a word—has crept into the debate. I have been listening carefully to the hon. Gentleman, but I have not been able to determine from what he said his party's exact position on GM. It seems to reflect a desire for more scientific discovery of the quality or otherwise of GM, but will he say clearly—so that no one can accuse his party of being populist by saying in its manifesto before the next election that it is against GM, when that may not actually be the case—what exactly he is calling for? Is he, for example, calling for an extended moratorium on GM?

Mr. Whittingdale: I would hate to be accused of disputatiousness and I am happy to respond to the hon. Gentleman. I think that I have already made it clear that we keep an open mind, but wish to proceed cautiously on a case-by-case basis and having regard to clear scientific evidence. My concern—it is also the concern of many—is that the scientific evidence is not clear and that there has been no proper assessment of some of the serious concerns expressed about farm-scale evaluations. It is also important to take account of the experience of other countries that have had a much longer history of GM cultivation. Until such evaluations have taken place, we would not support the introduction of commercial cultivation in this country.

Andrew George: In the spirit of wanting to avoid unnecessary political disputatiousness and while he is talking about the public desire for GM on the shop shelves, will the hon. Gentleman clarify for the record what market assessments were undertaken by the previous Conservative Government when they gave the necessary approvals for GM soya and tomato puree?

Mr. Whittingdale: There is a distinct difference between approving the sale of GM products where concerns were expressed about health but where the scientific evidence is pretty clear, and approving GM cultivation where the concerns are primarily environmental. It is those concerns that we believe have not yet been adequately addressed.

However much the scientific evidence suggests that people should feel able to buy GM products, it is clear at the moment that people are not persuaded of the case. We believe strongly that people should have the necessary information to enable them to make a choice. People want assurances that the food that they buy really is GM free, and the EU labelling requirements certainly go some way towards achieving that, but some concerns remain on that front, too. Some people fear that, despite their best efforts, they may fall foul of the new regulations.

One particular example cited over the last few days is that of beekeepers, who obviously cannot tell their bees where they can and cannot go. If GM crops are introduced into this country, there is a real possibility of the bees foraging on them. Beekeepers will then be faced with the choice of either testing their honey at considerable expense in order to demonstrate that there is no GM content, or labelling it as possibly containing GM. At the moment, that would almost certainly spell commercial death.

There remain real concerns about the knock-on effects to industry as a whole and the possible costs that many businesses might incur as a result of the introduction of GM. As I say, however, Conservative Members are not opposed to GM crops in principle. We recognise the benefits to our farmers and consumers that such crops could bring, but many questions remain to be answered before the Government proceed. I have to tell

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the House that, despite the Government statement last week and despite the Minister's comments this afternoon, the Government have still not provided satisfactory answers to those questions.

Several hon. Members *rose—*

Madam Deputy Speaker: I remind hon. Members that Mr. Speaker has imposed a 12-minute limit on Back-Bench speeches in this debate.

6.4 pm

Joan Ruddock (Lewisham, Deptford) (Lab): When I spoke to a colleague about this debate and my opposition to GM, she simply shrugged and said, "But it's progress, and you can't stop progress." I do not accept that the commercialisation of GM crops is progress. I believe that it is a reckless experiment with our natural environment and human health—an experiment conducted by a handful of companies that have consistently made false claims for their products, evaded public scrutiny and resisted every attempt to regulate their behaviour.

GM technology was not introduced to deal with problems in this country or the developing world. It was developed by companies seeking to control agricultural practices that would boost their profits—

Mr. David Drew (Stroud) (Lab/Co-op): And their pesticides.

Joan Ruddock: And their pesticides, as my hon. Friend notes from a sedentary position.

The apparently simple genetic modifications made to GM crops to ensure tolerance to their brand chemicals or the expression of insect toxins are quite unlike conventional breeding, contrary to what the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) said in his opening remarks. The constructs that create genetically modified organisms are designed to cross species barriers. They introduce foreign DNA, parts of bacteria and viruses, and often carry antibiotic resistance markers. They are inherently unstable, and are expressed in every part of the plant without the control mechanisms that affect the plant's natural genome.

Yet, despite the obvious differences, the biotech industry has based its safety case on the concept of substantial equivalence—that is, that the GM product is substantially equivalent to the non-GM product. My hon. Friend the Minister for the Environment spoke about the peer review process, but there is no question of peer review in the substantial equivalence dossiers, as they are produced by the companies involved in GM.

I shall give an example. Last week, the Government voted in the EU Agriculture Council for a marketing consent to be given to GM sweetcorn Bt11 on the basis of substantial equivalence. My hon. Friend the Under-Secretary of State for Health, the hon. Member for Welwyn Hatfield (Miss Johnson), last month told European Standing Committee C that the sweetcorn had undergone rigorous safcty tests. However, Government scientists had not seen the complete scientific dossier—supplied, of course, by the biotech company—and there is no public access to the data provided.

Crucially, the testing of the Bt toxin was based on the natural bacteria and not the GM plant itself, even though unconnected insect trials have shown no adverse affects from Bt bacteria, but serious damage from Bt plant toxin. Furthermore, no details could be provided on allergenicity, despite increasing evidence of allergic reactions to GM products.

For example, in the US, a Bt maize called Starlink, which was designed for animal feed, got into the human food chain. Fifty people reported allergies, some of which were serious, and the company lost $1 billion in recalled food. In Germany, a pro-GM farmer fed his cattle Bt maize. Some of the cattle fell sick, and 12 died. Again, the company paid compensation, but denied liability.

Do the Government propose to continue to support the marketing of new GM foods in the face of such evidence, on the basis of substantial equivalence? My hon. Friend the Minister said that there is ongoing independent research into food safety. If so, why are approvals being given before we see the results of those ongoing experiments? I shall table a parliamentary question asking him to prepare a list of all the experiments that he says—and I believe him—are taking place.

Has there been any follow-up to the one study—at Newcastle university—in which human volunteers ate GM, and in which the GM material entered the gut bacteria of at least three people after only one meal? It is vital that we know what the follow-up experiments were. Frankly, I want to know what the Food Standards Agency is up to, because I am not convinced that it has carried out its public duty to protect public health in that respect. If it is carrying out further independent research, why did it say that the dossier provided under the novel food regulation for sweetcorn Bt 11 was satisfactory?

I turn to the environmental issues that are the direct responsibility of my hon. Friend the Minister. I give him credit for responding to the many concerns that we have raised with him and I give his Department credit for initiating the field-scale evaluations. Of course the trials have value in themselves, but the Environmental Audit Committee pointed out that

"the scope of the trials was very narrow and the results cannot be regarded as adequate grounds for a decision to be taken in favour of commercialisation".

I could not agree more.

The experience of commercial growing of GM crops in north America and Argentina reinforces that statement. Argentina's experiment with GM is proving a disaster. That was highlighted when a toxic cloud, caused by farmers using a cocktail of powerful chemicals in a desperate bid to control the weeds in their GM soya, enveloped a rural village. It is worth repeating what the hon. Member for Maldon and East Chelmsford said—that throughout Argentina GM farmers are now using twice the level of chemicals that conventional soya farmers are using. GM farmers are also resorting to the pernicious pesticides paraquat and atrazine to control herbicide-resistant weeds.

A similar pattern of increasing chemical usage has emerged in Canada with GM canola—or oilseed rape, as we know it. Contamination of non-GM crops has wiped out the organic canola industry and 95 per cent. of conventional canola seed is now contaminated by GM.

The lessons for the UK are clear. Experience to date indicates that GM crops do not fulfil the promises of less chemical use or consistently higher yields, and contamination of non-GM and organic crops and seeds is the norm. The Minister mentioned cotton and the reduced chemical use, but that has been the pattern of all other GM crops—an initial reduction in chemicals used, then year-on-year increases. There have also been spectacular failures of GM cotton crops in some developing countries. GM cotton does not have a clean bill of health.

The challenge for the Government, in the face of their willingness to permit the growing of even one GM crop in this country, is how to guarantee consumer choice. Can the Minister guarantee that Britain's growing organic industry will not only be protected, but expanded? Can he guarantee the purity of seed stocks? The key issues are liability and co-existence. Rules must be enshrined in statute, as the Agriculture and Environment and Biotechnology Commission has made clear, because voluntary agreements will not work.

Most importantly, who will be liable when non-GM or organic products are contaminated with GM? The biotech companies have said that they will not pay, and the insurance companies have said that they will not insure. How will the Government's commitment to sustainable farming and the organic action plan survive if GM crops are planted commercially? The Minister said that maize will be safe because it does not cross-pollinate and its seeds do not survive the winter. But we know that contamination occurs through farm machinery, in transport and in other ways. Nothing is safe unless we have adequate separation distances and a proper liability regime.

Are the Government deaf to the wishes of consumers, 86 per cent. of whom have said that they are not happy with the idea of eating GM food? How can we ensure choice? GM can be detected at the level of 0.1 per cent. and that is the current benchmark used by supermarkets for their GM-free products. To guarantee future production to that level, seed purity must be maintained. Do the Government intend to support the EU proposal for 0.3–0.5 per cent. seed purity, which would jeopardise all future attempts to meet the standard 0.1 per cent. that is now accepted for the end product?

In only a few minutes, it is impossible to do justice either to this subject or to the comprehensive briefing materials that have been supplied by Friends of the Earth, Five Year Freeze, the Soil Association, GeneWatch UK and the Consumers Association. The Government have had the benefit of a huge amount of advice from their many experts, but none of it is conclusive. The science remains uncertain, the economics unproven and the public hostile, and the myth that GM will save the starving is well on the way to being exploded, yet Ministers constantly vote in European Councils for marketing consents for new GM foods to be sold in this country and were rescued from their desperate decision on the commercialisation of GM maize only by the company's decision to pull out of the UK.

I appeal to my colleagues to think again, to use the time that is now available for truly independent research on GM, to support the Bill introduced by the hon. Member for Bexhill and Battle (Gregory Barker) and to establish a statutory framework for co-existence and liability that will guarantee consumer choice and a future for sustainable farming and safe food.

6.16 pm

Andrew George (St. Ives) (LD): It is always an honour to follow the hon. Member for Lewisham, Deptford (Joan Ruddock). She has taken a consistent approach and always asks responsible questions on this subject. Debates on GM in the Chamber are always richer for her contribution.

As the Minister rightly said in his opening remarks, the GM debate has been characterised by extremes, although they are not represented in the Chamber; neither the scientific cavaliers nor the blinkered Luddites have appeared in any GM debate in which I have been involved in this place, although there may be different perspectives on how sound the science should be before decisions should be taken. That is very much the nub of the issue that we are debating. Some people may be less cautious about progress on the issue, but no Member who has taken part in the debate has taken either a blinkered or a cavalier approach, which is encouraging.

Beyond A-levels, I make no great claim to have significant scientific qualifications that would enable me to pontificate on the subject, so I speak as a non-scientist. In the context of the decisions that have to be made, the scientific focus seems to be on the environmental consequences rather than those for human health, although questions have been put about the human health aspects.

We might consider the US population as a pilot study for the impact of GM on human health. There are many Cornish émigrés in the USA and I have many family connections there. I love the place and the people tremendously, although I do not share their life style or their political view of the world. We must assume that their current political viewpoints are not the result of eating GM food, so we need other evidence to prove the risks to human health.

We already know about the possible environmental risks due to the release of GM, so it is appropriate that there should be robust scientific evidence to prove that a GM product would not have an adverse affect on biodiversity or the wider environment. The Government have largely accepted that approach.

The Minister knows that I remain extremely unhappy with the way in which the Government have handled such debates in this, the pre-eminent debating and scrutiny Chamber in the United Kingdom. I have put my views on record on many occasions, and the cross-party motion that I sponsored—motion 25 on today's Order Paper—certainly emphasises the point that hon. Members in all parties wish the Government to be a little more transparent and open in engaging with such debates in the Chamber.

[Andrew George]

We suggest that the Government table a substantive motion, with a vote, for debate on the Floor of the House, so that all hon. Members can take part and express their views about the Government's approach not just to GM crops and GM foods, but to the whole GM issue, as it affects this country and the decisions that the Government—or at least Government agencies, such as the Food Standards Agency— have to make on our behalf. Such a debate would allow us to give the Minister evidence of the Government's inconsistent approach to GM.

I have raised the issue at business questions, but on 29 January the hon. Member for Lewisham, Deptford received the following answer from the Leader of the House:

"as soon as we are in a position to do so we are committed to having a debate. I am sure that there will be no question of proceeding with any decision until the debate has occurred."—[*Official Report*, 29 January 2004; Vol. 417, c. 398.]

That clearly indicates that we were due to have the debate before the decision was made, not after the statement to the House on 9 March, and I protested about that to the Secretary of State.

Although I am sure that the Minister is tired of hearing me say this, I must emphasise that, on that issue and that of the statement on single farm payments, it is simply not good enough for DEFRA Ministers to come to the House to treat the Chamber as a notice board, rather than a debating chamber. Some of us largely support the approach that the Government are taking in both respects, and they would find the debate far better and more consensual if they were able to bring such issues to the House, engage with it and allow open scrutiny, rather than treating the House as a notice board for an hour during a statement.

Despite what the Minister told me earlier, the statement is the only time that the Government have given to the issue. All the Adjournment debates, all the scrutiny in the Select Committees and all the European Standing Committee debates on the issue have resulted from other Committees and Back Benchers bringing these matters to the Government's attention. I am sorry to labour that point, but I hope that I am driving it home, so that the Minister and Department take it on board and do not make the same mistake again.

A number of issues were raised in the statement, and the Minister has dealt with some of them to an extent. The Government have decided to accept that Chardon LL maize can be grown in the United Kingdom. They expected that it would be grown from the spring of next year, but the Secretary of State said in her statement of 9 March that Bayer would need to submit fresh evidence if it wanted to renew the licence from October 2006. At the time, I asked—I do not think that the Minister has answered this—why it would be acceptable to grow that maize in the spring of 2005, but not in 2007. There was a further question about the weight of evidence. Given that new evidence will be required for Chardon LL GM maize to be grown in the UK from October 2006, will new evidence be required for other types of GM maize and, if so, what evidence? I do not wish to pre-empt the outcome of the consultation, but do the Government believe that, although the industry has made it clear that it is not prepared to fund a liability scheme, one should nevertheless be put in place? The Government are not prepared to fund such a scheme, and I doubt whether the farming industry is prepared to do so across the board, so there is a logjam. If the issue remains unresolved, does that mean that there can be no commercialisation of GM in this country?

Mr. Morley: I am happy to clarify the position as far as I can at this stage in the process. The Government have made it clear that there should be a liability scheme, just as there should be a co-existence scheme, and I have outlined to the House the steps being taken to put them in place. If, after consultation, a liability scheme is put in place and if it is determined that it should be based on an industry contribution, it is up to the biotech industry to decide whether it wants to operate under those conditions—that is the choice that it must make.

Andrew George: I am grateful to the Minister, but clearly some farmers and growers will suffer unintended consequences as a result of the decision on the commercial growing of GM and may be put out of business. It is therefore important to reassure people who want to retain their edge in the marketplace as non-GM organic growers that they will not be undermined, and that there is a liability scheme to which they can appeal if they are affected. I am grateful for the Minister's assurance, and I look forward to the Government's publication of the consultation documents on the liability and co-existence schemes, both of which are fundamental to the future of the industry.

The hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) mentioned beekeepers. The Minister raises his eyebrows, but perhaps he will clarify the position.

Mr. Morley: I am grateful for an opportunity to do so. Under the thresholds agreed by the EU, food is deemed to be GM only if its GM content is over 0.9 per cent. Honey could not exceed that level, so it could not be labelled as GM.

Andrew George: I am sure that the beekeepers of the UK will be reassured by that explanation. They would not want the GM content of any of their products to exceed 0.1 per cent.—the organic standard that some people believe should be the absolute threshold—so I am sure that the Minister will receive further correspondence from them.

For regions and localities that wish to maintain their market edge the establishment of GM-free zones mentioned by the Secretary of State in her statement on 9 March will be extremely important. There are many places, including my own area of west Cornwall and the Isles of Scilly, where the majority of growers want to take full advantage of being able to promote their product as GM free. What statutory support will be available for them? The Secretary of State suggested that the matter would be kept under review and that she would consult EU colleagues about the introduction of more robust measures. That is extremely important.

If the Government intend to introduce measures to protect farmers, or at least to ensure that growers and farmers have the option of trying to dissuade other growers who may be considering growing GM in their vicinity, it would be interesting to hear what mechanisms might be put in place to allow that to happen. Because a few farmers and growers want to remain GM-free, we should not take the view that no GM should be grown in the UK, but when all the assurances have been given and the Government have made a proper decision based on sound science, there should still be the opportunity for local measures to be taken to protect growers and to enable them to maintain clear market advantage.

Mr. Drew: As the hon. Gentleman knows, I tabled an early-day motion on the possibility of introducing buffer zones for pesticide use. I know he had some difficulties with aspects of that early-day motion. I spoke to the National Farmers Union, which thought it would be impractical to operate buffer zones for pesticides in this country because land space is so tight. If it is impossible for pesticides, how does the hon. Gentleman think such a measure would operate for GM?

Andrew George: I sympathise with the hon. Gentleman. I am not a spokesman for the NFU or any agricultural body. Establishing buffer zones for pesticides should be a great deal easier, given that they would not be wind blown, one hopes, whereas pollen seeds could be carried very long distances. Perhaps the hon. Gentleman should put his question to others.

Ms Walley: In the light of the hon. Gentleman's comments about commercial growers and the ways in which organic commercial growers could maintain their integrity, what does he have to say about people who grow organically for the sheer joy of it? There are hundreds of thousands of farmers who grow commercially, but just as many people who grow in their own gardens. What about people who belong to organic associations and want to carry on growing organic produce in their gardens?

Andrew George: That is a good point. I am not saying that commercial growers are the only people who should have a say. All those who are engaged in growing and have an interest of one type or another—not merely a commercial interest—should have a say in the way in which policy is developed in the locality. I hope the Government will take that on board when they introduce measures to support the establishment of GM-free zones.

On 9 March the Secretary of State said that Chardon LL maize could be grown only if it is

"managed as in the trials, or under such conditions as will not result in adverse effects on the environment."—[*Official Report*, 9 March 2004; Vol. 418, c. 1382.]

Although that has been put off as a result of the decision of a commercial company, so we are told, what conditions other than those in the trials would be deemed not to result in adverse effects on the environment, and who will take that decision?

The Government will find themselves under a great deal of pressure following last week's announcement from the US Administration challenging the moratorium in the EU and threatening to impose a £1 billion fine on the EU for the moratorium. On 28 April 2004, an article in the *Daily Mail*—not my regular read—stated:

"America opposes full labelling because it is concerned that once consumers know a product contains GM ingredients they will boycott it, so harming U.S. exports."

The UK Government have an opportunity to show leadership both in Europe and in the US, and the criticisms that they have behaved like a poodle with regard to the US are possibly unfair. GM offers an admirable opportunity for the UK to use its strong and special relationship with the US to show not only that the UK is proceeding on the grounds of sound science and an appropriate moratorium, but that proper choice for consumers in purchasing or consuming any food product is of fundamental importance, and I hope that the Government argue strongly on that front.

We cannot take future decisions at a speed that precludes a responsible and cautious approach. Decisions must clearly be based on sound science, and consumers must be presented with an informed choice. The Government must be congratulated on consulting the public and undertaking field-scale trials and scientific and commercial reviews.

Gregory Barker: Why must the Government be congratulated on consulting the public when they patently ignore what the public says? What is the point of such a consultation?

Andrew George: I am doing my very best to sugar the pill that I am offering the Minister on this issue. Like the hon. Gentleman, I have criticised the Government for mistiming the public consultation, which was concluded before the publication of essential science on which there should have been a public debate. I take his point that it is absurd to consult the public before the farm-scale trial evaluations report and before the commercial and scientific reports are produced. However, the Government have gone further than many of us expected, given that elements within the Government are more pro-science than the Ministers in the Department for Environment, Food and Rural Affairs.

Gregory Barker: Pro-science?

Andrew George: I am sorry. I meant pro-GM.

The Government must take it on board that in future they must gather the evidence and then consult not only the public but this House.

6.38 pm

Mr. Michael Meacher (Oldham, West and Royton) (Lab): I begin by declaring an interest in an organic retail firm. I also pay tribute to the Environmental Audit Committee report, which was thoughtful—not being a speed reader, I thought that it deserved more than one day's contemplation and that it should have been taken into account before decisions were made.

Having listened to the debate, the central question is why the Government are so anxious to support GM in the face of all the pressures to the contrary. First, as has been repeatedly pointed out, the public do not want GM. If the Government want to restore trust, it does not

[Mr. Michael Meacher]

help to have a nationwide consultation, find out that 85 per cent. of people do not want GM crops in this country and then proceed in the other direction. Secondly, the supermarkets will not stock it because there is no market in it.

Thirdly, even the biotech companies are pulling out. I am referring not only to the withdrawal of Bayer CropScience from the Chardon LL application, but to other biotech companies pulling out even from research trials, which have slumped from 140 two years ago to 42 last year and just one this year.

Fourthly, even farmers' initial enthusiasm has begun to wane. The claim that yields would increase and pesticide use would decrease has turned to dust—literally so in the case of the Argentine pampas to which my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock) referred. That area, which contains a quarter of global GM production, now faces ecological catastrophe as a result of soil erosion. Charles Benbrook, the former head of the agricultural division of the US National Academy of Sciences—I would regard that as a very reliable authority—has found that over the past eight years pesticide use has increased by 50 million lb in the US, where two thirds of the world's GM crops are grown. I would say to my hon. Friend the Minister that that is despite what has happened in relation to herbicide-tolerant maize, and it is caused by volunteers, super-weeds and increasing resistance from new strains of weeds.

Fifthly, even the Government's wider policies are incompatible with GM. In my view, their central agricultural policy, apart from getting rid of the common agricultural policy, is to generate sustainable agriculture in this country—they are absolutely right to do so—and to implement the excellent Curry report. That is not consistent with promoting GM, not least because of the high and increasing use of chemical pesticides. Moreover, the Government—including, notably, the Prime Minister—have repeatedly made it clear that they support a major extension of organic crops and have pledged themselves to more than double by 2010 the percentage of organic food that is consumed and has been cultivated in this country. That, too, is incompatible with GM, because cross-contamination by GM crops will wipe out the organic sector. There is no doubt that within the small confines of farming in this country that will happen, as it has on the Canadian prairies.

Given all that, why are the Government still so hell-bent on GM, apart from the well known fact that the Prime Minister and the Secretary of State are so keen on it? The only answer appears to be—

Mr. Drew: My right hon. Friend did valuable work on this when he was Environment Minister. Does he agree that the most worrying aspect is that the companies are in a win-win situation, because as they supply the pesticides, they have a monopoly not only on the seeds but on the support that goes with them?

Mr. Meacher: I am entirely aware of why the companies are in favour of GM. If one can monopolise the supply of seeds every year, as well as the pesticides that the seed is genetically engineered to resist, one has made it and the potential for an unprecedented bonanza opens up. However, I am talking about a completely different matter, namely the Government.

The only answer to my question appears to be this: Ministers say that under EU law they cannot reject a crop unless it can be shown that it constitutes a risk to the environment or to human health, and the line is that that has not been demonstrated. In my view, that is the heart of the current contention over GM policy. Relatively little evidence is available to promote the conclusions because it has deliberately not been sought. However, even the little that exists is damning.

The farm-scale evaluations, even with their narrow remit, for which I do not apologise, show that GM oilseed rape and beet are worse for the environment. I submit that the same would probably be true of maize if a less toxic herbicide than atrazine had been used on conventional maize. That will have to happen in future because of the EU ban. Of course, we now have the time—because GM crops will not be planted in this country for several years—to find out by replicating the trials.

It is known from the chief scientific adviser's review panel report that, after GM crops have been sown, soil pollution can persist for up to 16 years before it is safe to plant conventional or organic crops. It is known that super-weeds and gene stacking generate huge and potentially long-term insuperable problems in north America. It is known that if farmers sought to maximise commercial yields, which they do in the real world by spraying more often or using stronger mixes, it would be bound to create substantial harm to the environment. Let us be frank: it is known that co-existence is impossible because no one can state a separation distance that guarantees the protection of conventional or organic crops from cross-contamination.

If the Government were genuinely so minded, there is no doubt, at least in my mind, that the reasons that I have outlined are sufficient and consistent with EU and international law to reject GM crops because of their proven adverse impact on the environment. Those arguments could also be used in the case of the World Trade Organisation.

The evidence for the impact on human health is slowly accumulating. In my view, there is already more than sufficient to argue the case on the precautionary principle, which is written into EU food law, that GM food should not be allowed to enter the human food chain until significant further research is done. My hon. Friend the Minister and the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) said that there was no evidence of adverse effects on human health from eating GM foods. The reason for that is that no one has looked for them. I repeat the well known phrase that the absence of evidence does not represent evidence of absence. It is incredible but true that no peer-reviewed publications of clinical studies exist on the human health effects of GM food.

However, we know that DNA recombination technology is inherently unstable and leads to substantial scrambling of foreign and host DNA at the sites of integration, with attendant unpredictable risks. We know that the much used cauliflower mosaic virus CaMV 35S promoter was widely incorporated into GM crops before its unsafe properties became known. It not only possesses a recombination hot spot, but it is

promiscuously active in making genes over-express in species throughout the living world, including human cells.

It is clear that the doctrine of substantial equivalence, to which my hon. Friend the Member for Lewisham, Deptford eloquently referred and which was based on a highly prejudicial decision by the United States Department of Agriculture in 1994 and used thereafter as a device to circumvent direct trials of the effects of GM foods on human health, is—I do not mince my words—a scam. It should be dropped if any public trust in the process is to be secured.

We also know that in the very few cases involving human or animal tests in which the results were seriously disturbing, the research was closed down and no further action was taken. My hon. Friend referred to some of those cases. In the Newcastle study, in which a sample was fed a single meal of GM soya, the GM DNA survived almost intact and transferred to the gut bacteria, which could compromise antibiotic resistance. The Pusztai study found that GM potatoes with snowdrop lectin damaged every organ system of rats, resulting especially in a thickening of the stomach lining, which could be—I say only "could be"—a precursor of cancer. My hon. Friend also referred to the case in which a dozen dairy cows died on a farm in Hesse in north Germany after eating Syngenta's Bt 176 maize. Syngenta paid the farmer compensation, which might be taken as admitting liability.

The most worrying thing is that, in all those cases, the results were simply rubbished by the scientific establishment as flawed, and none was ever followed up—as normally happens in the scientific world—with further tests to confirm or refute the original findings. In other words, there was a preference for personality vilification rather than genuine scientific inquiry, and I greatly deplore that. All that that succeeds in doing is giving the impression that there is something to hide. I have to say to my hon. Friend the Minister that the Government have given that impression through their handling of the Chardon LL maize research at Reading university.

What we do know is that GM maize from the FSE trials was removed secretly at night two years ago, to be used as cattle feed and to test the effects on the cows. We were told at the time that the results would be published, peer reviewed and presented to the regulatory authorities. Two years on, none of that has happened. Why? The strong suspicion is that the results were so unpalatable to the GM industry that they were suppressed. When are the Government going to give us the results of those tests and get them peer reviewed—

Madam Deputy Speaker (Sylvia Heal): Order. I am afraid that the right hon. Gentleman's time is up. I call Mr. Peter Ainsworth.

6.52 pm

Mr. Peter Ainsworth (East Surrey) (Con): It is a great privilege and a pleasure to follow the right hon. Member for Oldham, West and Royton (Mr. Meacher), who knows more about these things than anyone in the House. He was good enough to give evidence to our Select Committee and he was, of course, intimately involved in setting up the farm-scale trials in the first place.

The Minister was very interested in the report of the Environmental Audit Committee—not only the one that we published in March but the one that we attached to the Government's response to that report—and he spoke at length about it. I hope that the House will forgive me if I risk creating a rather anoraky and dislocated debate by replying to some of the points that he raised, and by focusing on the Committee's work, rather than dealing with some of the other very important issues, such as those raised by the hon. Member for Lewisham, Deptford (Joan Ruddock) on human health. I want to do that not because I am interested in rehearsing old arguments; I want to make new arguments. I should make it clear, however, that I stand by every word of the Committee's report.

I want to engage in this debate because I believe that the dispute—and it is a dispute—that our Select Committee has with the Government over this issue sheds some interesting light on the Government's whole approach to GM crops. Their attitude towards this issue is very curious, even perverse. It has already been pointed out today that the statement made by the Secretary of State on 9 March about GM maize flew in the face of public opinion. It was contentious and unpopular. I am all in favour of the Government making contentious and unpopular statements, and they are getting rather experienced at doing so, but I do not understand a Secretary of State making such a statement when there is no need to do so. As the right hon. Member for Oldham, West and Royton said, there is no market for these GM crops, and there was no need to make that statement at the time that it was made. The subsequent action by Bayer CropScience suggested that that was certainly the case. So we now have a ludicrous situation in which the Government appear to be more keen on GM crops than the GM industry itself. It is a preposterous state of affairs.

I accept that the Government went to great lengths to set up a rational process for evaluating the benefits or otherwise of GM crops. I commend them on that. The farm-scale evaluations were just one of a series of measures to which the Minister referred earlier, including the science review, the cost-benefit review, the report on co-existence and liability, and the "GM Nation?" debate. The problem is that the science review highlighted gaps in the science and public concerns about the technology, the cost-benefit review indicated no significant economic benefit to UK agriculture, the co-existence and liability review did not resolve the issues of co-existence and liability, as we have heard this afternoon, and the "GM Nation?" debate resulted in an overwhelmingly negative response from the British people. The farm-scale trials were, in the opinion of the Environmental Audit Committee, equivocal and flawed in their outcome and very narrow in their scope.

The Minister seemed to be implying this afternoon that the Committee was hostile to the science. We are not hostile to the science or critical of the work that the scientists did. We merely differ from the Government in interpreting the results of that science. Put simply, as a result of the problems with atrazine, we still do not know whether GMHT maize, if grown

[Mr. Peter Ainsworth]

commercially in the UK, would be better or worse for biodiversity than conventional maize. That is the situation in a nutshell.

Gregory Barker: Does my hon. Friend also agree that the benchmark against which such GM crops were judged was conventional farming, which over recent years has been bad for biodiversity? We ought to be aiming for a much higher benchmark of biodiversity in the British countryside than the low level to which it has fallen in recent years.

Mr. Ainsworth: I am grateful to my hon. Friend, and he will find that I am coming to exactly that point.

When the Environmental Audit Committee published its report on the farm-scale evaluations on 5 March, we asked the Government—politely, I hope—to consider it carefully before using the trials as a basis for allowing commercial growing of GM crops. The Secretary of State's answer to that request was to make her statement four days later, as we have heard. The Government then justified ignoring our advice on the grounds that our report contained nothing new. They repeated that claim in their response to the Committee's report published today, and the Minister repeated it again in the Chamber. That is the first of many specious and misleading claims made by the Government about that report.

The report and its contents were only not new in the sense that hardly any Select Committee reports contain new information. We set out not to create new science, as the Minister seems to want to imply, but to analyse existing science, to take evidence from those who had been involved in that work, to draw conclusions, and to make recommendations as a Select Committee. Our recommendations were new, of course, and it was discourteous to the House that the Government brushed them aside with such haste. That raises much bigger questions about the relationship between the Government and Select Committees, but now is not the time to debate that.

I must also say, although the Minister rejected the claim earlier, that the Government have been guilty in their response to the report of either wilfully or carelessly misinterpreting the advice offered by my Committee. I will give him some examples. In their response, the Government seek to imply that we recommended that the benchmark for better biodiversity, which my hon. Friend the Member for Bexhill and Battle (Gregory Barker) just mentioned, should be set higher for GM crops than for conventional crops. We did not. What we said was that if we are to halt the years of disastrous decline in biodiversity in this country, the benchmark for all agriculture should be higher.

The Government go on to say that we failed to take oral evidence from the research consortium that did the groundwork on the trials, and that that constitutes a "serious weakness". First, the consortium could have submitted more than one and a half sides of un-illuminating A4 material in written evidence; secondly, the research consortium was not in charge of the design of the trials—the scientific steering committee was. Of course we took evidence from its chairman, and based some of our conclusions on that evidence. Later, incidentally, we learned from an article in *The Guardian* that the chairman of the scientific steering committee was a passionate proponent of GM technology. That might raise questions in some people's minds about his appropriateness for the job, and about the independence that he brought to it.

Next, the Government take us to task for taking evidence from the Canadian National Farmers Union, because it has such a small membership. That is a trivial point, given that the ecological problems caused by GM crops in north America are so well documented and so well known. We have heard this afternoon about the problems caused by super-weeds, extra herbicide applications and so forth.

The Government then assert that the high proportion of GM maize and rape grown in north America, relative to conventional maize and rape growing, suggests that there are commercial benefits. I suggest that it might mean something completely different. It might reflect the fact that, as the right hon. Member for Oldham, West and Royton and others have pointed out, this technology gets everywhere. It might reflect the fact that it is no longer possible to grow some organic crops in this environment because the GM technology has got out of control.

Mr. Roger Williams (Brecon and Radnorshire) (LD): Will the hon. Gentleman give way?

Mr. Ainsworth: I do not have enough time.

In any case, we were not concerned with commercial benefits at that stage of our discussions. We were concerned with the ecological damage that was being witnessed in north America. Either deliberately or otherwise, the Government missed the point of that argument. I hope that the House is beginning to understand what I meant when I used the phrase "wilfully or carelessly misinterpreting".

There are also sins of omission. The Committee was particularly anxious for a robust regime to be established to cover liability. The Government's response ignores that altogether. I know that the Minister has said things about it today, but why did he not take the opportunity, when responding to our report, to make the Government's position clear? He did not refer to it at all.

The present situation is this: the industry has said that it will not pay, and the Government have said that they will not finance compensation if things go wrong. Organic and conventional farmers, and distributors and food manufacturers, will be left completely exposed if the technology is commercialised and if anything goes wrong with it. Fortunately, because of the delay—because the industry has temporarily thrown in the towel—there is still time to put this right, as my hon. Friend the Member for Bexhill and Battle has suggested.

It is true that I am personally disappointed that what I hope can be seen as a thoughtful and serious report, running to 250 pages, has been met by a nine-page wonder of tendentious denial and evasion; but I am not motivated by sour grapes, or by a sense of hurt pride on behalf of the EAC. I have raised these criticisms and concerns, and will continue to do so, because I believe

that the curious Government response to the GM debate is symptomatic of a wider attitude in some powerful quarters of the scientific establishment, which—alas—appears to include the Royal Society. That attitude is unscientifically based on the ruling hypothesis that GM crops are an unequivocal benefit to mankind. The Minister may not believe that, but it seems to me that people in government in very senior positions are approaching the debate from that angle.

There is no evidence that that hypothesis is correct. Significant doubts remain. Much more work needs to be done. The public are not satisfied. The debate will go on, however hard the Government try to close it down and however many genetically modified raspberries they, the Royal Society or anyone else may blow at public opinion.

7.4 pm

Dr. Ian Gibson (Norwich, North) (Lab): It is a delight to be back in the bear garden with my right hon. and hon. Friends to discuss this issue. I do not know how many times we have discussed it, but it certainly does not go away. Nothing will take away the euphoria that I feel today, not only because of the Government's attitude to this thorny problem but because Norwich City has reached premier status again and will stay there. That makes me feel good.

We have in Norwich the John Innes institute, a world-class centre not only for GM technology but for conventional plant breeding. I should declare an interest, although I have not worked in the GM field, because I worked with those technologies in the cancer field. Of course we collaborated and talked about technologies, and I knew of the institute's good work in developing vaccines in plants and its studies in the rice genome, which I think will help plant breeding in the developing world. I should also declare that I am a non-remunerated—not even in GM carrots—board member of the Institute of Food Research, which does excellent work in examining the effects on people's health and on food.

The point has often been made here that genetically modified crops are being grown extensively in north and south America and in China, although not in Europe. They have in a sense become part of the normal diet in those places, if not in Europe, where there is still contention, despite the fact that 300 million US citizens continue to eat GM soya without any ill effects in a very litigious society, and many Europeans, including people here, have eaten it while in the US, with no adverse consequences.

Joan Ruddock: I wonder how my hon. Friend thinks it would be possible for Americans to know whether they had a health problem related to GM food, when GM and non-GM foods are completely mixed and those people are not conscious of what they are eating.

Dr. Gibson: The epidemiology studies carried out in every major centre, including universities in the United States and elsewhere, into the effects of the food, and some experiments in that field, have shown no effects whatever that correlate with the food—although I understand how difficult that is to prove. I do not think that it is incumbent on me to prove that GM food is safe; the people who say that it is unsafe have to prove that. The benefits that GM has given to people, such as the provision of cheap GM soya, have been to the great advantage of the food industry and the people who live in those countries.

Our Government, too, have done study after study, with chief scientific advisers and others examining the issue. The scientific, social and ethical issues have also been examined by the Nuffield Council on Bioethics, which has said that

"there is an ethical obligation to explore these potential benefits responsibly, in order to contribute to the reduction of poverty and to improve food security and profitable agriculture in developing countries."

That council says that GM food might not be the entire answer—it does not pretend that it is—but that it cannot be ruled out as part and parcel of our support for a developing world in which people are starving, and need food and help with their agricultural development.

The British Medical Association, too, has made robust submissions that there is no evidence that the foods are unsafe. It seems to me that the evidence is piling up to say that the food is, indeed, safe. I should like to see the real evidence from the other side. Although I do not have the time to do so now, I am quite prepared to take my right hon. and hon. Friends for a GM-free lunch to discuss the evidence that they put forward. I think that I can decimate it. I think that I can make arguments against every single, little experiment that they put forward and give another explanation, although I agree that more work needs to be done.

The Secretary of State for Environment, Food and Rural Affairs has made it quite clear:

"There is no scientific case for a blanket approval of all the uses of GM",

but

"Equally, there is no scientific case for a blanket ban on the use of GM."—[*Official Report*, 9 March 2004; Vol. 418, c. 1383.]

Recognising that people believe that the use of genetic modification should be approached with caution, the Government want regulation and monitoring. Some people want a framework of rules for the co-existence of GM and non-GM crops, and many want a clear regime of traceability and labelling so that they can make their own choices. The Minister offered us all that earlier today, which would seem to meet the demands of the public. Even while the Minister and the Secretary of State were saying that, *The Mail on Sunday* was publishing an article under the headline, "How I proved that GM crops poisoned an entire village", in which a so-called leading expert in GM crops, Professor Traavik,

"warned of potential catastrophe if GM crops are used in Britain and claimed an entire village in the Philippines was poisoned by American GM crops."

My hon. Friends will know that that has been seriously disputed.

Let us consider some of the other things that the media have said throughout this tortuous debate—nearly every newspaper has made some comment. Headlines include, "Are we at risk from mutant make-up?", "GM crops linked to meningitis", "Lifting the lid on the horror of GM foods", "Mutant porkies on the menu", "GM risk in daily food of millions", "GM food

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'threatens the planet'", "Meat may be tainted by Frankenstein food", "M&S sells genetically modified Frankenpants"—that was from that classic newspaper, *The Independent on Sunday*—"Is GM the new thalidomide?", and so on. There has been a concerted media campaign to convey such a view of GM foods, and it obviously has an effect on people.

Mention has been made of Professor Pusztai, who gave evidence to the Select Committee that I now chair and of which I was a member of in the previous Parliament. He told us that feeding rats with genetically modified potatoes caused them damage. His work eventually appeared in a peer review journal, which is fine, but it first appeared in newspapers and television shows. There is no evidence that his results can be repeated. I can cite times and places where people have tried to repeat the experiments and have not had the same results. The essence of science is to be able to repeat experiments in different labs at different times, perhaps under different conditions, and get the same results.

The scientific community is almost unanimous in support, but the public debate reflects uncertainty. We must ask why the British public are sceptical. I do not want to go into all the questionnaires and so on. Even for someone who is a member of the Committee on the Public Understanding of Science and has worked with the Royal Society and others, it is very difficult to find out what the public, or different publics, really think. In fact, the activism has not been public-led; it has been provoked by newspapers, and people have responded by becoming sceptical. People take a precautionary approach because it is the easiest route to take when there are suspicions around.

The scientists have not been brilliant; their arrogance sometimes shines through. I have no support for the arrogance of establishment scientists. We must admit it when we are wrong or when we do not know, and we must consider what we need to do to find out. It is ironic that, over 50 or 60 years, plant breeders have used chemical and radiation mutagenesis to create new varieties, with new modifications and genes leaping about and joining together, with no protest. We must ask why there was no protest then, but there is protest now.

Mr. Roger Williams: Does the hon. Gentleman agree that the plant varieties that have been bred are varieties used by organic farmers?

Dr. Gibson: I thank the hon. Gentleman for his question, but it is not true that those varieties are all used by organic farmers. There are other problems with organic crops in terms of some of the chemicals that are used on them, but that has been well documented.

The public and scientists have a different concept of risk. The public react to risk in very unpredictable ways—smoking is an example—and the scientists sometimes demonstrate arrogance and are too assured about new technologies. That must sometimes be challenged, and it is challenged by the scientific community, but less so by the public.

People also worry about what is natural. It is often said that something is "not natural", "not right", "not the way it should be". His Royal Highness—I think I can say this without risk—objected to

"taking into the realm of man what rightly belongs in the realm of God".

For him and others, genetic modification is seen as unnatural, articulating a romantic view of nature that sees everything natural as good and anything tampered with by humans as bad. Many people's views do not reflect that view. Scientists do not regard GM as unnatural, but some practices are certainly unethical. Of course, not everything that is possible should be done, although we might disagree on where the line should be drawn. We have to think through the issues and explain how awe, wonder and understanding are part of a scientific reaction to the world around us. But as stewards of the planet, we also have a responsibility to recognise that change is necessary if we are to feed a bourgeoning world population, for example.

The media have a huge effect on people's views, but pressure groups also have a responsibility in this regard. I do not want to talk about my ex-friend Lord Melchett and some of the irresponsible things that he did in Norfolk, such as trampling fields of GM crops. He was taken to court but got away with it on the basis that he was defending the planet. Various arguments can be advanced on that issue.

We need to think about scientists' responsibilities, and although pressure groups have every right to object to GM crops, they, too, must consider their responsibilities. When they lose an argument, they must not jump from issue to issue simply in order to win the day. We all have a responsibility to work together. Scientists need to come out of their ivory towers and talk to religious groups and others. We need to form communities who ask questions, but not in the spirit of confrontation and polarisation that, sadly, marks the current debate. Debate must be truly effective, and we must share ideas. By all means let us disagree, but if we are to make progress we must ask the necessary questions and carry out the necessary experiments.

If anything, the Government have been too soft on this issue; that is the only reason to admonish them. They should have taken a much harder line, rather than listening to 0.00035 per cent. of the population. The science is on their side, and they should go with it.

7.16 pm

Gregory Barker (Bexhill and Battle) (Con): The last time that I discussed this subject in the Chamber, I had my parliamentary legs shot away by the hard men of the Labour Whips Office. I hope that they will be a little kinder to me this afternoon.

Today, the Environmental Audit Committee published an excellent rebuttal of the Government's response to our own report. In that regard, I pay particular tribute to the work of my hon. Friend the Member for East Surrey (Mr. Ainsworth), who pulled out all the stops.

I want to focus my remarks on the twin issues of contamination and liability. They were at the heart of the ill-fated private Member's Bill that I endeavoured to

introduce recently, but which will be read again on 12 May. I shall preface my remarks by echoing the points made by the right hon. Member for Oldham, West and Royton (Mr. Meacher). Many of my own constituents constantly ask me the very questions that he raised. Why are the Government so determined to rush ahead with the promotion of GM crops before they have had the chance fully to evaluate the science and the real long-term impact—not the three-year impact—of this new technology on public health and biodiversity? Why the rush? Why the extraordinary zeal to promote the interests of GM producers? Why the determination to consider only the science that seems to favour their own predetermined ideas? This agenda is undoubtedly being driven by No. 10 Downing street—perhaps the Minister will tell us today what super-Blairite thinking lies behind this boundless enthusiasm for GM crops. I look forward to being enlightened.

Why the reluctance to listen to the general public's concerns about GM technology? This is not just a rural or farming issue; it has gained traction with a broad section of the electorate throughout the country. There is a great deal of interest in this issue in rural Sussex constituencies such as mine, but also in constituencies such as Brighton, Pavilion. Mike Weatherley, the Conservative candidate for that constituency, has been campaigning hard against this Government's drive to force GM crops on to British consumers. He speaks for ordinary consumers, but whatever view one takes—

Mr. Morley: I really do not know why the hon. Gentleman keeps claiming that the Government are promoting GM crops and forcing them on consumers. For goodness' sake, we have had years and years of evaluation and research, which ended with two applications being rejected and one being approved only with conditions—it was on a time limit and has subsequently been withdrawn. It is the present Government who put in place and supported measures for consumer choice. Let me remind the hon. Gentleman that when the Conservative Government approved GM soya, they did nothing about labelling and traceability, which were introduced only in 1999 under the present Administration.

Gregory Barker: First, may I say how delighted I am to see the Minister here today? I am only sorry that he was not here when I last spoke in connection with my Bill. I am glad that he has taken the opportunity to speak today. There is no rush and no haste. Why not wait for the fourth trial to be completed and for the atrazine trials to be restarted? Public opinion is seriously puzzled by the agenda that emanates from we know not where.

Mr. Morley *indicated dissent.*

Gregory Barker: Whatever side of the GM argument hon. Members are on, the whole House should be able to agree on two principles. The first is that people should be free to choose whether they wish to take the risk of using or consuming new products or new technologies, such as GM crops and GM ingredients. The second is that the manufacturers and producers introducing the new technology should be held responsible and be required to pay damages if their GM products prove harmful to the environment or cause damage to the health or livelihoods of others. Those are basic principles, and I do not believe that there is a real division among us about them.

On the first principle of allowing people to choose to avoid GM, although we already have some GM labelling to assist people, as other hon. Members have highlighted, there are flaws in the system. Even if it were made perfect, there would be a limit on what could be achieved through labelling alone. The problem is that all crop seeds have the potential to mix with other varieties, and GM crops are no different. Cross-pollination can arise easily in many ways—either deliberately or inadvertently by humans or animals carrying the seeds. The problem is that if GM and non-GM crops mix, it may not be possible for consumers who wish to avoid GM to buy GM-free products.

There are many such consumers. The Government's "GM Nation?" debate found that 86 per cent. of respondents did not want to eat GM products. British retailers have, of course, long recognised that. None of the major supermarkets today willingly stock GM food, but on that issue, the Government seem determined to ignore what the market has made abundantly clear. Right or wrong, whatever the evidence, the British consumer does not want to eat GM food. To preserve the choice that so many of our constituents clearly want, we must prevent the contamination of non-GM crops with GM traits. That requires GM crops being planted according to stringent rules governing separation distances and planting intervals, and strict hygiene regulations.

We can always debate the detail of such rules, but the basic principle should be that they are decided on a scientific basis to prevent contamination. When I say "scientific basis", I do not mean something done on the back of one paper or another; I mean making the rules after a considered and impartial judgment of all the relevant science in the area and scrutinising the rules rigorously.

Having met the Minister to discuss my Bill, I know that the Government pretty much share my analysis so far. However, I have been alarmed at the fact that they have been strangely reluctant to take the next logical step in the argument, which is recognition that appropriate rules must be in place before any more GM crops are planted. After all, there is little point in putting rules in place after they are planted—horses and stable doors spring to mind. I shall return to the Government's position after outlining the second of the two important principles—that of liability.

If GM crops lead to problems or cause harm to a person or to the environment, we must have confidence that damages can be reclaimed from the people who have developed the products. At present, if a farmer found that his crop contained GM plants mixed in among the non-GM crop that he planted, it is likely that the person he planned to sell it to would refuse to buy it. With no major food retailers selling GM food, there is unlikely to be much of a market for a contaminated crop. Indeed, the farmer would himself be liable. He would therefore be left seriously out of pocket, and possibly faced with going bust—even more so if he were an organic farmer. Such a producer must be entitled to

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recompense from the person who caused his crop to become worthless, yet current UK law offers little hope that he would win redress.

Current options for claiming damages rely on case law and nuisance. To secure compensation, the victims of economic harm caused by GMOs would have to prove which of their neighbours was responsible. If there are several local plantings of GM crops, proving the source may be well nigh impossible.

I understand that the Minister broadly agrees with me, and I am sorry that he is not really listening. When he wrote to me, he said that he would listen.

I am also pleased that the Government have ruled out one solution to this problem: that the taxpayer should pay compensation. Even the Government accept that that is a no-no. However, as with the first principle, there is a difference between the Minister's position and mine, and it comes down to timing. It is unacceptable to allow GM crops to be planted before liability rules are in place. Again, there has been hesitancy on the part of the Government to agree.

I shall explain that in more detail. In both February and March, I tabled parliamentary questions asking the Secretary of State if she would make it her policy to ensure that liability and contamination rules were in place before any GM crops were planted. On both occasions, I was told that the Government were considering the report that they had received from the Agriculture and Environment Biotechnology Commission, and that they would make an announcement in due course.

When the GM policy statement was made earlier this month, I studied both it and the subsequent debate carefully. The Secretary of State was asked several times about the timing of liability and coexistence rules, and about when rules would be put in place to prevent GM crops adversely affecting organic and other conventional, non-GM farmers. On each occasion, she said that she "anticipated" that the rules would be in place before any planting happened.

The word "anticipated" appeared to have been very carefully chosen.

Mr. Roger Williams: Does the hon. Gentleman agree that co-existence rules would have to be different for each variety of plant? Beet is a biennial crop that is harvested in its first year, so it never comes to flower and does not contaminate other plants. Also, very few organic growers grow forage maize.

Gregory Barker: That is a fair point. The rules must be different for every variety, but it is possible that some varieties can co-exist in the UK without damaging the environment.

I tabled yet another parliamentary question after the statement. I was pleased to see that the language in the response had toughened up slightly. The Minister for the Environment told me that he now "intended" that rules would be in place first.

It can sometimes seem very much like nit-picking when one digs deep into the words used by Ministers, but it is important to do so. In my experience, Ministers and civil servants usually choose their words carefully and speak precisely. The fact that the words "anticipate" and "intend" fall well short of the word "guarantee"—the one that I was after—seriously worries me. However, even if we give the Minister the benefit of the doubt, we must ask how the rules would be introduced.

I understand that the Minister believes that regulations made under various existing pieces of environmental legislation will cover planting rules, but what level of security and amendment is likely to be given to regulations made under an Act that certainly was not written to cover the many problems specific to GM crops? How will our constituents have their concerns voiced in the debates on these crucial matters?

On liability, the position is even less clear. I understand that there is no power to make the necessary regulations to determine a liability regime, so when will we see legislation? I appreciate that the Minister will direct me to the consultation on these matters that the Government have announced. Responses to that will no doubt assist Ministers in drawing up the detail of rules, but legislation must be scrutinised here, on the Floor of the House of Commons, and in the devolved Assemblies. The process must guarantee that that happens before GM crops are planted.

My private Member's Bill would guarantee that legal, enforceable rules to prevent contamination and to determine liability were fully debated and approved by elected politicians, and were in place before any GM crops were planted. It does not specify the rules, or in any way interfere with or pre-empt the Minister's planned consultation. Even a Minister starting out with every intention to put rules in place before further planting will find those intentions strained, if drawing up the rules proves difficult—*[Interruption.]* I am sorry that the Minister for the Environment has chosen to leave the Front Bench and go and chat to the civil servants. That is extraordinary and unfortunate, given the exchanges that we have had.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): Don't be childish!

Gregory Barker: I am also sorry about the extraordinary remarks from the other Minister, because we were trying to have a sensible debate.

The pressure to allow planting will build up again, and Ministers—perhaps not this Minister for the Environment, but his successor—may be tempted to allow planting under the voluntary codes that governed the crop trials, in the hope that nothing goes wrong and the gap in the liability regime is not exposed. That simply cannot be allowed to happen.

The Minister for the Environment was not present, for whatever reason, when my GM Bill received its First Reading last month. However, he is here today and I hope that the Minister for Rural Affairs and Local Environment Quality, when he winds up, will respond to my arguments and specifically inform us whether the

Government will oppose my Bill when it returns to the House on 12 May. There is an opportunity here to build a consensus—

Mr. Morley: Not with you, there isn't.

Gregory Barker: The Minister scoffs at that suggestion, and that is genuinely sad. There is some willingness on both sides of the House to try to find some common ground on the issues of liability and contamination. I am sorry that the Minister does not appear interested in taking up that offer.

7.31 pm

Alan Simpson (Nottingham, South) (Lab): Just under a week ago, I was privileged to chair a seminar in Westminster Hall that sought to address the question of whether GM crops are safe for the environment or for animal or human consumption. We had a distinguished panel of speakers that morning, including my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher). Most of the other contributors had already conducted detailed research into genetic engineering.

The seminar was driven by scientists and was pro-science. The purpose was to raise a series of scientific questions that required society to engage with the revolutionary nature of the technology with which we have been confronted. I suspect that many of those scientists would endorse some of the comments made by my hon. Friend the Member for Norwich, North (Dr. Gibson) about the character of the debate so far. My hon. Friend was right to say that at times it has descended into caricature.

We need to remember, however, that at the start we were not invited to take part in a debate at all. My right hon. Friend the Member for Oldham, West and Royton, a former Minister for the Environment, will know better than most that the pressure from the biotech corporations was for no labelling, no debate, no field or farm trials and no constraints on the instant issuing of the consents that they sought.

The claims that were presented to Parliament fell into the same category of criticism that my hon. Friend the Member for Norwich, North set out. We were presented with some dreadfully fraudulent arguments for the rapid approval of GM crop planting. We were first offered the absurd doctrine of substantial equivalence, which was an insult to science. GM crops were presented as little more than novel cake decorations. Whatever else one may think of GM crops, the science behind them offers a revolutionary breakthrough. It allows science to cross species barriers on a scale and in ways that we have never been able to do before. However, the least that we owe society is to place the science of scrutiny alongside the science of possibility, and that is what we have not so far done.

The scientists who spoke to Members who turned up at the seminar last week made the case for a Government lead in defining a new science of scrutiny, and the whole House should take that message seriously. I invite the Minister to listen to it and to give the scientific lead for which they were asking.

Many of those scientists were much more enthusiastic about what they saw as the second generation of biotechnology, which will involve the ability to alter existing gene sequences—to make alterations within a given gene sequence—rather than to play fast and loose by taking genes from one sequence and inserting them in another. They told us that the current science of genetic engineering is either flawed or unexplored and that we need new constraints on what we are willing to tolerate outside strict laboratory conditions.

The scientists effectively abolished the other big fib that was foisted on Parliament: the notion that even if we do not like GM food—if the public do not want to buy it, the supermarkets do not want to sell it and the insurance companies will not insure the crops—we ought to license GM crops because they will feed the developing world.

A series of reports from Third World Network showed how country after country in the developing world is finding that GM is a complete scam. They are offered a short-term boost in production in exchange for the surrender of their right to save seed. The consequences for the environment are long-term devastation, while those for human health are unknown. The voices of the poor are asking us to enforce the precautionary principle. Many of them are saying, "Give us other choices about the crops we grow and the ability to use the resources that nature provides us with and we won't need that technology." And nor do we in this country.

We are not faced with food shortages that require us to take that enormous leap of faith. What we face is the requirement to engage with the problem and set the grounds for a different basis for the science of scrutiny. The urgency is beginning to percolate through. Last year, scientists in France undertook a re-evaluation of five of the GM crops that had received approval. They found that the inserted genes had changed their character. The genes were occurring in a different place in the Bt crop and they had changed their character. The instability of those inserted and constructed genes gave rise to enormous concern among French scientists.

The French scientists asked for fresh, rigorous trials, as was the case in the problem of the cows that died in Germany. Some of my hon. Friends have pointed out that Syngenta paid compensation in that case, but the scientists were asking for new rigorous trials into the cause of death of those cows. Only one cow was examined, yet 12 had died—from whatever cause—and more had to be slaughtered owing to unexplained illnesses. The scientists wanted rigorous testing of all those animals to find the cause of death. Instead, the company withdrew the Bt 176 maize from use.

Mr. Morley: I may be able to help my hon. Friend. We asked the German authorities for their opinion on the incident and they told us that the death of the cows was not linked to Bt maize and that a similar number of cows died in almost identical circumstances in the following year, when Bt forage was no longer being used. The German authorities concluded that the cause of death was botulism.

Alan Simpson: The Spanish authorities reviewed that evidence and made an appraisal of their consents for Bt 176 maize, which had received commercial consent in Spain, and they have now withdrawn that consent. I cite that example in respect of the death of the cows in

[Alan Simpson]

Germany not because I was looking for an opinion but because I was looking for a scientific appraisal based on more than one bloody cow. That is not a decent basis for scientific scrutiny; it is not good science, and that is the platform on which we must insist that the Government and this country proceed.

Members have mentioned the problems of the villagers in the Philippines, 100 of whom became seriously ill with debilitating illnesses in the midst of the GM maize area. The research conducted by Professor Traavik identified that 39 of those villagers carried in their blood antibodies to the Bt biopesticide in the GM maize. I am not asking that we necessarily accept such things; I am saying that we must insist on the replication of tests where concerns arise, but we have not had that. All the mention of the Pusztai experiments has not resulted in a replication of the studies that he conducted; nor of those conducted by the authorities in Egypt that found similar problems with gastrointestinal infections in the mice that ate GM potatoes.

I am not saying, "Shock, horror! We must ban it!" or that we should vilify the scientists who have raised those concerns. All I am saying is that good science proceeds on the basis of replicating the research and subjecting it to rigorous study. We have to demand more tests. There is no demand for consents. Our starting position is that we must say, "No, we can't proceed on a case-by-case basis because we don't have the science to make the decisions." We have to move beyond the benchmarking of substantial equivalence to the testing of transgenes and their toxins.

One of the scientists told me that substantial equivalence is really daft. If two cows are standing side by side—one has BSE and the other has not—it could be said that they are substantially equivalent. How would we know that they are different? We would conduct tests on the cow with BSE. That point was made by my hon. Friend the Member for Lewisham, Deptford (Joan Ruddock), who suggested that we should test the genetic modifications, rather than the things with genetic modifications. We should move to direct scrutiny, rather than indirect reference pointing.

On the liability regime, I do not believe that co-existence will be possible. In truth, I have never understood the concept of being a little bit pregnant. A little bit of contamination will make a product contaminated and unsaleable, and it will threaten to destroy the basis of our organic farming and the non-GM products that fetch a premium in the marketplace because they are what consumers want. What will separate out those things is making the producers of the crops liable for the contamination or the damage that they may cause. That is why the industry is running from that process.

How do we fund independent research? It is straightforward; we tell companies, "Fine, you seek approvals and produce the GM crops that you want, and then we as a Government will institute independent scientific scrutiny and we'll send you the bill." The costs would be fully recovered from the companies that wanted the consents, but the science would not be dependent on the evidence that the companies chose to release.

The reality is that the GM issue has never been about feeding the world, but about who owns the food chain. The companies that are pushing GM through are down to their last card: contaminate or bust—in fact, contaminate or they go bust—and we will see quite unscrupulous efforts to compromise the food chain and our environmental systems, so that people can throw up their hands and say, "You may have been right, but it is out there now: the damage is done and we must make the best of it." We are still able to make a choice: we can still say no, and the best way to say no is for the Government to give a lead in defining a different base on which we can establish the science of good scrutiny.

7.45 pm

Sue Doughty (Guildford) (LD): I am glad to have been called in this debate, rather than the one earlier this afternoon. I add my support for the report produced by the Environmental Audit Committee, on which I serve, and for the comments of our Chairman, the hon. Member for East Surrey (Mr. Ainsworth). We need to take a wider view of the science—it is not a question of being pro or anti-science. Generally, I am against GM, but in deciding whether it is right or wrong, people should not jump to conclusions. We need to know much more. I am worried about the risks, and science should identify what they are.

I congratulate the Government on the fact that they carried out those trials—it would be wrong not to give them credit for the care that they took over them. The Committee rightly made criticisms of the trials, but our Government have gone much further than other Governments. We believe that lessons were learned from that experience but, in a supportive manner, we believe that there is more that we need to look at. The trials were a step on the road and not, unfortunately, an end in themselves. There has been endless procrastination, with one test after another, and we need to understand why the Government are so uncertain about the technology. The hon. Member for Nottingham, South (Alan Simpson) spoke eloquently about his research and the reason why he was so uncertain about the technology. We are not saying, "We are agin science." We are not. One of the major companies in the field is based in my constituency, which is also home to a leading technological university that does wonderful science. Whenever I visit, I never fail to be impressed by the quality of its work and the things that it invents and discovers.

The problem is what we do with those inventions and developments and how we use them. I support the precautionary principle and do not believe that we should let the genie out of the bottle until we have a clearer view of the technology. Part of our debate has focused on the trials at Reading university, in which cattle were fed on Chardon LL maize. The mortality rate of chickens that were subsequently fed on GM maize was twice that of the control group. We need to know more about the effects of GM and its impact on the food chain as a whole. It is not a question of someone asking, "If I eat GM maize, do I get a cold next week?" We need to consider what will happen to our children. At my age, I will almost certainly not have any more children, but we must consider the impact on future generations. In America, people are not yet in a position to see the impact of GM on their descendants,

but we already have enough information to see what is happening in other species, and to consider whether those developments were intentional. Are we managing the consequences and do we understand the risks, or are unexpected events occurring? Are we testing for a frequent incidence of such events?

Science should increase our understanding of the issue. It is valid for people to ask whether we could use GM to improve and increase food stocks. There is a commercial benefit in the technology, which is why people are investing in it. But for what purposes should we use it? In our report, we were concerned that crops in the trials were not grown for maximum yield. Any self-respecting farmer, particularly in the current economic climate, grows crops for maximum yield and uses maximum product, but in the trials, farmers were told that they should not aim to achieve maximum yields and should not use herbicide as often as they would like. The technology was not tested in the context in which it would be used.

We have heard many reasons why people would like to take the technology further. We should take up the points made in the debate today and consider what else we could do instead of using GM crops, particularly internationally, to improve food production and to invest in peace. Better trading conditions would produce many benefits in terms of food. There must be much wider scientific testing of the impact of all the aspects that we have heard about today.

I shall close my remarks by expressing the hope that before we go further in the real world, the Government will take on board the fact that we have undertaken only half or perhaps only a quarter of the tests on GM products that are needed.

7.50 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): Like the hon. Member for Guildford (Sue Doughty), I believe that in a debate such as this it is the responsibility of the House to consider the public interest, to examine the evidence and to inform public opinion as well as other hon. Members. Perhaps there is more agreement than has been suggested in the course of the debate, as hon. Members try to be careful and precautionary.

I understand that the House is naturally concerned that the Government might go too far or that decisions might be taken from which it is difficult to come back. However, there has been more agreement among hon. Members in this debate than in some previous debates on the issue. Most of today's debate has been mature and reasonable in tone, although not all the opinions expressed have been as carefully rooted in the evidence and in the science as the opening speech from my hon. Friend the Minister for the Environment and the robust but fair contribution of my hon. Friend the Member for Norwich, North (Dr. Gibson).

It was disappointing that the hon. Member for Bexhill and Battle (Gregory Barker) seemed to visit us briefly from another planet to talk childishly about rush and hassle, when my hon. Friend the Minister made it clear in his introduction that we have no intention of rushing and that we have taken a precautionary approach in these matters. My hon. Friend stressed in his introduction that we have looked deliberately for adverse health effects. While keeping an open mind, we cannot ignore the lack of negative evidence. I am sure that hon. Members in all parts of the House would share my respect for the integrity that my hon. Friend brings to bear on his portfolio in general, and on this issue in particular.

We need to keep a sense of proportion. We should remember that a limited number of GM foods were authorised under the European Union arrangements in 1996, when the Conservatives were in office. In the interests of balance, I should mention that my right hon. Friend the Member for Oldham, West and Royton (Mr. Meacher) gave UK support for three separate EU authorisations in 1998 for different types of GM maize. That is why the views that he expressed with such passion in the Chamber today seem a little tendentious to Ministers who are trying to deal with these issues now.

After a little introductory knock-about the hon. Member for Maldon and East Chelmsford (Mr. Whittingdale) made two important points about the need to take a science-based approach and to recognise that modification of crops and foodstuffs is not new. I agree with him on that point. We ought to take an objective science-based approach to the subject of GM foods, as to every issue that the public expect the House to deal with responsibly and carefully. I do not think that the public are too surprised if there is an extreme style of debate in the tabloids, for instance, but they expect better from Members of Parliament. Respect for the House is not necessarily helped when an august and expert organisation such as the Royal Society rightly demands that misleading criticisms, not from a tabloid newspaper, but from a Committee of the House, be withdrawn.

In the light of the comments of the hon. Member for East Surrey (Mr. Ainsworth) who chairs the Environmental Audit Committee, I was surprised that he did not make more reference to the views of the Royal Society that were set out today. Lord May, the president of the Royal Society, said:

"I have expressed my disappointment to the Committee that they have still not publicly withdrawn their misleading criticism of the journal papers about GM farm trials. The Committee's statement, about 'significant doubt as to the robustness, validity and relevance' of the results of the farm scale evaluations, was both inaccurate and damaging. The papers describing the results of the trials were subjected to a rigorous independent peer review before publication in the journal."

Lord May also said:

"The Committee did not place enough weight on scientific information that has been subjected to peer review."

Mr. Peter Ainsworth: Will the Minister give way?

Alun Michael: Not at this time.

Mr. Ainsworth: On a point of order, Mr. Deputy Speaker. The Minister is reading out a press release issued by Lord May, which was not sent to me, and, without giving way, seems to expect me to reply to it.

Mr. Deputy Speaker (Sir Alan Haselhurst): The Chair is not responsible for the content of hon. Members' speeches, and I suspect that this is more a matter of debate than a matter of order.

Alun Michael: The matter will be debated in due course.

I want to balance the comments made by the Chairman of the Environmental Audit Committee with the Royal Society's devastating criticism of the Committee's report. I am sure that those points will be debated at length on another occasion, and I am content to leave the matter there.

The hon. Member for Maldon and East Chelmsford emphasised the science-based approach and referred to changes that have already taken place. We must remember that man has manipulated plants to produce better crops and food for hundreds of years. Indeed, many traditional changes have not been subject to the same scrutiny and questioning as the GM approach. GM may be considered as an extension to a long-term process, as all main food crops are genetically different from the wild crops from which they derive.

It is possible to do things with GM that one cannot do with conventional breeding, such as combining unrelated species, but that is why we need a vigorous regime carefully to examine possible risks from proposed GM crops to health or to the environment. By the same token, however, GM may offer benefits that conventional breeding cannot deliver, and it would be foolish to overlook that potential, especially over the long term. As with any technology, GM could be used for good or ill, and the right approach is to examine each proposed application case by case according to the evidence, which the Government are doing.

On a similar point, my hon. Friend the Member for Nottingham, South (Alan Simpson) analysed a number of arguments on the use of GM crops that he finds less than convincing. He also made the valid point that the wish to feed the world should not lead us to relax on the science and the evidence. Without going into the detail of some of the cases that I find less compelling than him, I agree with him on that point of principle. Again, it is a question of examining the evidence on a case-by-case basis.

The hon. Member for St. Ives (Andrew George) discussed GM-free zones, and, although I am not sure about the practicality of such an idea, which is certainly not an appropriate basis for legislation, voluntary approaches might be different, and his contribution raised some important issues.

Perfectly fairly, the hon. Member for Guildford (Sue Doughty) asked what has been done and considered the examination of evidence as a journey. In effect, she said that we must go down that road, but that we must travel with care and take a precautionary approach.

I want to underline the key messages in the Government's approach. Our policy on GM crops is precautionary, evidence-based and sensitive to public concerns—we are not in a rush. We have implemented comprehensive and transparent processes, such as the public debate, the science review, the cost and benefit study and the crop trials, to ensure that we reach a position from which we can make informed decisions. We take public concern seriously, and we have weighed public opinion alongside the scientific evidence. Our policy seeks to address the people's concerns, but, as both Government and Opposition Members have said, careful analysis of the lessons from the science must be the primary consideration.

Our priority is safety, so safeguarding human health and the environment is our overriding concern, which is why we have implemented a strict regulatory regime. Each proposed release of a GM product is subject to a detailed risk assessment, which involves careful scrutiny by independent scientists based not only here, but throughout the European Union. We will agree to the commercial cultivation of a GM crop only if we are satisfied that it is safe.

Finally, there is the issue of choice. Tough new labelling rules will ensure that consumers can choose between GM and non-GM products. We intend to put in place co-existence measures before any commercial cultivation takes place. Ultimately, it will be for farmers and consumers to decide whether they want GM crops and food. The Government's responsibility is to try to get a coherent policy that examines the evidence, bases decisions carefully on the evidence, and advises and informs the public.

When we debate an issue that is as divisive as GM—I could mention others that call for an equally balanced and proportionate approach—Members on both sides of the House must try to inform the public by taking a clinical and scientific approach. I acknowledge that that is what Opposition Front Benchers have done today. In so doing, we will help to clarify the way in which we should go forward on the important issue of the future of GM foods.

It being three hours after the commencement of proceedings, the motion lapsed, pursuant to Order [27 April].

NORTHERN IRELAND GRAND COMMITTEE

Ordered,

That—

(1) the proposal for a draft Special Educational Needs and Disability (Northern Ireland) Order 2004 be referred to the Northern Ireland Grand Committee;

(2) the Committee shall meet at Westminster on Thursday 20th May at half-past Two o'clock; and

(3) at that sitting—

(a) the Committee shall take questions under Standing Order No. 110 (Northern Ireland Grand Committee (questions for oral answer)), and shall then consider the legislative proposal referred to it under paragraph (1) above;

(b) the Chairman shall interrupt proceedings not later than two and a half hours after the commencement of proceedings on the legislative proposal referred to the Committee; and

(c) at the conclusion of those proceedings, a motion for the adjournment of the Committee may be made by a Minister of the Crown, pursuant to paragraph (5) of Standing Order No. 116 (Northern Ireland Grand Committee (sittings)).—*[Mr. Ainger.]*

Fly-Tipping (Gloucester)

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Ainger.]*

8.1 pm

Mr. Parmjit Dhanda (Gloucester): I am delighted to have secured this debate on fly-tipping, which is an issue that, more than many others, fills my constituency postbag. That strength of feeling is probably replicated around the country. I should like to raise several aspects of the problem. My hon. Friend the Member for Stroud (Mr. Drew) has decided to leave the Chelsea-Monaco game to participate in the debate, so I shall leave plenty of time for him to make his comments and for the Minister to respond.

Fly-tipping is a menace to all those who take pride in their surroundings. The illegal deposit of commercial waste and general household waste—particularly larger domestic waste such as refrigerators, mattresses and garden refuse—is unsightly, to say the least, but its impact can be much more serious than that. Drums of toxic waste, asbestos sheeting, syringes and used drugs present a hazard to the public, and I have found that they have all been dumped in my constituency. Fly-tipping can damage the environment, watercourses and soil quality. It also costs a great deal of taxpayers' money. The Environment Agency estimates that there are about 50,000 incidents of fly-tipping each year at a clean-up cost of between £100 million and £150 million. Irresponsible fly-tippers cause the problems while hard-working taxpayers foot the bill. That is totally unacceptable.

I know that my constituents agree with me on this, because I recently conducted community surveys, and for those residents who responded fly-tipping was one of the top complaints. It would take me hours to describe to the Minister every situation that was mentioned in the surveys, but one local example was the mess in Abbeymead at the Coney Hill hospital site. A local campaigner, David Purchase, got that mess removed with the help of staff at Gloucester city council. It is a recurring problem, however, and I am conscious that not every neighbourhood is fortunate enough to have a David Purchase willing to take up the concerns of local residents. Nor is everyone as effective as David at getting the necessary action taken, and sometimes people have to wait too long for it.

In paying tribute to the work that David Purchase and other residents in Abbeymead and Barnwood have done on getting the trouble and mess cleaned up, I also want to ensure that fly-tipping can be tackled without our always having to rely on such doughty campaigners.

I should like to examine the steps that have been taken so far to tackle fly-tipping and consider how effective they have proved. I should also like to ask my right hon. Friend what else could be done to solve the problem. I believe that the right legislative framework has already been put in place, most recently in the Anti-social Behaviour Act 2003, which gave local authorities powers to stop, search and seize vehicles that were suspected of fly-tipping. It also introduced fixed penalty notices and higher fines for repeat offenders convicted by a magistrates court. The most serious offences, including dumping toxic waste, can result in a prison term.

The provisions are in addition to the robust powers of the Environmental Protection Act 1990 for clearing waste from land, the national database Flycapture, which was launched on 5 April, and the fly-tipping strategy, which was published for consultation on 23 February. My hon. Friend the Member for Stroud and I are aware of the consultation and we will urge our constituents to participate in it. They have a week or two in which to contribute because it ends in mid May. I want to ask the Minister whether the Department will accept late submissions, because many people in my constituency would be keen to contribute to the process. The measures are welcome and worth while.

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): We would certainly examine the content of any late submissions.

Mr. Dhanda: I appreciate that, and I thank my right hon. Friend.

We need to ask why fly-tipping remains such a serious problem, given the legislative framework that I outlined. The reasons can be summed up in two words: "communication" and "enforcement". Although the powers are in place, too often agencies do not work together. That is certainly true of Gloucester. Too often, they do not work together to effect what they have the power to enforce. Sometimes they do not have enough incentive to do that. The manifold communication problems can be greatest locally.

The county council is responsible for waste disposal, yet the district councils are responsible for its collection. An inherent complication therefore requires effective communication to ensure smooth running of the service. The Environment Agency is also involved locally. Several examples of difficulties have arisen. My right hon. Friend explained the provisions of the Anti-social Behaviour Act 2003 in a guidance note dated 31 March 2004, but the information does not appear to have filtered through to all the relevant local agencies. That is understandable, because it is complex.

At a recent meeting with staff from my office, an environmental officer from a neighbouring district council complained that the local authority was obliged to pass on to central Government receipts for on-the-spot fines and that local authorities therefore had no incentive to collect the money. I know that that is not the case because, in a written answer to me dated 30 April, my right hon. Friend stated that section 119 of the Local Government Act 2003 allows local authorities to retain receipts for litter fixed penalty notices. That provision came into force on 18 November last year but the officer to whom my assistant spoke was unaware of that. It is therefore important that we convey that message loud and clear throughout the country.

One district council's environmental officer was not permitted to attend an Environmental Agency training day on fly-tipping solely because she is not an employee of the agency. I would welcome my right hon. Friend's comments on that. I have spoken to Environment Agency employees, who also find that a remarkable state of affairs. It is easy to resolve: the agency should permit relevant officers from local authorities to have access to its training. That is common sense.

[Mr. Dhanda]

In addition to the communication problems, there is little incentive to enforce the law and prosecute those guilty of fly-tipping because often it is not cost-effective to do so. For example, I am advised that it could cost up to £2,000 to bring an offender to court, but that would rarely be worth while if the eventual fine were only £50. Surely the penalties must be greater to make the costs worth bearing.

I have described some of the main difficulties and their causes. I would now like to suggest ways of solving some of the problems. I can assure my right hon. Friend that any help that he can offer will be strongly welcomed by Gloucester city council. Under the leadership of the Labour council leader, Mary Smith, the city council is getting on top of the problem of fly-tipping, and it is keen to get tough. In its manifesto for the forthcoming local elections, Labour in Gloucester pledges to enforce on-the-spot fines for those who drop litter in the city centre. The council will continue the bulky collection service recently introduced in local neighbourhoods and increase the use of partnership clean-ups in conjunction with local communities. I, along with many other MPs, know that those clean-ups are very useful. I recall recently being up to my knees in rubbish with Mary on the Matson estate.

Gloucester city council's tough approach to fly-tipping is part of a wider strategy to deal with related issues such as abandoned cars. Operation Dodger, Gloucester's joint initiative involving the police, the Driver and Vehicle Licensing Agency and the city council, has been successful in removing more than 2,000 abandoned vehicles from the city's streets in just two years. Regular street cleaning, graffiti removal, dealing with fly-posting, and the introduction of community support officers have also contributed greatly to the appearance of the city centre, but I would be the first to accept that there is a long way to go. I know that the city council recognises that the measures that have been taken are not enough, and that combating fly-tipping must be one of our priorities, because of some of the recent problems that we have had.

I would appreciate my right hon. Friend's comments on how we can improve communication and enforcement, to ensure that the hard work of the Labour Government and Labour-led Gloucester city council brings results at local level. The right powers are in place. What steps can my right hon. Friend take to improve communication between the Department for Environment, Food and Rural Affairs, the Environment Agency and local authorities to ensure that they are properly and effectively enforced?

Will my right hon. Friend consider extending the duty of care regulations imposed under section 34(5) of the Environmental Protection Act 1990 to occupiers of domestic property with respect to household waste produced on the property? It is getting to the stage where prosecution and imprisonment are necessary to deal with those who spoil our communities in this way. If that measure applies to other forms of waste, perhaps it is time that it applied to household waste as well.

The tough new antisocial behaviour laws are good news in the battle against fly-tipping, but the toughest part is making sure that there is strong enforcement. The people of Gloucester have put up with the nuisance of fly-tipping for far too long. I want us to go beyond on-the-spot fines and to start prosecuting those responsible for fly-tipping household waste in the same way as we prosecute those responsible for tipping toxic waste. After all, it is all poisonous to those of us who have to put up with it.

8.13 pm

Mr. David Drew (Stroud) (Lab/Co-op) *rose—*

Mr. Deputy Speaker (Sir Alan Haselhurst): Order. Before I can call the hon. Member for Stroud (Mr. Drew) in a half-hour Adjournment debate, I need his assurance that he has the permission of the hon. Member for Gloucester (Mr. Dhanda) and of the Minister to speak.

Mr. Drew: Thank you, Mr. Deputy Speaker. I shall use just a couple of minutes to reinforce the comments of my hon. Friend, and I am grateful to him and to the Minister for giving me this space to say a few words.

Without in any way casting aspersions on the good people of Gloucester, I would like to point out that the problems of fly-tipping do not necessarily remain within the boundaries of the city. Fortuitously, one of my constituents, Mrs. Liz Hall, a resident of Harescombe, called a public meeting on 20 April—at which there were representatives from Harescombe, Haresfield, Brookthorpe, Edge and Painswick—to discuss the very problem to which my hon. Friend has alluded. They discussed the measures that are already in force. Subsequently, I wrote to them about the consultation, and I hope that they will send their comments, either via me or directly to the Minister. Notice was taken of what the Flycapture campaign, which the Government have already launched, was capable of achieving—the use of antisocial behaviour orders and so on—but the main call was for greater co-ordination. Clearly, there was some difference of emphasis between the two authorities, Gloucester city and Stroud district councils, about what measures were being used. From my experience of the Waste and Emissions Trading Act 2003, I know that greater co-ordination and consistency of action is at the heart of what I hope the Government will do as a result of the consultation.

In addition to taking careful note of the results of the consultation, will the Minister say how he envisages taking forward that co-ordinating role to include not just different district authorities but, in the case of Gloucestershire, the disposal authority, which is the county council? We must bear down on this serious problem, to give notice to my constituents that enforcement can be much more effective and to ensure that communication is more effective.

8.16 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I congratulate my hon. Friend the Member for Gloucester (Mr. Dhanda) on securing this debate, and congratulate him and my hon. Friend the Member for Stroud (Mr. Drew) on packing an awful lot into a short period. This is an important issue, and I am pleased that it has been highlighted in the House tonight.

Issues such as fly-tipping, litter, graffiti and fly-posting matter to Members of Parliament and councillors because we know that they matter to our constituents. They are part of a continuum that is important in any local area. We know that people want to live in places that are clean, green and safe, and the three elements are linked. I am glad that some of the points that I want to make in response to the debate will be strongly supported by colleagues in the Office of the Deputy Prime Minister and the Home Office, who share the view that that continuum must be tackled comprehensively by central and local government.

I was pleased to hear my hon. Friend the Member for Gloucester talk about local initiatives in Gloucester. In my experience, the city and the council have always been at the forefront of crime reduction and of trying to tackle the problems that attend any city centre. The Local Government Association shares the Government's view of the importance of these issues.

Illegal disposal of waste, or fly-tipping, whether of industrial or casual domestic material, is an antisocial activity that pollutes the environment and reduces the amenity value of local areas. The Environment Agency estimates that fly-tipping costs authorities and landowners between £100 million and £150 million a year to clear up, in addition to the damage to local communities, on which it is more difficult to put a cost. The Environment Agency dealt with 5,000 incidents in 2002, which was nearly a 20 per cent. increase on the previous year. The Government agree fully that there is a need for further action, and we are taking action on a number of fronts.

My hon. Friend rightly referred to measures to tackle fly-tipping in the Anti-social Behaviour Act 2003, which were commenced on 31 March 2004. They include: the power for local authorities to investigate incidents in more detail; the power for local authorities to stop, search and seize vehicles suspected of being used for fly-tipping; and the power for the Secretary of State to issue statutory directions to formalise the division of responsibilities between the Environment Agency and local authorities. That introduces the sort of coherence to which both my hon. Friends referred in their contributions.

My hon. Friend the Member for Gloucester mentioned a local authority official who was unaware of a change under section 119 of the Local Government Act 2003 that allows local authorities to keep receipts from litter fixed penalty notices. I find that surprising, because all these issues are dealt with in information and guidance packs that we have sent to all local authority chief executives in England. It has been possible to download the pack from the DEFRA website since November 2003. Perhaps it should not be surprising, however. A lot of changes are taking place, and it is difficult for all local authority officers to keep abreast of everything. Given what my hon. Friend has said, I shall write to chief executives again stressing that the information is available and emphasising the need for it to be disseminated at all levels in local authorities—not just to officials dealing with these issues directly, but to district offices or information outlets where people may need the information in order to address problems raised by people approaching local authorities or, perhaps, citizens advice bureaux.

I have also sent all Members an information pack produced specifically for MPs by ENCAMS—Environmental Campaigns—which outlines a series of local environmental quality issues and ways in which they can be tackled locally, either through local authorities or by means of voluntary effort. Perhaps we could all share the task of disseminating information and encouraging people to take advantage of the available procedures, whether statutory or voluntary.

Information was also issued to many local authorities by ENCAMS through its people and places network, to the Chartered Institution of Wastes Management through its electronic mailing network, and by the Improvement and Development Agency's network. It has been possible to download the information through the DEFRA website since 31 March 2004, and the IDeA Knowledge website is also available. We launched a joint initiative to make the information available, but obviously it is useful only if people know where to find the information. I hope that my hon. Friends and others will draw this to the attention of their local authorities.

My hon. Friend the Member for Gloucester asked whether we would extend the duty of care regulations made under section 34 of the Environmental Protection Act 1990 to occupiers of domestic property with respect to household waste. The section imposes a duty of care on businesses to secure a waste transfer note whenever waste is transferred, which must be kept for two years and can be inspected by the agency and local authorities when they investigate fly-tipping incidents.

Section 34 does not currently apply to householders, but it is a criminal offence, under section 33 of the 1990 Act, for a householder to dispose of household waste outside the curtilage of his or her property other than in accordance with a waste management licence. A review of section 34, setting out the framework of the current duty of care regime, began in March this year. Its terms of reference are being finalised, and I shall ensure that it considers the issue of householders and household waste.

The Government are keen to help local authorities and the Environment Agency to work together to deal with the problem of illegally dumped waste. The agency and the Local Government Association have agreed to a voluntary memorandum of understanding called the fly-tipping protocol, which is currently being updated and reviewed. I am sure my hon. Friend the Member for Stroud agrees that involving those organisations in designing the way in which they will work is a good idea. The protocol focuses on the division of responsibilities for dealing with fly-tipped waste, and encourages the development of local agreements. We acknowledge that in the past difficulties have been posed by the boundary line and who should be responsible for what. Both the agency and local authorities are now making a genuine effort to work together and ensure that the approach is as seamless as possible.

Mr. Drew: My right hon. Friend will be aware that authorities such as Gloucestershire are in the process of letting the contract for their waste plans to private contractors. Is it not reasonable to suggest that this matter could be part of those waste plan proposals, so

[Mr. Drew]

that we really see authorities working together? Those plans are raising lots of money, and we want to see the most effective use of them.

Alun Michael: I agree that the most integrated way of dealing with such matters is often the best, but my hon. Friend will also accept that we are working on improving the situation on all those issues, including fly-tipping. It is impossible when going through a process that involves consultation and agreement always to be at the right point when a contract is being let. I agree that, wherever possible, the legislation being put in place, or any new developments, should be taken into account, but life has to go on, and dates for letting new contracts can sometimes be a short-term obstruction.

Under powers in the Anti-social Behaviour Act, the Department for Environment, Food and Rural Affairs is consulting on proposed statutory directions to the Environment Agency and local authorities that will clarify the division of responsibilities, ensuring that an effective working partnership can be maintained. Those will also ensure that members of the public know which authority deals with fly-tipped waste, and will encourage better joint working between neighbouring local authorities and among local organisations—a point that my hon. Friends the Members for Gloucester and for Stroud both mentioned. I hope that that will help to overcome some of the problems to which they referred.

The Government are also consulting on a comprehensive fly-tipping strategy, and that consultation closes on 14 May. As I have mentioned, whenever we are dealing with a strategy, we hope to get all contributions in by the date set because that makes it easier for officials who have to analyse the responses so that Ministers can respond to the consultation as quickly as possible. We certainly do not intend to ignore any contributions received after that date, however, if they make new and fresh suggestions.

Mr. Dhanda: Obviously my right hon. Friend is interested in hearing from agencies, local authorities and the Environment Agency, but would he also encourage individuals in our communities to make submissions?

Alun Michael: We are always open to submissions from individuals, but they often do not have the comprehensive experience when we are developing a strategic approach. The important thing for individuals is that we make sure that there are arrangements to enable them to go to one point to get the information that they need, and to get action—whether the local authority, the Environment Agency or another body has the direct responsibility. However, if there are contributions from individuals that would help towards our strategy, we are certainly open to hearing them.

The measures being proposed have five key aims. The first is to ensure better prevention and investigation of, and enforcement against, fly-tipping and other forms of illegal waste dumping. More effort spent on those aspects can mean that less is spent on clear-up, which will result in long-term cost savings. Secondly, we want to make existing legislation more usable and effective. If problems have arisen in the use of present legislation, we want to clear them out of the way. The third aim is to extend the range of powers available in the toolkit so that the Environment Agency and local authorities can be more flexible when dealing with fly-tipping. Fourthly, we want to improve the data and knowledge base so that resources can be targeted. Finally, we aim to ensure that the Environment Agency and local authorities can do their job as effectively as possible, and to ensure that waste producers take responsibility for having their waste legally managed. I underline that point, because people often try to evade that responsibility.

Mr. Dhanda: Will my right hon. Friend undertake to write to me about my point about training and the confusion over whether the Environment Agency and the local authority can train each other's staff?

Alun Michael: I will certainly do that. In my experience, joint training is important when there is an interface or an overlap between organisations. I am sure that the problems can be overcome.

We have also funded the agency to develop a web-based system called Flycapture that will enable all local authorities to submit data easily. Often, we need the data to know which problems central and local government need to tackle together, but it can be onerous to gather the information. The system went live on 5 April 2004, with the first month's returns due by 25 May 2004. That will help us to keep more up to date on how things are developing. The agency and local authorities are required to submit data on the types and quantities of fly-tipping that they deal with, along with summary data on enforcement action taken to deal with the problem.

We are trying to link what is happening locally with what we can do nationally to support and encourage the co-ordination of action so that people at the local level, where it counts, get a better service from Government, local authorities and the Environment Agency, and we all operate as a team.

I share my hon. Friends' ambition to improve the quality of service and therefore the environment of people living in their area, and indeed in every part of the country.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes to Nine o'clock.

House of Commons

Thursday 6 May 2004

The House met at half-past Eleven o'clock

PRAYERS

[MR. SPEAKER *in the Chair*]

Oral Answers to Questions

TRADE AND INDUSTRY

The Secretary of State was asked—

Small Businesses

1. **Mr. David Heath** (Somerton and Frome) (LD): What assessment she has made of the impact on small businesses of changes in tax treatment set out in IR591. [170678]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): The growth in the UK economy, at a time when all other leading economies contracted, is the result of the Chancellor's prudent policies in helping businesses to invest. This measure was designed to encourage businesses to retain profits, to reinvest in their businesses and grow. Sadly, it was abused as a tax loophole simply to avoid paying tax and national insurance by reclassifying income as dividends. The Budget's impact on small businesses will ensure steady business growth and prosperity that is the envy of our neighbours.

Mr. Heath: Is this not a problem entirely of the Chancellor's making, by ignoring advice at the time and providing a fiscal incentive for incorporation that resulted in a massive 43 per cent. increase in the number of incorporations? Now, the tinker man in the Treasury is reversing the flow and causing a mini boom and bust for small businesses. Do not our small businesses deserve a more stable environment to grow their businesses?

Nigel Griffiths: The hon. Gentleman might want to consult on this matter on his website. He could perhaps take a leaf out of the book of the hon. Member for Kingston and Surbiton (Mr. Davey), who speaks on local income tax for the Liberal Democrats and who, in a survey of his constituents, managed to secure the support of only 12 people for their policy, with 2,400 against. If the hon. Gentleman consults small businesses, he will find that it is widely accepted that the abuse had to be stopped. Indeed, had he attended the all-party parliamentary group, he would have heard the director general of the CBI denounce this measure and the abuse that followed from it and say that the Chancellor had no choice but to close the loophole—a view that is widely held by business.

David Taylor (North-West Leicestershire) (Lab/Co-op): When does an incentive become an abuse—when the take-up is higher than Treasury officials predict? Having been an accountant and a financial adviser to small businesses in a life before 1997, I think it deeply unfortunate that this measure was needed. The Chancellor has flagged up the fact that a review of small business taxation will report in the autumn. Will the Minister feed into that process the fact that small businesses—those acorns that will become the oaks of our future economy—need clarity and certainty? Those are the watchwords, not perverse incentives of the sort that were introduced in April 2002.

Nigel Griffiths: I will certainly feed into that process, and I will feed in the latest Barclays survey, published on 31 March, which shows that 485,000 new businesses started up last year—an increase of 19 per cent. I am grateful to my hon. Friend for all the help and advice that he has given to businesses to ensure that they are now thriving.

Mr. Andrew Mitchell (Sutton Coldfield) (Con): Is the Minister now beginning to get from the reaction of the House today the hang of just how annoyed the business community is about this? Having followed the Government's advice on incorporation, are not businesses now faced with extra costs, regulation and taxes, as the Government try to remedy the effects of this blunder? Surely a little contrition, even humility, from Ministers would now be welcome.

Nigel Griffiths: I treat the joint advice from the Conservatives and the Liberal Democrats with the respect that it deserves.

Pharmaceutical Industry

2. **Mr. Eric Illsley** (Barnsley, Central) (Lab): What steps she is taking to improve the competitiveness of the UK pharmaceutical industry. [170679]

The Minister for Trade and Investment (Mr. Mike O'Brien): The UK is one of the world's leading locations for pharmaceutical research and development, and the Government are committed to maintaining and strengthening that position. Our 10-year strategy on science and innovation, as well as specific work undertaken in partnership with the pharmaceutical industry, will help to ensure that we achieve that aim.

Mr. Illsley: I am grateful to my hon. Friend for that response. As he points out, the UK pharmaceutical industry makes a huge contribution to our economy, investing some 40 per cent. of this country's research and development budget alone. He may be aware that, at a recent seminar in the House, reference was made to the competitiveness of the UK industry compared with that of the United States. Will he look again at the higher spend on drugs in the US, which makes it attractive to highly mobile capital and pharmaceutical

companies? Will he do all that he can to ensure that the UK pharmaceutical industry maintains its current position?

Mr. O'Brien: We shall certainly do all that we can to ensure that the UK pharmaceutical sector enjoys a highly favourable position in the UK economy and is competitive, but it operates in a globalised area of the world economy. The UK continues to be strongly favoured for investment; the rest of Europe perhaps less so. The UK played a key role in the G10, the EU high-level group on innovation and the provision of medicines, which reported to the Commission in 2002 with recommendations to address the growing imbalance in competitiveness and investment with the United States. Europe has great strengths in science and research, but that does not translate into industrial leadership and investment. As in other sectors, the key is to provide the right framework for incentivising and rewarding innovation. We in Britain do so, but other parts of Europe do not. We are working hard, however, to ensure that the European pharmaceutical industry as a whole remains high on the EU's competitive agenda.

Dr. Andrew Murrison (Westbury) (Con): The health of the pharmaceutical sector in this country is heavily dependent on its research base. In that context, what discussions has the Minister had with the industry about the likely impact of forthcoming legislation, particularly the Human Tissue Bill and the EU clinical trials directive?

Mr. O'Brien: The Department has had discussions with the pharmaceutical industry to ensure that we respond to its concerns. It may not always want everything that we can do, but it is satisfied that we are listening carefully and are responding with appropriate amendments.

Dr. Ashok Kumar (Middlesbrough, South and Cleveland, East) (Lab): Given the importance of the pharmaceutical industry to our economy, as the Minister said, and its strong links with the chemical industry, I wish to raise a matter affecting Teesside, where Huntsman is going to build a polyethylene plant and apply to the Department of Trade and Industry for regional selective assistance. Will he consider that grant and provide all the support that he possibly can, because the plant is very important to the Teesside economy?

Mr. O'Brien: I accept that it is indeed important, and know that my hon. Friend has made strong representations on behalf of Huntsman. We look forward to intensive negotiations and discussions with the company to ensure that we provide whatever support is appropriate for us to provide. We shall obviously look at all the circumstances surrounding its bid for an RSA grant, and hope to be able to give my hon. Friend good news, but we cannot guarantee to do so.

Mr. George Osborne (Tatton) (Con): The 5,000 people who work in AstraZeneca's laboratories in my constituency are a testimony to the investment that is being made in the British pharmaceutical industry. Does the Minister agree that the capacity to make such investment and develop new life-saving drugs is undermined by unilateral decisions by, for example, the Hungarian Government, to slash pharmaceutical prices, thus reducing the amount of money paid for some pharmaceutical products? That has hit profits and the capacity of companies such as AstraZeneca to invest in eastern and central European countries. What are the British Government doing to make representations to the Hungarian Government?

Mr. O'Brien: Hungary is an EU accession country, and we must ensure that it accepts the need for a level playing field and negotiates with its partners in the EU about the operation of the industry and the support and advantages that it seeks to provide. The aim of the EU is to create that level playing field. As for AstraZeneca, we are listening carefully to the concerns that it shares with other pharmaceutical companies about advantages that are being sought in some eastern European countries, and we shall make appropriate representations on their behalf to the Hungarian Government.

Battery Recycling

3. **Paul Flynn** (Newport, West) (Lab): What plans she has to ensure that the reprocessing of end-of-life batteries can be undertaken in the UK. [170680]

The Minister for Industry and the Regions (Jacqui Smith): Most car batteries are already recycled in the UK, as are many button cells containing mercury and silver. A plant for recycling lithium batteries is being built in Scotland. Increased collection of household batteries would make such recycling more economic, and my Department has held discussions with a company interested in developing a facility in the UK.

Paul Flynn: Is it not a nonsensical aspect of environmental policy that the small number of batteries recycled through zinc reprocessing plants have to be shipped to France, because we no longer have such a plant in the United Kingdom? If the directive becomes mandatory, up to 30,000 tonnes of end-of-life batteries may be shipped to France. The news that there will be a plant in Scotland is welcome, but should we not ensure that the nonsense of sending batteries to France is ended and that we develop zinc-processing facilities, particularly at Newport, which has become a major centre for recycling fridges and end-of-life vehicles?

Jacqui Smith: My hon. Friend importantly links the action that we need to take in response to the EU batteries directive with the opportunities that that provides for recycling. Once we can collect significantly more batteries than we do at present, important opportunities for recycling will obviously open up. I can assure my hon. Friend that the Department is holding discussions on the issue with the battery industry, which is aware of tnat significant recycling opportunity.

Mr. Michael Weir (Angus) (SNP): At those facilities, will the Minister consider the recycling of zinc air batteries that are used in hearing aids? There is a great deal of worry among users of hearing aids that under the directive the batteries could effectively be banned because of the difficulties of recycling.

Jacqui Smith: I agree that we need to be careful to deliver the objectives of the directive, which aims to reduce the disposal of waste, but to do that in a way that does not disadvantage consumers or those who make significant use of particular batteries, as the hon. Gentleman points out. That is why, in the next two weeks, we shall consult on the details of how we take forward discussions on the directive. I am sure that that is one of the issues that will be borne in mind as we carry through that consultation.

Mr. Julian Brazier (Canterbury) (Con): Will the Minister confirm, though, that more motor car batteries are being dumped illegally since the rules on recycling such batteries were tightened up a few years ago? Will she give the House a prediction of levels of vehicle dumping after the introduction of the end-of-life directive?

Jacqui Smith: The end-of-life vehicle directive, along with other Government measures, related to our action on antisocial behaviour, for example, is an important way in which we can ensure that we reduce the dumping of vehicles. I disagree with the hon. Gentleman on the position with regard to automotive batteries. Already, 90 per cent. of automotive batteries are collected and recycled in the UK through a UK recycling plant. Although the hon. Gentleman can raise concerns about how we maintain that, we already have a good position in respect of automotive batteries, which can only be improved by both the consultation on, and the implementation of, the end-of-life vehicles directive.

ACAS

4. **Mr. Elfyn Llwyd** (Meirionnydd Nant Conwy) (PC): What assessment she has made of the impact of budget reductions in the ACAS public helpline on the planned expansion of that service; and if she will make a statement. [170681]

12. **Mrs. Ann Cryer** (Keighley) (Lab): What assessment she has made of the possible effect of proposed reductions in the ACAS budget on staffing levels. [170689]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): We are in discussion with ACAS about its future funding. It is too early to speculate on the detailed impact on ACAS staff or operations.

Mr. Llwyd: As I understand it, the Department is to impose a 10 per cent. cut across the board. I am sure the Minister will recognise the good work that ACAS does in employee-employer relations. As he knows, the helpline deals with 28,000 calls per week, and ACAS intended to expand that service. Will the Minister explain how, in the light of any cuts, the Department expects ACAS to expand the service? If he believes that the service will not be affected by a budget cut, can he say which ACAS services are likely to be cut?

Mr. Sutcliffe: How ACAS disburses its funds is a matter for the ACAS board, as the hon. Gentleman knows. The Department funds the whole budget. The ACAS helpline has been extremely helpful to small firms and individuals, and we hope it will continue and develop. It has taken over 700,000 calls a year and I believe it will continue. ACAS is reviewing its operations across the board and I believe it will propose many other ways of helping small firms and individuals.

Mrs. Cryer: With my hon. Friend's great experience in the trade union movement, does he believe that cuts in funding to the frontline staff at ACAS could have a negative impact on industrial relations, which could cost the taxpayer more than any savings made in funding?

Mr. Sutcliffe: I am grateful to my hon. Friend for raising the matter. It is not our intention to stop ACAS doing the excellent work that it does. We support the work that ACAS is involved with. We are looking at efficiency savings right across the Department and because ACAS falls within the Department's remit, we must examine its efficiency as well, but it is not our intention to interrupt any of the work that ACAS is doing.

Renewable Energy (New Housing)

5. **Ian Lucas** (Wrexham) (Lab): If she will discuss with the Office of the Deputy Prime Minister the amendment of building regulations to encourage the use of renewable energy products in new housing. [170682]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): The energy White Paper announced a review of building regulations to encourage the take-up of low-carbon and zero-carbon technologies, and on implementing article 5 of the energy performance of buildings directive. Our colleagues in the Office of the Deputy Prime Minister, the Department for Environment, Food and Rural Affairs and the Department of Trade and Industry established a working party on how low-carbon systems could be addressed in the building regulations, and the results are available. I urge my hon. Friend to submit his views to the impending consultation exercise.

Ian Lucas: A considerable amount of new-build housing is being constructed in my constituency, which is an opportunity to develop the manufacturing industry in renewable energy in the United Kingdom. Sharp Manufacturing has located its manufacturing operation for photovoltaic cells in Wrexham, and we must develop that important market. Will my hon. Friend assure me that he will assist manufacturing industry in that positive development by putting real pressure on the ODPM and, indeed, the Welsh Assembly Government, to take the matter forward?

Nigel Griffiths: I am delighted that the Government have committed £25 million in grants to support major photovoltaic demonstration projects, which involve installing solar photovoltaic panels in all types of building, and I hope that photovoltaic panels are used as widely as possible. My hon. Friend has contacted the ODPM, and the Deputy Prime Minister knows that my hon. Friend strongly supports the Sharp factory in

Wrexham and wants to ensure that it takes a world lead in photovoltaic technology, from which we want British manufacturers to benefit.

Mr. Kelvin Hopkins (Luton, North) (Lab): Although I welcome what the Government have done on renewable energy, is my hon. Friend concerned about the long-term security of energy supplies in general? Is it not now time for the Government to put the kind of resources into renewables that were previously put into nuclear energy to ensure that we have safe and secure energy for the future?

Nigel Griffiths: We take the need to invest in renewables seriously, which is why we have made a multi-million pound investment to showcase some of the diverse renewable structures and mechanisms that are available. It is important that we make up for lost time, and my hon. Friend the Minister for Energy, E-Commerce and Postal Services shares the commitment of my hon. Friend the Member for Luton, North (Mr. Hopkins) to renewables, which he champions.

Dr. Desmond Turner (Brighton, Kemptown) (Lab): I am sure that my hon. Friend agrees that departmental co-operation is essential in delivering energy policy. Will he therefore open discussions with the Treasury on fiscal measures to promote energy conservation and renewable energy, such as reducing VAT on insulation materials and restructuring carbon tax, which is ripe for improvement?

Nigel Griffiths: The Treasury has considered those matters, on which my hon. Friend speaks with knowledge and concern. I note Government Members' widespread interest in the matter, but no Conservative or Liberal Democrat Member rose to speak.

Postal Services

6. **Ann Winterton** (Congleton) (Con): If she will make a statement on the reliability of postal services. [170683]

The Secretary of State for Trade and Industry (Ms Patricia Hewitt): The Royal Mail has put in place a three-year restructuring programme to improve service delivery and put the company on a sound financial footing. The renewal plan is working. In the first half of 2003–04, 93 per cent. of first-class letters were delivered the next day—the highest figure in 15 years and well above the European average. That figure fell with last autumn's strike action in London, and changes to working practices mean that current performance is around 90 per cent. That falls short of what customers are entitled to expect, and the Royal Mail and the unions must now work together to improve the quality of the service.

Ann Winterton: Last year, the Royal Mail failed to meet 12 out of 15 of its national performance targets. This year, it will fail them all, and the new chief executive has publicly apologised for its appalling level of service. Will the Secretary of State bring urgent pressure on the Royal Mail to review its plans for reform? In particular, the scrapping of the second post means a later delivery, which is inconvenient for both businesses and households.

Ms Hewitt: Let me echo the chief executive by adding my apology to any customer who has been inconvenienced by late delivery or loss of mail.

On the second delivery, let me point out to the hon. Lady that no other postal operator makes two deliveries a day. The second delivery, which accounted for a mere 4 per cent. of mail, was eating up 20 per cent. of the Royal Mail's costs. That was simply unacceptable in a company that was losing more than £1 million a day, which is why it is moving towards one delivery a day. I accept that the new system is causing problems as it settles down. When I spoke to Allan Leighton last week, I stressed, and he fully accepted, the need to get the change to a single delivery working as quickly as possible.

I hope that the hon. Lady will not make the mistake that some have made in recent weeks of talking down the Royal Mail—as the Conservatives always talk down public services—and sneering at hard-working, honest postmen and women all over our country. I hope that she will take the opportunity to congratulate her local sorting office—

Mr. Speaker: Order. The Secretary of State is getting involved in an argument. I do not think that the hon. Lady attacked the Royal Mail.

Mr. Peter Pike (Burnley) (Lab): Although I certainly want to support the Royal Mail in Burnley, does my right hon. Friend recognise that the new system is causing chaos? There are bags of untouched mail, and some places are getting only one delivery a week. That is seriously affecting business, and lots of people are protesting. Will my right hon. Friend tell Mr. Crozier that the Post Office should discuss with the postal workers who have to do the work, and with the unions, what the changes involve? Otherwise, we will have a system in absolute chaos. Perhaps Mr. Crozier should come to Burnley to look at the problem.

Ms Hewitt: Let me assure my hon. Friend that all the changes that are being made are being decided at the local level by area managers in full consultation with the employees, because that is the only way in which a change of this magnitude can be carried out. I am extremely sorry that my hon. Friend's constituents have been suffering the inconvenience that he describes, and I will certainly draw that to the attention of Allan Leighton and Adam Crozier. I know that my hon. Friend will support the efforts that they are making to deal with the bad industrial relations that have dogged certain of our sorting offices and caused such problems.

Malcolm Bruce (Gordon) (LD): Will the Secretary of State acknowledge that thousands of hard-working and industrious postal workers will feel let down by some of their colleagues who have pursued damaging unofficial strikes, as well as negligent and, in some cases, criminal activities that besmirch the vast majority who want the service to improve? Does she acknowledge that without

investment and change, the Royal Mail will not meet the target improvements that she is talking about, but will face cherry-picking from competitors and a loss of confidence in a universal service? What will she do to ensure that the Post Office has the power and the investment to deliver the changes that will get us back to the first-class service that we deserve?

Ms Hewitt: We have put new management and leadership into the Royal Mail and we are investing £2 billion to support its modernisation and renewal process, in both letters and post offices. That renewal plan, which is absolutely necessary, is starting to work, thanks in no small part to the huge efforts of hard-working postmen and women who were as angry and dismayed as anybody else by the revelations—which were mainly about temporary workers from just two sorting offices—on Channel 4 last week. We will make the investment and support the reform. The Conservatives would of course make that investment impossible with their public spending cuts.

Mrs. Anne Campbell (Cambridge) (Lab): May I tell my right hon. Friend that my postal services in Cambridge are incomparably better than they were four years ago, and that the cancellation of the second delivery has actually led to an earlier first delivery? Certainly, I have heard no recent complaints, despite the fact that it is extremely difficult to recruit and retain postal workers, who do a very good job.

Ms Hewitt: I am very grateful to my hon. Friend and I know that the postmen and women in her city of Cambridge will be, too. Despite the teething problems that have inevitably accompanied the change from two deliveries to one delivery—an enormous change programme—90 per cent. of first-class letters are delivered the next day in the country as a whole. In most of the 1,100 sorting offices where the single delivery has been introduced, the system is working well.

Michael Fabricant (Lichfield) (Con): Of course we accept the Secretary of State's point that most Post Office workers do an excellent job. Conservative Members are also grateful for her public apology for the Post Office's recent performance. She mentioned the "Dispatches" programme and the items that were destroyed in the River Thames, and she knows that Monday's Postcomm report referred to 8.5 billion items being wrongly delivered and a further 6 million being lost in the past year. She cannot duck the fact that the Post Office is 100 per cent. owned by the Government. What is her personal vision for the future governance of the Post Office? Surely she accepts that it cannot carry on as it is.

Ms Hewitt: That was a speech rather than a question. Let me stress that we have put in place a new form of governance for the Royal Mail: a publicly owned corporation with the commercial freedom to operate at arm's length from the Government. We called for that when we were in opposition, as did the unions, but the Government whom the hon. Gentleman supported refused to make the change. We have put in place new management and we are supporting the renewal programme, which is starting to deliver. Indeed, the Post Office is now making profits. We are delivering a vision of a modern, competitive Royal Mail, which meets customer needs, supports communities throughout the country, makes a profit, not losses, and has a strong regulator, which we created, not the Conservatives, to ensure that customers get the good deal that they are entitled to expect.

Mr. Jim Marshall (Leicester, South) (Lab): I do not wish to be accused of talking the Post Office down, but my personal experience and that of my office in Leicester of postal delivery is totally different from that of my hon. Friend the Member for Cambridge (Mrs. Campbell). The situation is incomparably worse in Leicester now than it was four years ago. I hear all the rhetoric about what we have done, and what the Post Office intends to do and has done, but will my right hon. Friend give me and my constituents an absolute guarantee that, in the foreseeable future, delivery times will be increasingly reliable and that the mail will be delivered when the Post Office says that it will be delivered?

Ms Hewitt: I understand my hon. Friend's concerns, although I know that he will welcome the fact that the Leicester delivery office is one of the best performing city centre offices in the country on tackling misdelivery and redirection. As I said earlier, the change to a single delivery is causing problems in the first two months of its introduction. The new system needs to bed down. It is an enormous change programme and I readily assure my hon. Friend that, as it beds down, the company will revert to the high standards of customer service that his constituents and mine are entitled to expect. I emphasise that the renewal plan is essential to the future of the Royal Mail and I know that he and other hon. Friends will support it as it improves the service to customers.

Mr. Peter Atkinson (Hexham) (Con): Does the Secretary of State realise that the hard-working and decent postmen and women as well as local businesses in my constituency complain to me about the service? Will she examine the new distribution arrangements? One of the problems is that the mail does not arrive at local sorting offices until much later in the morning because it has not been distributed properly from the main centres. The postmen and women cannot leave until all the mail is sorted.

Ms Hewitt: That is indeed a problem that seems to be occurring in some places, although it certainly is not happening everywhere. I will readily undertake to draw to the attention of Adam Crozier the specific problem of the postmen and women in Hexham.

Manufacturing Companies

7. **Mr. Michael Clapham** (Barnsley, West and Penistone) (Lab): What action she is taking to help small and medium-sized manufacturing companies. [170684]

10. **Mr. Michael Foster** (Worcester) (Lab): What action she is taking to help small and medium-sized UK manufacturing companies. [170687]

The Minister for Industry and the Regions (Jacqui Smith): We are helping small and medium-sized manufacturing companies to compete effectively in the increasingly global market with the support of the highly successful manufacturing advisory service and the other measures of the Government's manufacturing strategy—the first for 30 years.

Mr. Clapham: I am grateful to my right hon. Friend for that answer, which illustrates the comprehensive package that is available to small and medium-sized enterprises. She will be aware that there are 3.8 million SMEs in the UK, and that they account for 40 per cent. of our gross domestic product. However, one weakness is that only a relatively small number of SMEs export into the EU. Indeed, the Federation of Small Businesses estimates that number at just 22 per cent. What can my right hon. Friend do to make that better? Will she ask her officials to look into what assistance we might be able to give to make the route into the new, expanded European Union better for SMEs?

Jacqui Smith: My hon. Friend makes an important point. The key to success in export is to be productive and innovative at home. The manufacturing advisory service is making a difference by adding an average of £104,000-worth of value-added to the manufacturers that have used its services. We need to couple that with the kind of support and advice that is provided by UK Trade and Investment and, as my hon. Friend rightly says, to link that to the new opportunities now opening up for our exporters, both small and large, through the enlargement of the EU. I shall certainly undertake to ensure that we redouble our efforts in that regard.

Mr. Foster: What specific policies does my right hon. Friend's Department have to help small and medium-sized manufacturers deal with the relative strength of the pound against both the euro and the dollar?

Jacqui Smith: My hon. Friend has identified just one of the many global pressures under which our small and medium-sized manufacturers have to operate. In that regard, I am reassured and encouraged—as I know my hon. Friend will be—by the fact that April's CBI survey showed that output expectations remain high for the second consecutive quarter, and that May's Chartered Institute of Purchasing and Supply survey found that the manufacturing sector had improved for the 10th consecutive month. Strengthening world conditions also offer opportunities for our manufacturers. We need, however, to couple the general support that I have mentioned with the specific assistance that UK Trade and Investment, for example, can offer, and with other activities in order to strengthen our manufacturers so that they are able to compete not only domestically but, increasingly, internationally.

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): One way to help all small and medium-sized manufacturers is to reduce the burden of bureaucracy on them, to allow them to concentrate on their core activity. To that end, the Government held out great hopes in their White Paper on company law reform, which we were told would bring all such law under one heading so that there would finally be simpler law, and ensure that there would be a minimum law for all companies, with only the larger companies having to comply with it. Since then, we have seen no legislation on those reforms coming through Parliament. Can the Minister give us any indication as to when that promise will be delivered to small businesses?

Jacqui Smith: We are in the process of consulting stakeholders on the way in which we shall implement the recommendations of the company law review, including the important principle of "think small first". We have ways in which we can deliver all that, and we are currently considering how we shall draft the legislation. I would expect that to happen very soon—as soon as parliamentary time allows. Stakeholders have been encouraged by the progress that we have made in dealing with this complex issue, which, as the hon. Gentleman rightly points out, is very important to the whole basis of our company law as a source of our competitiveness, and particularly to small and medium-sized companies.

Mr. Stephen O'Brien (Eddisbury) (Con): Does the Minister recognise that, in relation to small and medium-sized manufacturers, the Government's so-called actions have resulted—as announced yesterday by the Office for National Statistics—in UK manufacturing output declining in the last reported quarter? It is now significantly lower than in 1997. Does she acknowledge that, in the fourth quarter of 2003, total manufacturing investment fell by 1.5 per cent. compared with the previous year; that UK productivity growth has halved during Labour's seven years in office; and that, according to the latest figures, jobs in UK manufacturing were down 95,000 in 2002–03? Is she aware that the World Economic Forum's competitiveness ranking shows that, although Labour inherited one of the foremost competitive economies in the world, we have now fallen to a woeful 15th place in those rankings under Labour's regulation state? Where precisely is the financial return to British businesses and taxpayers on the Department's £8.2 billion splurge of their money?

Jacqui Smith: I will not take any lessons from Conservative Members on support for manufacturing, given the record of devastation of manufacturing during the boom and bust years under their party. Based on the manufacturing strategy—the first for 30 years—we are taking practical action to support our manufacturers, including investment in the manufacturing advisory service, which brings with it £38 million-worth of value-added for our manufacturers, and investment in science and innovation, as well as ensuring that manufacturers can benefit from that through the technology strategy. There is also investment through our regional development agencies in helping to develop support for manufacturers at regional level. All that is practical support that would be under threat from cuts by the Conservative party.

Mr. O'Brien: As a manufacturer who worked in a business that prospered for all 18 years under the Conservatives, I think that is an extraordinarily poor response. British business will have heard that—surprise, surprise—there is no financial return on all that

taxpayers' money, which has been thrown away by this profligate DTI. Instead, we have the Minister's habitual torrent of denial and complacency.

Under Labour's regulation state, one of the biggest burdens on small and medium-sized businesses, not least manufacturers, is employment regulations. Given the scrutiny that the political parties are under owing to the imminent European elections, will the Minister condemn and discipline her colleagues the Labour MEPs for defying her party's policy by twice voting to remove the UK's opt-out from the EU working time directive? If she will not—her colleague the Minister for Small Business and Enterprise pointedly failed to do so when questioned directly by me at February's Question Time, and did not even mention it in his answer—she knows that the only possible interpretation is that, on this crucial matter, she is confirming that Labour MEPs were accurately reflecting Labour policy to scrap Britain's opt-out from the working time directive. So, let us all listen very carefully—

Mr. Speaker: Order. Far too long.

Jacqui Smith: I identified three practical areas where the Government are investing and achieving success in supporting manufacturers. We heard nothing from the hon. Gentleman about whether those would, as we believe, be cut under Tory plans. I can assure him that the Government will support decent basic working conditions for our work force and the maintenance of a flexible labour market, which of course has been one of the keys to ensuring that we have 2 million more people in work than when his party was in government.

Mr. Geoffrey Robinson (Coventry, North-West) (Lab): My right hon. Friend will be aware that regional selective assistance is important to manufacturing industry and that we have had a series of meetings with her on a medium-sized assembly operation in Ryton in Coventry, while awaiting the approval of the Commission in Brussels. Can she tell the House whether we have had that permission communicated to us, and if not, why not? Will she please hurry it up and let us know when we can expect it?

Jacqui Smith: As my hon. Friend rightly says, we have been engaged in discussions with the company and with him and our hon. Friends in terms of what we need to do to provide support. I will write to him on the up-to-date situation, but I can assure him that we will continue to engage with hon. Members and the company to make the strongest possible case to the EU with respect to state aid regulations.

Gas/Electricity (Disconnections)

8. **Bob Russell** (Colchester) (LD): How many *(a)* gas and *(b)* electricity customers were disconnected from supply in error in the last year for which figures are available. [170685]

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): Those are not among the data collected by the industry regulator, Ofgem. Such errors are unacceptable. If there is a pattern of them, I encourage Energywatch to put evidence before Ofgem so that it can take appropriate or necessary regulatory action.

Bob Russell: The Minister will be aware that there are 20,000 disconnections every year among gas and electricity customers, some of whom will have been disconnected in error. Will he bring pressure to bear on the industry to put into immediate effect Ofgem's recommendation that customers should have direct face-to-face contact with the supplier before the energy is disconnected, as then no error would be made?

Mr. Sutcliffe: I am grateful to the hon. Gentleman for his question. Procedures are in place to make sure that vulnerable customers are looked after. Ogem recommendations following the Bates case have been applied, and I believe that that is the appropriate position.

Tony Lloyd (Manchester, Central) (Lab): But will my hon. Friend consider whether there is any other industry in which disconnection of service with such consequences would be allowed? In this day and age, are there not more appropriate means of debt collection than disconnection? Should we not move beyond this antiquated system of allowing the power utilities to cut off supply?

Mr. Sutcliffe: As I said, the issue is vulnerable people and how they are protected. A code of practice is in place that protects people, and there are many steps to take before disconnection, which I believe are appropriate. If Energywatch can come up with evidence of errors, it is appropriate that Ofgem should then take action.

Mr. David Cameron (Witney) (Con): One way in which customers are disconnected is through power cuts. Does the Minister recognise that that is a real problem in rural areas such as mine? I will not ask him to comment on the fact that a number of those seem to be caused by swans flying into electricity pylons, but will he consider the compensation regime, which seems capricious? Is he aware that someone who undergoes four power cuts of three hours each gets compensated, but someone who undergoes six power cuts of two hours each does not?

Mr. Speaker: Order. That question is far too wide.

Coal Miners' Compensation

9. **Anne Picking** (East Lothian) (Lab): What action she is taking to ensure full payment of compensation to coal health claimants. [170686]

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): The Government established two schemes to compensate miners for industrial diseases. So far, more than 340,000 sick miners, their widows or children have received £2 billion. I have taken steps to ensure that those who are eligible receive their full compensation payments.

Anne Picking: I thank my hon. Friend very much for that answer. I am sure he will agree that what the Government are doing in terms of compensation for miners is a good news story. It has been seriously marred, however, by the long delays caused by the unscrupulous behaviour of lawyers and third parties involved. Because the case of a constituent of mine, Mr. Brian Davie, has taken so long, his fee has gone up from 5 per cent. to 15 per cent., which they will glean. We want the money to get to the dying miners—the proud miners who spent 40-odd years down the pits working very hard and who are likely to die before they get their money. Will he fast-track the cases of those who are still alive?

Nigel Griffiths: Certainly I want my hon. Friend's constituent to benefit, as 2,000 of her constituents have benefited, from compensation of £8 million paid in East Lothian to date. I advise all her constituents, and all hon. Members' constituents, to use those who have signed the claims handling agreement, which makes no charge to the claimant because the Department of Trade and Industry meets those fees. It is unacceptable that anyone should have to pay fees out of their compensation and see any increase in their fees. I will be keen to have details of the case that my hon. Friend mentioned.

Mr. Patrick McLoughlin (West Derbyshire) (Con): The Government are to be congratulated on this scheme. What casts a shadow over it, as has been said, is the amount of money that has been paid to solicitors. When the Minister says from the Dispatch Box that there has been no charge on the individuals, and it has been covered by the Department, of course, that is still a cost on the taxpayer. Is the Minister satisfied and happy with the way in which the legal profession has responded to this scheme?

Nigel Griffiths: Yes, I am, by and large. An agreement was reached with the responsible solicitors, the profession and other claims handlers early in the compensation scheme to ensure that every penny that the Government set aside for compensation went to the sick miners, their widows or their families. A separate fund totalling many millions of pounds was set up to pay the legal fees. Those were capped at, from memory, about £2,100, and that agreement was acceptable to all. This is the biggest public compensation scheme in our history. I am grateful for the expert legal advice and help that we have had from the legal profession, and I want to see the payments made as quickly as possible to those sick miners, and when they have passed on, to their widows or families.

Mr. Dennis Skinner (Bolsover) (Lab): Is the Minister aware that, after privatisation, many miners, especially in the Nottinghamshire and Derbyshire coalfield, decided to work for private contractors at different pits? In some cases, they worked for the Coal Board, British Coal and perhaps two or three others. The problem is that some of the unscrupulous firms for which the miners worked refuse to take part in the multi-settlement that is necessary. Will my hon. Friend make sure that he gets on to those firms to make them pay their share of the bill? Did he also detect that the hon. Member for West Derbyshire (Mr. McLoughlin) almost hinted that if the Tories got into power they might scrap the scheme?

Nigel Griffiths: That would indeed be terrible. My hon. Friend speaks with great authority on this matter. I want to ensure that no party is responsible for any delay in the securing of a settlement. We are currently looking at those who are not co-operating fully to establish how we can neutralise that unco-operative attitude and make certain that payments are made, especially to claimants who are still alive and can benefit.

MINISTER FOR WOMEN

The Minister was asked—

Women Prisoners

21. **Dr. Jenny Tonge** (Richmond Park) (LD): What discussions she has had with the Secretary of State for the Home Department regarding women prisoners. [170670]

The Deputy Minister for Women and Equality (Jacqui Smith): My officials and I have had various discussions with the Home Office. With regard to women prisoners, we welcome the recently published women's offending reduction programme action plan, which aims to ensure that interventions are better tailored to meet the needs of women. I heartily support the Home Secretary's April announcement of a substantial new initiative to fund specialists units, with specially trained staff, for young women in prison.

Dr. Tonge: I thank the Minister for her response, but she must realise that the number of women in prison has now reached an all-time high—more than 4,600. Even more disturbing is the 200 per cent. increase in suicide rates among women prisoners over the past five years. When can we expect to see some improvement? I appreciate that the Government are trying to do something, but in view of the responsibilities that women have over and above those of men, when will we see a reduction in the number of women prisoners and better conditions for those in prison?

Jacqui Smith: The objective of the women's offending reduction programme is to help reduce the number of women in prison by ensuring that sentencers have confidence in alternatives to custodial sentences. That is already happening. I share the hon. Lady's concern about suicides: that is why I am pleased that there are now "suicide co-ordinators" in each women's prison to tackle the pressures that contribute to the disproportionate number of suicides among women prisoners. I hope that they will begin to make progress in reducing that unacceptable level.

Julie Morgan (Cardiff, North) (Lab): Is my right hon. Friend aware that there are currently about 70 women under 18 in prison? Does she think prison a suitable place for young women of that age? The Government have managed to get all the 15 and 16-year-olds out of

prison; what can my right hon. Friend do to ensure that the same is done for the very small, very vulnerable group of 17-year-olds?

Jacqui Smith: I hope my hon. Friend will join me in welcoming the Home Secretary's announcement of considerable investment in the development of specialist units so that when there is no alternative to custody, those young women are kept separately from adults and receive education and support that will prove important for their resettlement.

Also important is the development of initiatives such as the accommodation-plus initiative, which is being piloted in certain areas. Young women who are at risk of offending are given accommodation, along with educational support to prevent them from offending and ending up in prison.

Sandra Gidley (Romsey) (LD): As the Minister will know, in 2002 most women's convictions were for shoplifting and non-violent offences. Two thirds of those convicted of such offences were women. Reoffending rates have soared to 60 per cent. What is the Department doing, along with employers, to ensure that women receive training and a promise of employment, so that those cycles are not repeated endlessly?

Jacqui Smith: The hon. Lady makes a very important point about the need for resettlement services, and I know that the women's team that is responsible for prisons is focusing on them in the action that it is taking forward. In particular, it is investing an additional £640,000 in those services to strengthen the employment advice that she mentioned and to make sure that housing advice and housing provision—they are often a top priority for women—are available to women when they come out of prison so that they can return to their child care responsibilities. It also provides them with the base on which to build their work and lives back in the community so that they avoid reoffending and ending up back in prison.

Information and Communications Technology Degrees

22. **Michael Fabricant** (Lichfield) (Con): What steps she is taking to encourage women to take degrees in information and communications technology. [170671]

The Minister for Women and Equality (Ms Patricia Hewitt): E-Skills UK, the sector skills council for ICT, is working with employers to make IT degrees, courses and careers more attractive to women. In particular, it is developing a new IT degree that focuses on the use of IT. We know from experience that it is likely to be more attractive to women.

Michael Fabricant: Does the Secretary of State accept that one deterrent to women entering the industry is the glass ceiling in the UK whereby women are not able to obtain promotion? Is she aware that in the old Soviet Union more than 50 per cent. of managers in this sector were women—and there was no Minister for Women in the old Soviet Union? The figure is only 15 per cent. in this country now, so what is the Ministry for Women for—indeed, what is she for?

Ms Hewitt: Well, I am not for a return to the Soviet Union. I am for the promotion and extension of flexible working opportunities to women and men right across the economy. We know that one of the main reasons why women do not find IT attractive and why, all too often, they do not return to science and technology jobs even when they have the degrees is the lack of flexible working. That is something that the hon. Gentleman knows I have championed. I have changed the law and I am working with employers to spread the best practice that the best employers are already implementing.

Judy Mallaber (Amber Valley) (Lab): Has my right hon. Friend yet had a chance to look at the research published today by the Equal Opportunities Commission on gender segregation in work and training?

Mr. Eric Forth (Bromley and Chislehurst) (Con): Oh, please.

Judy Mallaber: Such segregation, including in IT, is one of the major factors in the gender pay gap, and the research would also help in relation to skill shortages in key areas. Will my right hon. Friend take on board the recommendations relating to modern apprenticeships, which is one of the issues that the research has specifically considered, and make sure that they are a priority for our work in that area?

Ms Hewitt: Judging from the comments we have heard from the Opposition Benches, that is another piece of work that the Conservative party would cut as part of its public spending cuts. The Equal Opportunities Commission is absolutely right. In most sectors, if there is real under-representation of women, there is a real problem with skills shortages. That is hardly surprising if employers are recruiting from only half the potential talent pool. I am working with my right hon. Friend the Secretary of State for Education and Skills to ensure that we spread apprenticeships, so that women go into non-traditional jobs and men go into the caring jobs that have hitherto been dominated by women.

Mrs. Eleanor Laing (Epping Forest) (Con): The Minister might note that the real answer to the actual question is that Labour's education policies are not encouraging anyone of any sex to take degrees. Here we have another example of how Labour policies are letting women down. As the hon. Member for Amber Valley (Judy Mallaber) said, the Equal Opportunities Commission reported yesterday that sex segregation in some areas of employment is contributing to skills shortages. I hear what the Minister says about that, but nothing is happening to—

Mr. Speaker: Order. The hon. Lady must not make a speech; she must ask a question.

Mrs. Laing: I beg your pardon, Mr. Speaker. Has the Minister noted that, today, the Fawcett Society warns that key groups of women are "disillusioned, dissatisfied and deserting" Labour? Instead of criticising what the

Conservatives did, she might note that Conservatives lead by example because we had a woman Prime Minister—

Mr. Speaker: Order. I call the Secretary of State.

Ms Hewitt: I am proud of the fact that in the past seven years, we have helped more women into employment and into education than ever before. I am proud of the record increases in child benefit, and of the introduction of the child tax credit and the working tax credit. I am proud of the fact that we introduced the national minimum wage—the Conservatives opposed it—which has helped nearly 1 million low-paid women to improve their earnings. I am proud of the fact that we have doubled the length of maternity leave, increased maternity pay and introduced flexible working. The reality is that Labour is streets ahead of the Conservatives in the representation of women, and in delivering for women real improvements in their daily lives.

Business of the House

12.30 pm

Mr. Oliver Heald (North-East Hertfordshire) (Con): Will the Leader of the House please give us the business for next week?

The Leader of the House of Commons (Mr. Peter Hain): The business for next week will be as follows:

MONDAY 10 MAY—Second Reading of the Energy Bill [Lords].

TUESDAY 11 MAY—Remaining stages of the Housing Bill, followed by a motion to approve the First Joint Report of the Accommodation and Works Committee and the Administration Committee on Visitor Facilities: "Access to Parliament".

WEDNESDAY 12 MAY—Second Reading of the Age Related Payments Bill, followed by, if necessary, consideration of Lords Amendments, followed by motion to approve a money resolution on the Promotion of Volunteering Bill, followed by motion to approve the First Report of the Procedure Committee on estimates and appropriation procedure.

THURSDAY 13 MAY—Consideration of Lords Amendments to the Child Trust Funds Bill, followed by a debate on armed forces personnel on a motion for the Adjournment of the House.

FRIDAY 14 MAY—Private Members' Bills.

The provisional business for the following week will be:

MONDAY 17 MAY—Opposition Day [11th Allotted Day]. There will be a debate on a motion in the name of the Liberal Democrats. Subject to be announced.

TUESDAY 18 MAY—Progress on remaining stages of the Pensions Bill (Day One).

WEDNESDAY 19 MAY—Progress on remaining stages of the Pensions Bill (Day Two).

THURSDAY 20 MAY—Conclusion of remaining stages of the Pensions Bill (Day Three).

FRIDAY 21 MAY—Private Members' Bills.

Mr. Heald: Yesterday, the Leader of the Opposition asked the Prime Minister whether it was likely that more British troops would be sent to Iraq, and the Prime Minister said that the Government were "in discussion" and that the matter was "under . . . review". Yet today, we read on the front page of *The Times*—there is a similar story in *The Sun*—that 2,000 Marines are being sent there. So while the Prime Minister was saying one thing here, his spin doctors were saying another to the press.

Mr. Eric Forth (Bromley and Chislehurst) (Con): What is new?

Mr. Heald: Indeed.

As it is the Prime Minister's birthday today, will the Leader of the House give him a present—a piece of advice—and tell him to cut out the spin and to be frank and straightforward with the House and the country? May we also have a statement on troop deployment?

The Leader of the House will recall that I have asked him on numerous occasions about the Sessional Orders and the report of the Procedure Committee. When will we have some action and what is the timetable?

I am grateful to the Leader of the House: last week, I asked for two days on the Pensions Bill and he has given us three. I hope that he is setting a precedent; perhaps he can confirm that he is. Has he seen the all-party amendment that would provide compensation to victims of the Allied Steel and Wire pension scheme disaster? May we have a statement before the week after next, explaining the Government's response to this much-needed proposal?

The Foreign Secretary promised weeks ago a debate on Zimbabwe in Government time, yet no such debate has been held. In fact, there has been no such debate in Government time since 1997. The England and Wales Cricket Board is waiting for clear advice from the Government about the proposed tour. The Leader of the House is something of a specialist on preventing cricket tours—will he prevent this one?

Finally, has the Leader of the House seen the article in today's edition of *The Guardian* entitled "Hospitals in countdown to threat of chaos"? It points out that the Health Secretary has apparently admitted to the British Medical Association that there are 100 days to avert the chaos that will result from the introduction of the working time directive on 1 August. The chairman of the BMA says that the Health Secretary is acting too late, that more than half of hospitals will not be ready, and that there is a risk of overnight emergency admissions being shut down. May we have an urgent statement on this alarming report?

Mr. Hain: The shadow Leader of the House makes every effort—it is no doubt his job—to demonstrate contrived indignation about everything that is going on in the world, but he knows that the situation in Iraq is very difficult and that British troops stand ready to do whatever is necessary and are doing a great job out there at the present time. If and when extra troops are needed, the Prime Minister has made it perfectly clear that he will keep the position under review. There is absolutely no substance in the hon. Gentleman's jumped-up indignation on that point.

I am grateful to the shadow Leader of the House for wishing the Prime Minister happy birthday—the most successful Prime Minister that Britain has had in living memory. In respect of spin, I was interested to note that the hon. Gentleman did not defend his own party's spin on the council tax. Conservative Members were jumping up and down with indignation on the council tax, on which they quoted figures selectively—a real example of spin.

On Sessional Orders, I have already made it clear that we will respond when we are ready to respond, and in a sensible fashion.

I am grateful to the hon. Gentleman for acknowledging the extra time that is being devoted to the Pensions Bill. It is particularly necessary because of the dreadful inheritance that resulted from the Conservatives' inability to protect pensioners throughout the country. We are introducing extra protection for pensioners as well as investing more in

[Mr. Hain]

pensions, particularly for those on low retirement incomes. As to the ASW workers and others who have been robbed of their pensions in a scandalous fashion, that issue is under continuing review and will be dealt with if we possibly can do so.

The hon. Gentleman asked about Zimbabwe and I share his and his party's view. I am glad that the Conservatives have at least belatedly come round to their current viewpoint. Some of us have been consistent for decades in opposing political oppression and tyranny in southern Africa, whether it be under the old apartheid system, which the Conservatives apologised for year after year—I recall Mrs. Thatcher attacking Nelson Mandela—or under Robert Mugabe's regime. I believe that we should maintain consistent views on this issue, which has been conspicuously lacking from the Tories. I have made it absolutely clear that, if I were an English cricketer, I would not tour in Zimbabwe, and that is probably the view of many English cricketers as well. However, it is not for the Government to instruct the English cricket authorities what to do on that issue.

On the question of hospitals, the hon. Gentleman has the bare-faced cheek to talk about chaos. We should remember the chaos under the Conservatives, when people were lying on trolleys in corridors day after day. Now we are seeing record investment in our hospitals. Is the hon. Gentleman really saying that doctors should work all through the night and the following day? We are seeking a sensible solution to the problem and we will secure it when it is available.

John Cryer (Hornchurch) (Lab): Further to questions asked last week, may we have a full debate on events in Iraq? I ask that not just because of the recent troop deployment, but having regard to the UN call for an inquiry after the events and slaughter in Falluja. It would also give those Conservative Members who belong to the chattering classes—we should recall that they pressed for war months before we went to war and told the Prime Minister that he should ignore the UN—an opportunity to explain why, after voting for the war, they are now apparently having a pang of conscience. It would also give Labour Members the opportunity to tell them, "Actually, it is a bit too late." More than 20,000 people have died in Iraq, and no matter how much Conservative Members' consciences bother them, it will not bring them back.

Mr. Hain: The situation in Falluja has been very serious. The Government and the coalition are trying to introduce some stability to protect lives. However, my hon. Friend is right to remind the House that the Opposition wanted to railroad us into Iraq, regardless of any UN mandate. Indeed, they criticised the Government for seeking UN support for the action that we took, and urged us to go ahead regardless.

Mr. Paul Tyler (North Cornwall) (LD): On the subject of the English cricket team's tour of Zimbabwe, the Leader of the House will have noted that the Prime Minister, in reply to my right hon. Friend the Member for Ross, Skye and Inverness, West (Mr. Kennedy), announced yesterday that the Foreign Secretary and, I think, the Minister for Sport and Tourism were going to see the England and Wales Cricket Board today. May we have an urgent statement on that? The statement might provide an opportunity for the debate on Zimbabwe that all of us think is necessary, but it should deal specifically with the representations that are to be made to the International Cricket Council.

Yesterday, the Prime Minister said that the problem resided with the ICC. Are the Government and the ECB making a submission to the ICC? If so, what are they trying to get it to agree to? Do the Government agree that there should be criteria, other than the existing ones, that would make it possible for the tour to be cancelled without the penalties that are threatened at present? What is the Government's position on the matter?

My hon. Friend the Member for Bath (Mr. Foster) has already corresponded with the Minister for Sport and Tourism to suggest that an all-party submission to the ICC would be helpful. Does the Leader of the House—especially given his radical, Liberal past on these matters—agree that now is the time to make a new submission, so that we take account of the moral, legal and ethical issues involved, and make sure that the tour does not take place?

On the question of the security of the Palace of Westminster, has the Leader of the House seen today's report about security at Buckingham palace? It offers a very open assessment of what has gone wrong there, and what proposals have been made to put matters right. The Leader of the House will recall that I asked him on 25 March how many security passes to this building had gone astray, given the very large number that have gone astray from Government Departments. Can he give me that figure now? If not, will he write to me about it?

Finally, will the Leader of the House confirm the Government's position in respect of votes at 16? The Electoral Commission has made one recommendation, but we are now told that Ministers take a different view. What is the Government's position on the matter?

Mr. Hain: First, I acknowledge that the Liberals, the Liberal Democrats and Labour have been consistent in their battle against apartheid in sport over the past 30 or 40 years, and they are adopting the same approach to dealing with the problems in Zimbabwe. Our record is consistent, unlike that of the Conservatives, who seem to worry only about black tyranny, not about white tyranny as well, even though that is where these problems arise.

The hon. Gentleman asked for specifics about the meeting due to take place this afternoon. My right hon. Friends the Foreign Secretary and the Secretary of State for Culture, Media and Sport are due to meet the English cricket authorities, and we shall have to wait for the outcome of that meeting. The Government's position is clear. My right hon. Friend the Prime Minister said yesterday that he would prefer that the tour did not take place, but the Government cannot treat the English cricket authorities as though they were a Department of State. They must make their own decisions, and I know that the hon. Gentleman accepts that.

We all share a sense of frustration with the ICC, which I do not believe is properly discharging its responsibilities to international cricket. I am afraid that

some of its statements today echo exactly the inconsistencies and prejudices evident 30 or 40 years ago among cricket authorities the world over in respect of apartheid. The sooner the ICC adopts a morally consistent position, the better.

The hon. Gentleman asked about security. I have seen a summary of the Security Commission's report, and we welcome its proposals in respect of the royal estate. A post of director of security for the royal households has been announced and put in place. As my right hon. Friend the Home Secretary makes clear in a written statement today, a wide range of checks is being developed, and an annual plan will be agreed to ensure that security is improved. Of course, there is a read-across to the Palace of Westminster from that. That is why we have set up an independent investigation by the Security Service and the Commissioner of Police of the Metropolis.

I gave the figures in respect of the number of passes that have been issued during the debate last month. The hon. Gentleman can check them for himself.

Finally, on the issue of votes at 16, the Electoral Commission recommended in a recent report that the voting age should not be reduced to 16. The Government have not had a chance to respond to that report, but we are holding a big conversation with people right across the country—

Mr. Forth: Oh, no!

Mr. Hain: The right hon. Gentleman and his colleagues scoff at the big conversation because when they were in government they never had a conversation with any members of the public. That is why they were run out of office.

Janet Anderson (Rossendale and Darwen) (Lab): My right hon. Friend will be aware of concern on both sides of the House about the effect in practice of the revised sitting hours of this Chamber. He will also be aware that the responses to the recent questionnaire on the issue show a small overall majority for reverting to the previous times on Tuesdays. Can he assure us that we will have an early opportunity to debate the matter in the House?

Mr. Hain: As my hon. Friend knows, the Modernisation Committee will begin a review shortly into how to resolve the issue. I pay tribute to her efforts to try to find a consensus on the matter. As she knows, I have wanted to achieve agreement so that the House can move forward, instead of being split as we were when the original decision was taken. As my hon. Friend fairly acknowledged, the Procedure Committee report shows a narrow majority in favour of changing back to a 10 pm finish on Tuesdays, but 200 Members did not register an opinion. If we can find a consensus through the Modernisation Committee review, I will put it to a vote in the House as soon as it is possible to do so.

Mr. Nigel Evans (Ribble Valley) (Con): Will the Leader of the House arrange for a statement next week on the managed closure of post offices? I bring his attention to early-day motion 1133, in the name of the hon. Member for Chorley (Mr. Hoyle) and supported by other Lancashire Members, including myself.

[That this House congratulates the Lancashire Evening Post in its campaign to save post offices from closure throughout Lancashire and recognises that the Lancashire Evening Post has received thousands of responses from its readers supporting the campaign; raises concern that Royal Mail are providing financial incentives to sub-postmasters to leave, thereby allowing the Royal Mail to close post offices leaving local users with no service; and calls on the Royal Mail to be open and transparent in making a business case for closure ensuring that all interested parties are consulted and provided with all the facts in relation to profitability and use of individual branches before any decision to close is taken.]

Thirty-one Lancashire post offices are about to close, including three in my constituency—two in Clitheroe and one in Ribchester. The motion also praises the campaign of the *Lancashire Evening Post* and thousands of its readers to keep the post offices open. Is it not insanity to pay post offices to close instead of paying for them to open? When will we see an end to this post office set-aside?

Mr. Hain: I understand the points that the hon. Gentleman raises about his constituency, and we have all had to deal with such problems, not only in the last seven years—or the last year or last few months—but for the last 20 years. We have seen a whole process of change which was partly brought about by people changing their shopping habits and not using their local post offices as much as we would like. The Government have been dealing with the problem. We have put extra money in to support the distribution of local post offices and we will continue to work on the problem.

Mrs. Alice Mahon (Halifax) (Lab): May I bring my right hon. Friend back to the subject of the possible deployment of troops in Iraq? The headlines in *The Sun* and *The Times* are specific. They claim that the troops will go out "to seize flashpoint city" and that the decision has already been made. That would be an extremely dangerous mission. Will my right hon. Friend deny that such a decision has been taken and, if he cannot, when can we have a statement? After all, we have a right to know before the Murdoch press.

Mr. Hain: My hon. Friend will know that similar press reports have appeared almost daily—or at least weekly—in recent months. Sometimes they have been accurate and sometimes they have not. I do not have anything to add to what I have just said and the Prime Minister made the position clear yesterday.

Sir George Young (North-West Hampshire) (Con): Three months ago, when the Prime Minister appeared before the Liaison Committee, he agreed to review the rules under which civil servants give evidence to Select Committees—the so-called Osmotherly rules. When does the Leader of the House anticipate reporting progress on that review?

Mr. Hain: The Prime Minister is due to appear before the Liaison Committee in a few months' time and I should have thought that he would be questioned about that subject if it has not been progressed in the meantime.

Colin Burgon (Elmet) (Lab): I am one of the many hon. Members who enjoy showing constituents around the House. However, I have noticed lately that a key piece of our history is missing from the Royal Gallery—the death warrant of Charles I. That is one of the most important documents in the history of this House and of this nation, as a reminder of when our valiant predecessors put an over-mighty monarch firmly in his place. *[Interruption.]* I have no one in mind at the moment. Can the Leader of the House find out when that key document will return to the Royal Gallery?

Mr. Hain: My deputy mutters that the document is currently subject to scientific research. I have no idea what that means, but no doubt my hon. Friend's concern will have been noted by the House authorities and his constituents will be satisfied in future.

Rev. Martin Smyth (Belfast, South) (UUP): As we are currently sending more reservists out to Iraq—for example, some members of the Royal Irish Regiment will be going out—may I, too, press the Leader of the House for a debate on troop deployment? At the same time, we could examine the attitude of employers who have not played fair with reservists mobilised to serve their country.

Mr. Hain: If employers are not playing fair, that is an important issue because members of the Territorial Army do a valuable job and should be treated fairly. On troop deployment generally, and the role of the Royal Irish Regiment, the Ministry of Defence will have carefully noted what the hon. Gentleman said.

Mr. Colin Challen (Morley and Rothwell) (Lab): May we have an early statement from the Foreign Secretary about the situation faced by British lorry drivers who are incarcerated in French prisons? When I last inquired, about 60 HGV drivers were being held in those prisons, including my constituent, Paul Watson, who has been locked up in Arras prison since last October and still does not know when he might go to trial. He has been refused bail on several occasions, and although I have applied for a permit to visit him it seems that the French are quite adept at losing such applications. Will the Foreign Secretary come to the House to explain what we are doing to secure proper treatment for British lorry drivers, many of whom, I believe, are innocent, so that our constituents are free to come home to their families?

Mr. Hain: I know that my hon. Friend has pursued that case with great diligence; I acknowledge that, and his constituent will be grateful. I am very surprised that the French authorities are apparently denying a British Member of Parliament, who is also a fellow citizen of the European Union, access to his constituent and I hope that that will change. In the meantime, the Foreign Office is providing full consular advice and my hon. Friend is free to raise the issue with the Foreign Secretary or his Ministers who will want to support my hon. Friend in whatever way they can.

Bob Spink (Castle Point) (Con): The well-informed Leader of the House will have seen the report in today's papers suggesting that the Government may be considering the development of more incinerators because they are said to be less dangerous than landfill. The campaigning newspaper, the *Yellow Advertiser*, is currently exposing landfill contamination on Two Tree Island in my constituency. May we have a debate on how we can increase recycling to meet the Government's recycling targets, which are likely to be missed? Recycling is the very best way forward.

Mr. Hain: I fully agree that recycling is the main solution to the problem. If we do not adopt a much more sensible response to waste disposal, we shall cover the entire landmass of Britain with landfill. That is why we are putting such emphasis on recycling and other innovative ways to dispose of waste.

Mr. Andrew Miller (Ellesmere Port and Neston) (Lab): When I first became an MP 12 years ago, I never thought that unemployment in my constituency would drop below 2 per cent. It has done so as a result of fantastic partnerships between the private sector, local government and central Government. Will my right hon. Friend arrange for a debate on the role of central Government in that area, especially in the context of programmes such as the new deal?

Mr. Hain: I shall certainly be happy to look at that request, not least because the Conservatives are making an attack on the new deal a principal part of their approach in the coming months. Indeed, the shadow Leader of the House has published a pamphlet attacking the new deal, despite the fact that 223 people in his constituency have obtained jobs through the new deal, only seven of which are subsidised. We want everybody to be given the chance to work; about a million people are being helped by the new deal and, in the next election, I shall be happy to fight against the Conservative proposal to abolish the new deal and for the Government policy of full employment to give everybody hope under the new deal.

Pete Wishart (North Tayside) (SNP): I support calls for a full debate in Government time on post office closures, if only so that we can examine whether it makes any sense to pay post offices to close rather than investing in them so that they can continue to make a contribution to the communities we serve.

Mr. Hain: The hon. Gentleman is free to apply for a debate at any time. As he knows, the matter has been regularly debated in the House and he has no doubt made a contribution to those debates.

Mr. David Chaytor (Bury, North) (Lab): Following the historic events of last weekend, when the accession countries finally joined the European Union, can my right hon. Friend find time for a debate on the impact of accession? Would not that provide a useful opportunity for us to test out some of the more hysterical tabloid predictions about the number of east Europeans coming to Britain? It could also provide a useful background for debate about Europe in the run-up to the European elections on 10 June, as well as for the debate on the referendum on the constitution. Will my right hon. Friend find time for a debate about the EU in the near future?

Mr. Hain: The Prime Minister will make a statement after the European Council at the end of next month, but I should certainly welcome other opportunities, although I do not think I should start the European election campaign today in business questions. My hon. Friend's point about the accession of 10 countries to the EU is well made. Their accession will enlarge our zone of security and stability; it will re-unify the whole of Europe, after its savage division after the second world war and the cold war; it will improve environmental standards by ensuring that the new countries raise their environmental standards; and it will also provide extra opportunities for prosperity and jobs. That is the great prize of EU enlargement.

Dr. Julian Lewis (New Forest, East) (Con): Does the Leader of the House realise that he gives the impression that he is dragging his feet on the question of the review of the sitting hours of the House when he talks about the narrowness of the majority in the Committee? Does he recall early-day motion 262, which was signed by 245 Members?

[That this House notes that the revised sitting hours and related arrangements have now been in place for 12 months; believes that there is now sufficient experience of the new arrangements to enable the House to judge what adjustments would be appropriate to enable the business of the House to be conducted more effectively; and calls for an urgent review of the reforms.]

The Government have made a U-turn on allowing people to vote on the European constitution, so how about allowing Members of the House to vote on their sitting hours?

Mr. Hain: There will be a vote on sitting hours.

Dr. Lewis: When?

Mr. Hain: Let me take the hon. Gentleman through the sequence of events. At the beginning of the year, I announced that the Modernisation Committee would conduct a review. In the meantime, the Procedure Committee had circulated a questionnaire to every Member and there was a large response to which I referred earlier. That response showed a very narrow division, not on reverting to the old hours on Wednesday—there was no real support for that—but on the Tuesday hours. The division was between those who wanted the hour of interruption to remain at 7 o'clock and those who wanted to move back to 10 o'clock. In the Modernisation Committee we need to reflect on the detail of the response to the Procedure Committee and, yes, at the end of that process the House will have a vote on its future sitting hours, as has always been promised. The current hours are only for the rest of this Parliament.

Mr. Martin Salter (Reading, West) (Lab): The Leader of the House will be aware of early-day motion 583 signed by 168 Members on both sides of the House.

[That this House notes with regret the horrific murder of Jane Longhurst by Graham Coutts who had become an avid user of corrupting internet sites such as 'necrobabes', 'death by asphyxia' and 'hanging bitches'; offers its full support to the family of Jane Longhurst in their call for action to be taken to close down these sites; calls on the Government to conduct a review of the Obscene Publications Acts of 1959 and 1964 and all other key legislation; and asks the Home Secretary to ensure better co-operation from the international law enforcement agencies to close down such internet sites, which are likely to incite people to do harm to others.]

It calls for action to restrict UK access to corrupting and depraved internet sites, following the horrific murder of Brighton schoolteacher, Jane Longhurst, who originally came from Reading. She was killed by an avid user of internet sites such as "Necrobabes" and "Death by asphyxia". The Home Secretary has already pledged to try to take action against such sites and to restrict access to them, but does not my right hon. Friend think that as there is wide support for action from Members on both sides of the House it is a suitable subject for debate on the floor of the House?

Mr. Hain: Indeed. I know that the whole House shares my hon. Friend's absolute abhorrence at that obscenity and the way in which internet sites can promote such behaviour. That is why the Government have been working closely with the Internet Watch Foundation, internet companies, telecom operators and others to increase our ability to prevent children from accidentally accessing explicit adult material of that obscene kind. I pay tribute to my hon. Friend's campaign to ensure that we are constantly aware of the issue.

Mr. John Wilkinson (Ruislip-Northwood) (Con): Can the Leader of the House find Government time to debate the endemic fraud and corruption in the EU—the organisation so much admired by him and his hon. Friends in the Government? The issue has been dramatically highlighted by the National Audit Office and by the failure of the European Parliament to do anything about it.

Mr. Hain: Fraud in the European Union is indeed a great concern. That is why the Government have ensured that we focus on fraud the whole time and why Commissioner Neil Kinnock, despite the criticisms of him, has been embarking on some of the most difficult work that any commissioner has had to undertake to try to reform the European Commission's practices and ensure that such inefficiencies and fraud are tackled head-on. That must be done, not only in the interests of all of us, but in those of a Europe of which we can be proud.

Mr. Harry Barnes (North-East Derbyshire) (Lab): Statements and oral questions on Iraq are welcome and could well be extended, as suggested by my hon. Friend the Member for Halifax (Mrs. Mahon), but they are surely not enough. We need a fully-fledged debate on Iraq, the situation in Falluja, what is occurring in the prisons and the two legs of the Government's argument on weapons of mass destruction and humanitarianism. Moreover, we need to debate practical suggestions about how we can get out of the current mess, and the role of the United Nations and the role of a free Iraqi labour movement are important things that could be outlined in that a debate.

Mr. Hain: As I have told my hon. Friend before, I agree about the importance of a free Iraqi labour movement—something that did not exist under Saddam Hussein, but that he and I want to take root in Iraq. As for a fully-fledged debate, my hon. Friend has the opportunity to apply for one at any time, but he cannot really suggest that we have not had many opportunities to discuss developments in Iraq.

Mr. Barnes: A full day.

Mr. Hain: I have noted what my hon. Friend says about a full day's debate. In respect of the United Nations, we are working for another Security Council resolution and the intention is to hand over responsibility for the governance of Iraq to an interim Iraqi authority from the end of next month. That is on course and we will continue to do everything that we can to support it.

Mr. Don Foster (Bath) (LD): I thank the Leader of the House for his robust comments on the proposed English cricket tour to Zimbabwe, but may I press him on the point raised by my hon. Friend the Member for North Cornwall (Mr. Tyler) that there should be a debate, or at least a statement, in the House next week, following today's meeting of the Foreign Secretary and the Minister for Sport and Tourism with the England and Wales Cricket Board? Would not such a statement provide an opportunity for all parties in the House to join together to pressure the International Cricket Council to change its rules to allow the cancellation of such tours on the ground of moral issues, without fines being imposed?

Mr. Hain: I am at one with the hon. Gentleman on this. Undoubtedly, the villain of the piece at present is not just Robert Mugabe's despotic regime, but the way in which the ICC is turning a blind eye to that. I find that unacceptable, and it would be a good idea if we could explore—whether through a debate in the House or other means—how the focus of attention can be put on the ICC.

Mr. Lindsay Hoyle (Chorley) (Lab): Will my right hon. Friend consider a debate on the future of post office closures? The closures are being done differently from in the past. In fact, enticement, bribery and every other means are being used to encourage post offices to close when we believe that they are viable businesses. There is no transparency, the books are not made available to make a rational judgment and the evidence needed to make the judgment is concealed. That is not an appropriate way to close post offices.

The losers are the public. Generally, old people use post offices. Many of the post offices involved are surrounded by old people's bungalows and sheltered accommodation. Those people will continue to need post offices. They will continue to live in those homes, but post offices will be unavailable to them. I plead with my right hon. Friend to arrange an open debate, with the Secretary of State for Trade and Industry available to the House.

Mr. Hain: My hon. Friend makes some serious allegations—the Secretary of State will want to take note of them and respond to him—but I agree with him in this respect: the local post office in my own village in my constituency is a fulcrum for the village. Pensioners and others dependent on benefits use it particularly actively. Pensioners in a former mining constituency such as mine do not have cars and cannot get down the valley easily, so the post office is a vital community facility. He is absolutely right about that.

Mr. George Osborne (Tatton) (Con): When will we debate the proposed referendum on an EU constitution? Although the Prime Minister could open such a debate, would it not be a good break with precedent to allow members of the Cabinet to speak in it and have their say—a say that they were denied around the Cabinet table? Perhaps the Leader of the House could respond to the debate, so that we could hear him eat his words before we go off and eat our dinner.

Mr. Hain: As the hon. Gentleman knows, I responded to a similar impudent point from the shadow Leader of the House a few weeks ago. This issue will be debated in due course, but how can we debate a referendum on a European constitutional treaty that has not yet even been finally negotiated, let alone agreed and signed? That is the point. He and the Conservative party decided that they opposed the draft constitutional treaty before it was even properly published and agreed in the European Convention, on which I represented the Government. They are still pressing the same position when the negotiations have not finished. Let us see what is negotiated and whether agreement can be reached, and then we will decide how to proceed.

Jim Knight (South Dorset) (Lab): I am sure that the Leader of the House shares my concern about the levels of council tax. May we debate that important issue and particularly the effects—cuts in services or increases in council tax—if there were a two-year cash freeze on local government funding?

Mr. Hain: Of course, the consequences for council tax of a cash freeze on local government spending, which would cut local government funding by £2.4 billion, would be catastrophic. Council taxes would rise by 10 per cent. as a consequence of the spending plans promoted by the shadow Chancellor and the shadow Cabinet in the first two years of a Conservative Government. Local government spending would be cut by £2.4 billion, either savagely cutting services or sending council tax levels sky high. That is the prospect that awaits the people of Britain if they get a Conservative Government.

Dr. Andrew Murrison (Westbury) (Con): Will the Leader of the House find time to hold a debate on the Environment Agency's proposed amendments to the substitute fuels protocol that will, by sleight of hand,

allow waste materials to be rebadged as fuel and thus imported into this country for disposal at plants such as the Westbury cement works?

Mr. Hain: Obviously, the Secretary of State for Environment, Food and Rural Affairs will want to take careful note of the hon. Gentleman's point.

Helen Jones (Warrington, North) (Lab): Will my right hon. Friend find time to debate the role played by police community support officers who make a valuable contribution to reducing crime and reassuring the population in my constituency? May we have an opportunity to debate both the possible expansion in the number of support officers and the effect that a £900 million cut in the Home Office and criminal justice budget would have on those people, whom we now have out on the streets reducing crime?

Mr. Hain: I would welcome an Opposition debate on that matter. My hon. Friend is right: it would be interesting to find out whether the Opposition could defend their policy of cutting Home Office expenditure by almost £1 billion, slashing the number of police officers and community support officers, who are vital to improving security in our communities and dealing with antisocial behaviour and the other intimidation that is visited upon senior citizens, especially. That is a question for the Opposition to answer in the coming election campaigns.

Mr. Henry Bellingham (North-West Norfolk) (Con): Has the Leader of the House seen the reports in today's press that unscrupulous law firms are launching legal actions against British troops in Iraq? Will he make it categorically clear that no British troops, either in Iraq or any other theatre, will be subjected to claims under human rights legislation?

Mr. Hain: The Ministry of Defence is obviously very concerned about this matter. Indeed, the Government are concerned about it and I can assure the hon. Gentleman that we will follow the points that he makes and the whole situation very carefully.

Julie Morgan (Cardiff, North) (Lab): I am sure that my right hon. Friend is aware of the statement made yesterday by the Attorney-General, Lord Goldsmith, about progress on reviewing baby death convictions following the Angela Cannings judgment. What arrangements will my right hon. Friend make for that issue to be debated in the House when that review is completed? It is a matter of enormous concern for all parents, carers and paediatricians. I am told that many paediatricians are reluctant to become expert witnesses or take on cases where child abuse is suspected, which may leave children unprotected.

Mr. Hain: This is a very important matter and I acknowledge the close and expert interest that my hon. Friend has shown in child protection and children's rights. That is why I am sure that the Attorney-General's statement and the accompanying written ministerial statement will be particularly welcome to her.

Kevin Brennan (Cardiff, West) (Lab): I thank the Leader of the House for the generous provision of three days' debate on the Pensions Bill on Report and Third Reading, but will he assure the House that, within that time, sufficient time will be given to debate all amendments relating to the 60,000 workers who have lost their pensions, including any amendment that may be tabled by Labour Members if the Government do not make their own announcement before that time?

Mr. Hain: It is partly because of the importance of the matter that sufficient time has been allowed, not just to debate the necessary technical amendments tabled by the Government but to address that issue. I assure my hon. Friend that, if an amendment tabled by Back Benchers is selected by you, Mr. Speaker, and if it is in order, there will be enough time to debate it, if, indeed, it is necessary to table such an amendment at all.

Mr. Gordon Prentice (Pendle) (Lab): Does my right hon. Friend agree that patronage is the curse of our age and that 46 new Members have entered Parliament by appointment, not election? What is happening with House of Lords reform and will it ever take place while peers in the other place have a right of veto and can overrule the decisions that we take in the elected House?

Mr. Hain: My hon. Friend will welcome the increased number of life peerages, which enables the Labour contingent in the House of Lords at least to close the gap with the Conservatives, who are still the largest party there, which makes their presence in the upper House disproportionate to their support in the country. As for House of Lords reform, the Government are addressing the issue and we are determined to advance reforms on the composition of the House of Lords, its powers and procedures.

Mr. Wayne David (Caerphilly) (Lab): I am pleased that Members on both sides of the House have welcomed the fact that the European Union has increased in size with the arrival of 10 new member countries. They will be aware that this week the President of Poland is making a state visit to this country and I am sure that we all welcome the fact that Poland has come back to its European home. May we have a debate in the House as soon as possible on the economic implications of future enlargement of the European Union for both Britain and the EU as presently constituted?

Mr. Hain: I join my hon. Friend, on behalf I am sure of the whole House in welcoming the state visit by the President of Poland, which was an important ally of ours in the second world war and has long been a friend of Britain's. My hon. Friend is one of the Members who have promoted ties with Poland. We value its entry into the European Union and I believe that it will be a strong ally of Britain in the EU's future development.

As for any future plans for the EU enlargement, my hon. Friend knows that Bulgaria and Romania are closing a number of chapters necessary for the conclusion of negotiations on their accession and other candidate countries are lining up, including Turkey, which I personally would like to see in the EU at some point. No doubt there will be opportunities to debate later enlargement.

David Taylor (North-West Leicestershire) (Lab/Co-op): In light of a planned lobby of Parliament by employees of Her Majesty's Prison Service and the national probation service, who wish to express their concerns about the national offender management service, would the Leader of the House care to pay tribute to the professionalism and commitment of those two groups of people and ask the Home Secretary to make a statement to the House to supply the organisational detail that is missing but necessary, provide assurances about resource levels and explain the delphic term "contestability", which seems to threaten employees and voluntary sector providers alike?

Mr. Hain: The Home Secretary will want to pay attention to the points made by my hon. Friend, but I happily join him in paying tribute to the role played by prison officers and probation officers. As for the latter, I often feel that they are the butt of attacks and criticisms, rather like social workers, but in fact they do an important job, which we are happy to acknowledge.

BILL PRESENTED

BALANCE CHARITABLE FOUNDATION FOR UNCLAIMED ASSETS (ALLOCATION)

Mr. Frank Field, supported by Mr. Jon Owen Jones, Mr. Derek Wyatt, Kevin Brennan, Mr. David Willetts, Mr. Nigel Waterson, Mr. Steve Webb, Annabelle Ewing, Sandra Osborne, The Rev. Martin Smyth, Mr. Jeffrey M. Donaldson and Adam Price, presented a Bill to make provision about the allocation of unclaimed assets secured by the Balance Charitable Foundation for Unclaimed Assets: And the same was read the First time; and ordered to be read a Second time on 18 June, and to be printed. [Bill 104].

Points of Order

1.14 pm

Mr. Nicholas Soames (Mid-Sussex) (Con): On a point of order, Mr. Speaker. You will have heard the concerns expressed by my hon. Friend the Member for North-East Hertfordshire (Mr. Heald) and colleagues on both sides of the House about the possible deployment of additional troops to Iraq. You will also have heard the thoroughly casual and dismal reply by the Leader of the House to the serious point made by my hon. Friend the Member for North-East Hertfordshire. It is plain that the newspapers, particularly *The Times* and *The Sun*, have already been briefed that additional troops are to go to Iraq, and we know that a reconnaissance force is already there to assess the state of play in the area. Given your own very strong views, often rightly pronounced in the House, that statements should be made in the House before they are released to the press, if a decision has been made in principle—we believe that it has been—to consider a deployment, the House of Commons urgently requires the Government to come and explain their policy, and give the House the opportunity to debate this serious question, which involves sending up to 4,000 troops into harm's way.

Mr. Speaker: The hon. Gentleman is quite right that the matter was raised by the shadow Leader of the House. With regard to comments in the press, as he knows, sometimes they can be inaccurate, and therefore I do not wish to make any statement on that. However—and I hope that note is taken of this—if there is any significant increase in Army personnel going into an area of danger, I would want the House to know about it.

Mr. Paul Tyler (North Cornwall) (LD): Further to that point of order, Mr. Speaker. Is it not a great discourtesy to the armed forces and their families that no attempt has been made to clarify the accuracy of the reports in the papers today or to make sure that we now have a statement on the facts?

Mr. Speaker: The hon. Gentleman knows my difficulties. I cannot be drawn into these arguments, and I think that I have made the point on behalf of the House.

Mr. Patrick McLoughlin (West Derbyshire) (Con): On a point of order, Mr. Speaker. May I take you back to Question Time and draw your attention to Question 3, when a number of Opposition Members rose but you were unable to call them? I make no argument about that whatsoever. However, after Question 5, the hon. Member for Edinburgh, South (Nigel Griffiths), a junior Minister in the Department of Trade and Industry, commented that no Opposition Member had risen to ask a question when, in fact, you had called four Government Members to ask a question. Could you inform Ministers that it is you who decides who is called in questions? Unfortunately, the Opposition do not have much say in whom you call.

Mr. Speaker: I think that Ministers know that, but from time to time they take some liberties.

Orders of the Day

Armed Forces (Pensions and Compensation) Bill

As amended in the Standing Committee, considered.

[Relevant documents: First Report from the Defence Committee, Session 2003–04, HC 96, on Armed Forces Pensions and Compensation, and the Government's response thereto, Cm 6109.]

New Clause 1

RESERVISTS PERSONAL PENSION PLANS

'The Secretary of State may by regulation enable the Armed Forces Pension Scheme to make contributions to personal pension plans owned by members of the Reserve Forces.'.—*[Mr. Brazier.]*

Brought up, and read the First time.

1.18 pm

Mr. Julian Brazier (Canterbury): I beg to move, That the clause be read a Second time.

I declare an interest, Mr. Speaker, as I served for 13 years in the Territorial Army, as you yourself did. Indeed, as background to our debate on pensions, I might say that my grandfather served throughout both world wars as a reservist officer. His health was ruined as a result and, although he was decorated for gallantry, he never received a pension of any kind. The proposal in new clause 1 does not relate to the past, but aims to address an injustice that exists today.

In connection with the point of order raised by my hon. Friend the Member for Mid-Sussex (Mr. Soames), Operation Telic involved the largest deployment of reservists since the war, so this is a good time to focus on the issue. They constituted a huge proportion of the overall personnel, with 5,000 out of a nominal total of 45,000 reservists—only 35,000, however, were trained and available for service—being deployed. Even today, the Library tells me, we have 989 reservists in Iraq, 230 in Afghanistan and about 300 in the Balkans. Recently, the first military cross since 1945 was awarded to a territorial.

Nearly all those are people who have civilian jobs. They give of their time during peacetime and for many years serve at annual camps, weekends and evenings in the Territorial Army and its counterparts in the other two services. There is no pension provision for reservists, however many years they serve, except in one respect. Those who are called up for full-time service can have payments made into an employer's pension fund, if they have an employer. If they happen to be self-employed—a large and important category of reservists—there is no provision. The new clause seeks to address that, for two reasons.

First, the current arrangements are grossly discriminatory against self-employed people; why, I cannot imagine. I served in three different TA units and self-employed people played a vital role in all of them. As call-outs become more burdensome and onerous, and as employers become reluctant to allow employees to serve in the reserve forces, the proportion of self-employed people, if they can be found and are able and willing, may have to rise. It is very unfair that such discrimination exists.

The second point relates to all reservists. No matter how long they serve, there is an absolute lack of provision for their general service outside full-time deployments. I was one of those who argued strongly and many times in the House for more use to be made of reservists, preferably in formed units. I welcome the fact that just before the last Conservative Government fell, we passed the Reserve Forces Act 1996 and started the process of making more use of reservists. I did not envisage at that stage that there would be huge cuts in the number of reservists and an enormous increase in the scale of work required of them. That is what happened.

When we consider pensions for those who are not on full-time service, it is important to recognise the sacrifices that they make. Overtime opportunities are greatly reduced if one is spending weekends away and spending training evenings as a reservist. Even in the old days, career opportunities were somewhat jeopardised by reserve service. I well remember conversations in which people said, "We really wanted so-and-so to take such-and-such a job, but he finally felt unable to do so because it would have meant giving up a promotion, as the job is so busy." Today, with the prospect of being called out in peacetime for periods of as long as six or even nine months, perhaps as often as once in every three or four years, the reduction in people's earning prospects, and consequently in their eventual pension prospects, is considerable. That is not reflected at all, outside the periods of full-time service.

I shall not detain the House with a long argument because that would not strengthen the case. However, it might be for the convenience of the House if I explained in a few sentences how the national guard scheme works. It is a good scheme and a cheap one. Bearing it in mind that reservists provide defence on the cheap, much of it funded by their employers—or their own business where they are self-employed—it is a scheme that the Government would do well to consider. Such a scheme is envisaged by new clause 1.

The scheme is governed by three simple rules. First, leaving aside the full-time deployments, there is no contribution for anyone who serves fewer than 20 years, so the scheme applies only to a small proportion, but it applies to those people who are the very backbone of every unit—the company commander, the company sergeant-major and the long-serving non-commissioned officer. In America, when such people have done 12 or 13 years and feel that they have had enough, they realise that in another six or seven years they will be eligible for a pension. The scheme affects a fairly small class of people, but a critical one for maintaining unit quality. Secondly, one does not receive a pension at the age where one's regular counterpart would. The pension starts at state retirement age, which, from memory, is 67 in America, so the provision is relatively cheap. Thirdly, it is entirely related to the amount of time spent serving.

At a time when the defence budget is stretched, I know that there is no huge willingness to consider spending extra money on anything, but when the burden is being disproportionately borne by members of the

[Mr. Julian Brazier]

reserve forces, the very small sums that the scheme would cost would be good value for money and would represent justice.

The Parliamentary Under-Secretary of State for Defence (Mr. Ivor Caplin): May I take the hon. Gentleman back to the US system that he was explaining to the House? For comparative purposes, will he tell us about other pension provision? For instance, is there a state pension provision across the United States that national guard members would receive as well?

Mr. Brazier: The Minister knows that pension arrangements in America are extremely complicated, with variations between states. The crucial issue is the return that reservists get from giving up time to do reserve service, which other civilians who do not give up time to do reserve service do not get. What pension return are reservists getting? In the national guard, the US army reserve or its counterparts in the other services, the small proportion of people who are the backbone of the organisation get the benefit if they do more than 20 years, and those who choose not to sacrifice their time and make the other sacrifices involved do not get it.

Angus Robertson (Moray) (SNP): The hon. Gentleman is making a powerful case, which I am sure he has also found is popular among people in the Territorial Army and reserves more generally. They think it would be a fair way to go. Is he aware not only that such a scheme exists in the United States, but that Canada has been developing a similar scheme over recent years? Perhaps the Ministry of Defence could look at that for inspiration.

Mr. Brazier: I am grateful to the hon. Gentleman, who is more up to date on the situation in Canada than I am. I know that the Canadians were evaluating a scheme, but I do not know how much progress has been made. I can say, however, that, as the House knows, the turnover figures, or the wastage rates, which are a significant measure of the state of a unit, in all our counterpart English-speaking countries—America, Canada, Australia and, I believe, New Zealand—are much lower than those for the British reserve forces. That should concern us.

There are two separate injustices that the clause seeks to address. The first is the lack of a pension to cover the full service of a long-serving reservist. The second is the immediate crying need to sort out the discrimination against the self-employed. I urge the House and the Government to support new clause 1.

Mr. Colin Breed (South-East Cornwall) (LD): As there are currently reservists in theatre, it is right that we should think about their future welfare and the benefits that we provide for them. In Committee, the hon. Member for Canterbury (Mr. Brazier) explained in greater detail why we should do so. We should look after reservists for the right reasons, not because other countries may be introducing their own schemes. We should properly address the discrimination issue and find a means of reflecting in pension terms the service that they have given. The principle of paying a contribution to reservists who receive an occupational pension has already been established, so the Government cannot argue against it.

1.30 pm

On that basis, why should we not pay those who have personal pension plans? In Committee, the Minister explained that a reservist averages about 30 days' service a year, so the pension would be very small. However, that is an argument in favour of new clause 1, because extending the scheme would have little effect on the overall cost—I understand the cost-neutrality problem. The change would cost a small amount and affect relatively few people, so finance should not be an issue.

We have agreed the principle and that extending the scheme will not cost very much, so why are the Government making such a great fuss? The hon. Member for Canterbury suggests an elegant solution to enable the Government to address discrimination and recognise the valuable service that reservists give, and it would hardly register as a blip in the budgetary process.

Mr. Mike Hancock (Portsmouth, South) (LD): I am delighted by the new clause moved by the hon. Member for Canterbury (Mr. Brazier), but I was disappointed by the Minister, who sought to tarnish it by criticising the system in America and suggesting that people gain an advantage by having two pensions. The issue is about fairness to people in the reserve forces, who give their time and, in some instances, their lives or their well-being on behalf of their country, and new clause 1 allows this House and the nation as whole to recognise that commitment.

Mr. Caplin: As the hon. Gentleman is a member of the Defence Committee, he did not participate in Standing Committee, where hon. Members were able, free and willing to ask questions about different points as we debated the issues. I intervened on the hon. Member for Canterbury (Mr. Brazier) to raise an interesting point about the US scheme, and I cannot see anything wrong with that.

Mr. Hancock: The point would be relevant only if the Minister provided evidence that people in the reserve forces in the United States can claim other benefits. The US system is a good example, because it works and offers reserve forces a pension scheme, and it could easily be adapted and made available to reserve forces in this country. The point that many reserve service personnel in the United States probably do not have other pension facilities is valid, but it does not relate to this issue, which concerns fairness to our reservists.

Mr. Brazier: The hon. Gentleman makes a powerful point. Pensions paid to members of the armed forces and, indeed, other state sector occupational funds are not welfare payments; they are a reward for service.

Mr. Hancock: The hon. Gentleman is dead right. The issue concerns the recognition of those individuals' commitment to the nation. New clause 1 will not break the MOD bank, and it is a way to honour reservists and recognise their dedication.

During the past year, I have talked to many people who have returned from active service in the Territorial Army and other reserve forces in Iraq, many of whom have been on long deployments for the third time in three years. Reservists who have served on three separate deployments are not unusual, and many of them return to face difficult employment situations, which is a point that the Minister has recognised.

New clause 1 is a major step in the right direction—it is a small financial step, but it is a big step in honouring a debt that we should have considered long ago. I hope that the House is inclined to support it unanimously, and if the Government were to agree to it, it would mark their commitment to our reserve forces.

Mr. Caplin: I can safely say that unanimity will not be achieved on new clause 1.

I pay tribute, as I have on a number of occasions, to the work of all our reserve forces, whether they are deployed in Iraq, the Balkans or Afghanistan. The hon. Member for Canterbury was good enough to acknowledge that we have made changes to reserve forces during the past few months to recognise their greater importance. I told the Standing Committee the news about the Duke of Westminster a couple of weeks before the *London Gazette* announced it, but not to worry—I suppose that was my privilege in that situation.

Since we debated the issue in Standing Committee, I have met a number of reservists in Basra. As I expected, they are a fully committed and very determined group of men and women, and they are dedicated to Britain's cause in south-east Iraq. They are particularly committed to the reconstruction of Iraq and to their work with the local Iraqi community, which is testament to their skills. Many members of the reserve forces, which are doing a superb job in Iraq, are becoming increasingly frustrated at the lack of attention shown by the newspapers and television to their work developing water stations and sewers and helping schools and hospitals. Owing to the work of all our British troops, including our reserve forces, the public infrastructure of south-east Iraq differs significantly from its condition 18 months ago.

The hon. Member for Canterbury began the debate by discussing the current size of our reserve forces, and he does not see the Reserve Forces Act 1996 as a reason to reduce numbers. If we go back 10 years to 1994, however, the Territorial Army contained about 100,000 people.

Mr. Brazier: No it did not.

Mr. Caplin: It was very large, but it was seldom deployed or deployable. Today, the TA contains some 40,000 people and is deployable, which is something that Government and Opposition Members welcomed in an excellent Adjournment debate on the issue in Westminster Hall. The capability of the TA and the reserve forces in general is more significant today because they are more likely to be deployed.

Mr. Brazier: I am listening to the Minister carefully. After the TA was cut by about one third, the Government announced that it was more deployable, and it has been deployed more often. Apart from the introduction of the mobilisation centre, which was announced by the previous Conservative Government, can he mention one single change that has made the reserve forces more deployable? More reservists are being deployed, but the resources to train them for deployment have been reduced.

Mr. Caplin: I do not accept the basis of the hon. Gentleman's question. I went to Chilwell to speak to reservists as they were mobilised and found that the system is effective. I have talked to reservists in both Chilwell and Iraq, and they welcome the training and development that is part of the mobilisation process.

I make those points about deployment because it determines the pension issue. The House will not take a unanimous view on new clause 1 because, as the hon. Gentleman knows, voluntary reserve service, such as weekend training and annual camp in the TA, is not pensionable under the armed forces pension scheme. Service is pensionable when people are deployed. I entirely accept the point that the hon. Member for Portsmouth, South (Mr. Hancock) made about fairness to those who are deployed in Iraq or Afghanistan. Under the Reserve Forces Act 1996, we do, can and will use the power to make pensionable payments for those people, because they are deployed, or mobilised, and therefore acting in theatre.

Mr. Hancock: The Minister makes an interesting point, which he has obviously researched. Will he give details of how many people over the past three years have been compensated in the way that he describes?

Mr. Caplin: I cannot do so today, but I look forward to the parliamentary question that will naturally follow.

When the reservist is mobilised, he or she can ask the Ministry to make pension contributions to his or her civilian pension plan. That is how the 1996 Act works. New clause 1 is unnecessary, because we already have that power to make payments to civilian pensions.

I cannot tell the House how much it would cost to extend the scheme as the new clause proposes. It was suggested that it would not cost a lot, although we were not given any figures—that would have been interesting. I have a feeling that such non-mobilised reserve service pension arrangements would end up costing millions of pounds, but we can certainly look into the potential costs.

I want to draw some differences between those who are employed and those who are self-employed. Those who are employed are protected under the safeguards in the Protection of Employment Act 1977, which were enhanced by the Reserve Forces Act 1996. I accept that the situation is slightly different for self-employed people. As hon. Members will know from the debate in Westminster Hall, this is one of the areas to be considered in the review that I am undertaking with regard to statutory instrument 309, which will take account of the differences between employed and self-employed status. I explained the timetable for the review process, and I hope in next week's debate to be able to say more about where it stands and to give hon.

[Mr. Caplin]

Members clearer time lines. *[Interruption.]* I can see the hon. Member for Canterbury edging towards the front of his seat.

Mr. Brazier: I thought that the Minister was about to sit down.

Mr. Caplin: I should like to make a couple more points first.

The new clause would add nothing to the powers under the Reserve Forces Act, which allows us to make such contributions. The Bill ensures that reservists' arrangements will continue to be properly governed by the 1996 Act when we move to the new armed forces pension scheme. Two schemes will run, and the 1996 Act will be relevant to both. The powers that we have in those schemes will ensure that people are not out of pocket in terms of their pensions. That is because, as the hon. Member for Portsmouth, South said, they are doing a crucial job for our country, whether in Iraq, the Balkans or Afghanistan. If the new clause is pressed, I shall ask my hon. Friends to resist it.

Mr. Brazier: I hope that it is in order, Madam Deputy Speaker, for me to say that when I moved the new clause I did not explain that my hon. Friend the Member for New Forest, West (Mr. Swayne), who has just come back from the Gulf, was unable to move it because he is at his father-in-law's funeral. He asked me to pass on his apologies to the House.

Although I am not persuaded by the Minister's arguments, I acknowledge that he made two helpful commitments: that the Government will consider the whole issue of the way in which the self-employed are looked after; and that he is willing to look into how much it would cost to introduce a wider scheme. It would perhaps be uncharitable to remind him that he still owes me a letter, because he promised to write to me about the points that I raised on unit structures during the Westminster Hall debate.

On the basis that we have those two pledges, I am happy to withdraw the motion.

1.45 pm

Mr. Breed: In view of what the Minister said about next week's debate, it would be extremely helpful if we could have by then some very rough figures on costs. I am sure that the actuaries could produce something in time.

Mr. Caplin: Perhaps I should clarify the commitment that I gave. I did not say that I would provide figures on the proposed pension arrangements; I said that I would update the House on our review of statutory instrument 309 and reserve forces generally, which I detailed in the Adjournment debate in Westminster Hall four or five weeks ago. Nice try, though.

Madam Deputy Speaker (Sylvia Heal): Order. I must now put the Question. I am afraid that we have had speeches after the withdrawal of the new clause. I must now put the Question but, of course, Members may decide not to vote on it.

Question put and negatived.

New Clause 2

ARMED FORCES PAY REVIEW BODY

'(1) The Armed Forces Pay Review Body (the "Review Body") shall monitor the extent to which the scheme meets the recruitment and retention needs of the Armed Forces.

(2) The Review Body shall publish its observations in a supplement to the following annual report and the Secretary of State shall publish his response to these observations.

(3) The Secretary of State shall consult the Review Body in advance of any variations in the Schemes which he is minded to make.

(4) Any person (including serving members of the Armed Forces) or organisations concerned with the working of the Schemes or about Legacy Issues covered by existing schemes shall make such representations in writing (and in confidence if appropriate) to the Review Body in summary form in the first instance and the Review Body may, at its discretion, invite further representations on the matter in such form as it may prescribe, but the Review Body shall not be obliged by this provision to look into individual cases.

(5) The Review Body shall set out the arrangements to apply to servicemen and women who elect to transfer to a new Armed Forces Pension and Compensation Scheme.

(6) Before the introduction of any new scheme the Secretary of State shall submit to the Review Body the mortality and longevity assumptions upon which such scheme is based.

(7) The Review Body shall keep the Schemes and Legacy Issues under regular review and shall report annually to the Secretary of State and may so report more frequently if they believe that to be necessary.

(8) The Secretary of State shall cause any report to him by the Review Body to be published if the Review Body so requests.

(9) The Review Body may make to the Secretary of State recommendations for variations in the Schemes.

(10) The Secretary of State may, at his discretion, reject, vary or accept and apply recommendations by the Review Body.

(11) If a recommendation is made under subsection (10), the Secretary of State shall make a written statement to Parliament setting out—

(a) the Recommendation;

(b) the Review Body's reasons for making the recommendation;

(c) the Secretary of State's decision in relation to the recommendation;

(d) the reason for the decision.

(12) A legacy issue shall be defined as an historical anomaly in provisions of Armed Forces Pension Schemes causing inequitable treatment of certain clearly defined groups.'.—*[Mr. Gerald Howarth.]*

Brought up, and read the First time.

Mr. Gerald Howarth (Aldershot) (Con): I beg to move, That the clause be read a Second time.

We had a series of very successful discussions in Committee. Although we were hampered in certain respects, and there were several fundamental disagreements, I think that the Minister will agree that we were able to deal with the issues in a courteous and civilised fashion. Conservative Members' criticisms of the Government—I suspect that their Back Benchers may have some, too—should not be misinterpreted. We are saying not that the Government are not supportive

of our armed forces or careless with their lives and conditions, but merely that they could be doing better.

I pay renewed tribute to the Select Committee on Defence for the extensive work that it—or, if I may say so, we—carried out in examining these complex matters of pensions and compensation. One of its chief complaints was that the Bill is an enabling Bill. It contains virtually nothing save an unfettered and unlimited power for the Secretary of State to draw up such schemes as he thinks appropriate. We have only the possibility of a one-and-a-half-hour debate to consider and scrutinise schemes that are very extensive in their effect on the armed forces and detailed in the way in which they will affect their lives.

A second criticism was the lack of much of the detail of the schemes. No details about the early departure scheme were provided on Second Reading and were tabled only in Committee. I have outlined the two principal criticisms that the Select Committee on Defence made, and it is important to revisit some issues, not simply to rehearse earlier arguments but to give other hon. Members an opportunity to have their say.

The pension and compensation schemes have been subject to scant parliamentary scrutiny. I remind the Under-Secretary that, in the 2001-02 Session, 1,468 secondary legislation measures were tabled but only three were considered on the Floor of the House and we voted on only one. Last Session, there were no debates in the Chamber on secondary legislation. We must also bear it in mind that secondary legislation is not amendable. The Bill contains nothing about the schemes, which will have a huge impact on the lives of our servicemen and women. In Committee, we tabled amendments to include at least some of the main principles in the Bill.

Mr. Caplin: I, too, do not want to repeat all the points made in Standing Committee, but perhaps we can make the ground rules clear. We are considering a new scheme for members of our armed services on or after 6 April 2005. It is not directly relevant to those who are currently serving unless they choose to transfer to the new scheme.

Mr. Howarth: That is a poor start by the Under-Secretary. We know that the new scheme that comes into effect next year will be mandatory for those who join on 6 April or thereafter, if the Bill reaches the statute book—perhaps that is a big assumption. However, the Under-Secretary glided over a fundamental issue, which I shall tackle shortly. Those who serve today and continue to serve beyond 6 April next year will face a choice. He accepted but brushed over that. They will have to choose whether to stay in the existing scheme or to join the new scheme. I leave aside compensation, about which there will be no such choice. However, it exists for pensions and it will affect servicemen and women and their families for the rest of their lives. The fact that there is nothing in the Bill about that makes it difficult for us to scrutinise the matter as we would have wished.

Another complaint that we made was that, unlike members of other public services such as the fire or police services, Her Majesty's armed forces had no representative body to speak up for them. We therefore called in Committee for independent oversight to be given to a body of, for example, representative trustees. The Under-Secretary rightly pointed out that an unfunded scheme cannot have trustees, and we accepted that. We welcome the fact that, last Friday, the Under-Secretary announced that he had considered the representations that we made in Committee. To be fair, there was concern in all parties in Committee about the lack of independent oversight of the armed forces pension scheme.

We are pleased that the Under-Secretary listened to our arguments but his announcement did not go far enough. We have tabled the new clause to include in the Bill an issue that the Government acknowledge to be important, and to add other matters on which the Under-Secretary's announcement did not go far enough. We welcome the fact that oversight will be given to the Armed Forces Pay Review Body. As I said in Committee, that organisation has worked well and is respected by everyone. Given that we all believe that our armed forces need to have confidence in the oversight of the pension scheme, they will be encouraged to know that the remit has been given to the Armed Forces Pay Review Body.

However, the review body's role in externally validating, as the Under-Secretary describes it,' will be done

"in the context of their quinquennial valuation of the AFPS".—[*Official Report*, 30 April 2004, Vol. 420, c. 65WS.]

We are worried that we have no detailed statement of the exact powers that will be given to the Armed Forces Pay Review Body. Will it be limited to considering pension issues every five years, as the comment about the quinquennial review suggests? Can it maintain—as we believe that it should—a watching brief, and report as and when it considers that to be appropriate? We believe that that is a much better way of granting power to the review body.

If members of the armed forces knew that the matter would be considered not only every five years, but as and when those highly professional and splendid people who make up the Armed Forces Pay Review Body felt that the Government should take action or at least investigate a matter, that would have the added advantage of further consolidating confidence. I hope that the Under-Secretary will tell us how he envisages the pay review body's remit being effected.

Why will the Armed Forces Pay Review Body be constrained in making its views public until the following year's annual report is published? There may be a good reason for that, but if the body discovers something about pensions that should be drawn to the attention of the armed forces or to that of the House, it should be able to do so and not be constrained. If it looks into a matter and finds a cause for concern, it should not have to wait until the following year to publish its anxieties. That is an unacceptable limitation. I reiterate that there may be a good reason for that, but we need to know why the Under-Secretary has chosen that route.

Mr. Caplin: Perhaps I can help. Last week, I announced a quinquennial review of the new armed forces pension scheme. That would not prevent the Armed Forces Pay Review Body from commenting on pensions in relation to recruitment and retention of current armed forces staff.

Mr. Howarth: That takes us a little further forward. If I understand the Under-Secretary correctly, he proposes to give the Armed Forces Pay Review Body a statutory remit whereby it must conduct a review every five years but will not be constrained from making a report to the Secretary of State or, as I would hope, to Parliament, if something arises in the meantime. Perhaps the Under-Secretary will confirm whether I am right.

Mr. Caplin: The Armed Forces Pay Review Body reports to the Prime Minister. It is not in the Ministry of Defence in that respect. I am clear that it can consider all the issues that relate to recruitment, retention and pay. It makes the appropriate reports to the Prime Minister and we announce them to the House in a statement. Those terms of reference are unchanged. I propose that the body should undertake the additional work of examining every five years the workings of the new pension scheme. I shall say more about that shortly, but I hope that I have cleared the matter up.

2 pm

Mr. Howarth: I take encouragement from the last part of the Minister's remarks, because one of the issues that will become apparent—it is not apparent now—is just how successful some of the new measures will be in retaining the servicemen and women whom we want and need to retain in our armed forces. None of us here today, not even the Minister, can say with any certainty that the measures will have the desired effect in that respect. I therefore welcome the fact that there will be a requirement to review every five years, but it seems, from what the Minister has said, that there will be an opportunity for the review body to make known concerns as and when they arise, rather than being limited to doing so every five years. I do not want to be churlish: I welcome that.

Given the importance of this issue, however, we feel that the new clause ought to be in the Bill. That would help the Government, because it would give them a clear framework within which to operate. We have included a number of other issues in the new clause that we felt ought to be addressed and to be given to the Armed Forces Pay Review Body as specific remits. Perhaps I can just go through some of them.

New clause 2(5) would require the pay review body to

"set out the arrangements to apply to servicemen and women who elect to transfer to a new Armed Forces Pension and Compensation Scheme."

As I have just pointed out to the Minister, this involves serious issues that must be addressed by every serviceman and woman who is serving in the armed forces next April—issues that are likely to affect them and their families until the end of their days. We raised this matter in Committee.

The Minister was present at our meeting yesterday with some of those who feel that the scheme has not moved on to help them sufficiently. Some of those people are in their 80s and 90s, and are living with a scheme that was established in the past. Whether they elect to stay in the existing scheme or move to the new one next year will be a matter of concern to them and to their families, and I envisage a great deal of debate on the issue in married quarters up and down the land, and certainly in my constituency of Aldershot.

In Committee, when we called on the Minister to make advice available to our servicemen and women, he said that the Ministry of Defence could not act as a financial adviser, and nor, by implication, could any member of the chain of command. Given the way in which the oversight of our financial services is administered today, I quite understand the elephant trap that might lie ahead if the Minister or those under his command were to give such financial advice.

The Minister helpfully provided us with a leaflet, however. I am not sure whether other hon. Members have seen it, but it is a little purple leaflet representing a tri-service view of these matters, entitled "The New Armed Forces Pension & Compensation Schemes". It sets out some of the key conditions and tells people:

"You can remain on the current scheme",

and

"You will get the opportunity to choose whether to stay where you are or transfer to the new pension scheme. You do not have to decide now."

Well, they are going to have to decide in due course, and these are momentous decisions. The leaflet says:

"Where can I find out more?"

and advises people, in the modern usage, to go to the MOD's website. I have managed to master the necessary technology to have a look at the website, and it does give some comparative examples of conditions under the existing scheme and what will apply under the new one. I have to say, however, that it is all pretty basic.

The leaflet goes on:

"If you have any general questions on the schemes, address them to your commanding officer or your local administration office in the first instance."

I suspect that the Minister has already advised those people not to offer anything that might constitute individual advice to individual soldiers, sailors or airmen, and to ensure that their remarks are of a very generalised nature. The leaflet continues:

"You can email general questions to the pensions team".

I have not done that yet, but I might give it a try. Here is the rub, however. The last sentence says:

"They will not be able to respond individually".

That is the issue. Our armed servicemen and women will not be able to look to their employer for individual advice.

Mr. Hancock: The hon. Gentleman has been uncharacteristically generous to the Government in not repeating the condemnation of the Select Committee, on which he and I served, regarding this whole process. The Committee made it clear that the consultation on the process was "uninformative" and that the MOD had failed to grasp the importance of the issue to the service personnel involved. That leaflet is still vague in the

extreme, and it still does not properly open the door for those issues to be discussed fairly with the individuals concerned. Does the hon. Gentleman agree that, once again, the Ministry of Defence has failed miserably to put its case properly to the people it serves?

Mr. Howarth: The hon. Gentleman and I both still serve on the Defence Committee, and we did indeed make those forceful criticisms. In fairness, however, this leaflet came out after the Committee's report was published.

Mr. Caplin *indicated dissent.*

Mr. Howarth: The Minister shakes his head, but I do not think that any of us knew that the leaflets were in circulation until we asked, in Committee, what advice was being given. At that point, the Minister stood up and told us that the Ministry had put out a little leaflet. The following day, he came armed with a supply of them so that we should know exactly what was being given to our servicemen and women to enable them to make up their minds. However, as the hon. Member for Portsmouth, South (Mr. Hancock) said, it is pretty generalised stuff, and I return to my point that the leaflet says that the pension team will not be able to respond individually.

In Committee, the Minister said that

"as part of our preparations for the transition, we are obviously considering how to provide and facilitate access to independent financial advice. That is the responsibility of a good employer, which is what the Ministry is."—[*Official Report, Standing Committee B*, 10 February 2004; c. 131.]

We concur with that, but so far, I see no evidence that any details of those preparations have been vouchsafed to us. Certainly, I have been given no new information that extends beyond this little leaflet. It is incumbent on the Minister to tell the House how the preparations for the transition are going, and whether he has come to any conclusion on how to provide and facilitate access to independent financial advice. That is the issue, and we and those whom we represent need an answer. The Minister is driving this measure through—I shall be contrary here and say that he has both gripped it and rushed it through, but I am in opposition and I am entitled to say that—and he is pressing ahead with the April 2005 deadline. We need to know what detailed provision he has made to facilitate access to independent financial advice.

The Minister also told us that plans were under way to provide comparative individual benefit statements to enable servicemen and women to make an informed decision. Fearful as we all are of the capacity of government to cope with any new IT system, he ought to tell us what progress has been made in establishing the system necessary for the provision of that information. He was very confident in Committee that this could be done, so we would like to know that the system will be up and running and that it will provide what is needed to supply the individual benefit statements.

Subsection (6) refers to the mortality and longevity assumptions, which underpin much of the complex debate on the affordability of the pension scheme. On Second Reading, my hon. Friend the Member for Mid-Sussex (Mr. Soames) said:

"During interminable debate on this issue, the Ministry of Defence has effectively moved the goalposts by changing the actuarial assumptions on which everything is based. As the Defence Committee reported, the expected cost of the existing scheme to the Ministry in 30 to 40 years' time has been recalculated from 22. per cent. to 24.5 per cent. of pensionable salary. The new scheme will reduce the estimated cost to 22 per cent. However, if the original actuarial assumptions were applied to the new scheme, it would cost 20.3 per cent. of pensionable salary, so the total value of the new scheme is 1.7 per cent. less than the value of the current scheme".

As my hon. Friend went on to say, that

"flatly contradicts the Government's claim that any savings in one area"

would go to

"enhance benefits elsewhere."—[*Official Report*, 22 January 2004; Vol. 416, c. 1500.]

However, he might regard the Chancellor of the Exchequer as a benefit.

Given the capacity of Government to manage—that is the word I use—the figures, it is essential that there is some independent scrutiny of how a scheme as important as this is arrived at. The mortality and longevity assumptions on which it is based should be in the Bill, hence proposed subsection (6).

Subsection (7) would provide for the Armed Forces Pay Review Body to keep under review the legacy issues, which are defined in subsection (12). The Minister and all of us are aware of the great concerns out there, particularly among those who retired some time ago or their widows, about the feeling that there are issues that have never been addressed, either by this Government or by previous Conservative Governments. Therefore, it would be helpful if we provided for the AFPRB to have a specific remit to keep those legacy issues under review.

That would help us and the Minister. Indeed, it would help me when we swap places after the next election, as we would be able to have some independent assessment. *[Interruption.]* My hon. Friends say that the Minister will not be here then. Well, Brighton and Hove Albion are doing pretty badly at the moment, so he may follow suit. It would help Ministers of whatever description if some well-regarded, well-respected and professional organisation could have a look at issues that have been of concern to a number of our constituents over a great many years.

Subsection (9) states:

"The Review Body may make to the Secretary of State recommendations for variations in the Schemes."

That would enable the AFPRB to keep the compensation scheme under review, as well as the pension scheme. It is important to recognise that we are dealing with two schemes—one relating to pensions, the other to compensation. Again, the proposal would assist the Minister, as the compensation scheme could be kept under review. I suspect that the way in which he proposes to change that scheme—I will come on to that when we discuss another new clause—is likely to cause problems for him and his successors. Therefore, giving the AFPRB a remit there would be valuable.

[Mr. Howarth]

I hope that I have made a compelling case as to why we should include provisions on the review body. I acknowledge that the Minister has listened to some of the arguments and moved a long way to meeting our concerns. I hope that he goes the extra mile, as that would please us all.

2.15 pm

Rachel Squire (Dunfermline, West) (Lab): I welcome the fact that the new clause has been tabled and I welcome its contents, which raise a number of issues. I also welcome last week's written statement by the Minister on the Armed Forces Pay Review Body, which shows that he has indeed taken careful note of the concerns of the Select Committee, of which I am a member, and those expressed in Committee, as well as the views from a range of individuals and organisations. I am pleased that the AFPRB will now have a role in externally validating the provisions of the armed forces pension scheme.

The review body will enable all views to be expressed on the issues that involve all ranks of the armed forces. While debating and consulting on the Bill, I and others have been concerned about how much voice—or rather, as it often seems, how little—has been given to all ranks of our armed forces, instead of focusing on officers having their say. The most junior ratings and privates get little opportunity either to be informed of the proposals or to respond to them.

May I ask the Minister two questions about his response in last week's statement? First, I welcome the clarification he has given on the five-year proposal not constraining the AFPRB from considering recruitment, retention and pay more frequently. However, I still want to press him on whether he will consider the possibility of the AFPRB being able to consider matters related to the pension and compensation schemes more regularly than every five years. One of the interesting suggestions in the new clause is that a range of individuals serving in the armed forces and other organisations should be able to write to the AFPRB to express their views and concerns about the operation of the new scheme and how things are happening.

Secondly, and linking up with the question I have just asked, the Minister said in his statement that

"we plan that this will be done in the context of their quinquennial valuation of the AFPS, though more frequent examinations of the scheme provisions could be undertaken if wider developments justified this."—[*Official Report*, 30 April 2004; Vol. 420, c. 65WS.]

What does he mean by "more frequent examinations"? Could that mean every year? Will he give examples of the "wider developments" that would justify the AFPRB looking at things more regularly? The new clause suggests an annual review of the new scheme.

I welcome the fact that the new clause also considers consultation, the impact that the new scheme may have on retention and recruitment, the transfer arrangements and the AFPRB making a critical examination of the longevity and cost-neutrality issues, which have been addressed previously.

On consultation, I welcome the fact that the Minister and the Government have responded to some of the concerns that were raised about how little opportunity it seemed that Parliament would have to debate the detailed regulations, as they were introduced, to this enabling Bill. I welcome the assurance that statutory instruments will be available for discussion, and that the House will be able to give a negative response if it feels strongly about them. I am not content, however, with the way in which the consultation on the proposed new pensions and compensation scheme has been conducted over the past six or seven years by the Ministry of Defence. I always react strongly to the argument that says, "This is the way that things will be done, because that is the way that they have always been done", whatever the issue. Half of the population of this country—I and other women—would not have been allowed to vote or stand as Members of Parliament if that argument had been upheld and the established arrangement therefore maintained.

As for other aspects of the new clause, subsection (6) raises the issue of mortality and longevity, which was certainly an issue for me and other members of the Select Committee. The Armed Forces Pay Review Body should have an opportunity to consider the straitjacket, as we see it, of cost neutrality. Many of us are still concerned that the new armed forces pension scheme is not based on what our armed forces deserve but on how much they get now. Improvements are being paid for by reductions in benefit to compensate for the fact that people are expected to live for longer. In its report, the Select Committee made the point that the Government's proposals do not deal with what we considered was the likelihood that due to the reduction in service personnel, the MOD's total bill would decrease over time in spite of the increased life expectancy of all pensioners. Will the Armed Forces Pension Review Body be able to consider the fact that personnel are being asked to bear some of the burden of increased cost, rather than the MOD? I will listen with great interest to the Minister's response to the issues that have been raised by new clause 2.

Mr. Breed: I endorse all the comments of the hon. Member for Aldershot (Mr. Howarth) and the hon. Member for Dunfermline, West (Rachel Squire).

I welcome the Minister's announcement that the pay review body's remit will be wider than it has been hitherto. Many of us believe that it is a pity that that was not the case some time ago, as it would then have been able to comment on the very scheme that we are now discussing. If the MOD had allowed that improvement to the remit of that body, we would have had the benefit of its comments. Nevertheless, the improvement is welcome.

On cost neutrality, I mentioned on Second Reading the fact that it was restricted to the pension scheme rather than applied to the whole remuneration budget. Now that the review body is considering remuneration, pay and pension, it is even more sensible to consider cost neutrality within the wider context of the total remuneration budget. At present the application of cost neutrality is so restricted that those strictures bear heavily on existing pensioners who will pay for some of the benefits of others.

I also welcome the fact that the layout of subsections in new clause 2 indicates clearly what the remit of the review body would be. From what the Minister has said, however, it seems that the MOD will still decide what matters the pay review body will consider, how and when it will do so, and even whether it is allowed to do so. It therefore strikes me that it does not have much independence, and the MOD will still be very much in charge, which diminishes the role that the review body can play. For instance, if the Select Committee decides in a year or two to reconsider the matter, will that pay review body be able to give its views, or will the MOD say, "Sorry, you must wait five years to give an opinion". That seems to diminish the value of what the ministerial statement was encouraging us to think was happening last week. This opportunity to debate new clause 2 is therefore extremely valuable.

The leaflet is helpful, although some might say that aspects of its wording are premature. It still gives no indication, however, as to where a serviceman might go to get independent financial advice. It may be that a serviceman will have an independent financial adviser. Where will an IFA get the right answers to his questions to enable him to give proper advice to his client? Such decisions may be very significant, and must be made well in advance of the implications taking effect. If they are unable in any way to gain the information necessary to make the correct decision, there is at least the opportunity of a further round of mis-selling. It will not be mis-selling in the sense that people are—deliberately or not—sold something that is not appropriate to them, but in the sense that the adviser had been unable to secure all the relevant information to ensure that the client got the right advice and was not in any way restricted or ill advised in terms of the decision to change to the new pension scheme. That is an important issue, and I welcome the leaflet, but I am not certain of the implications if somebody says, "That's fine, but I want precise information about my individual circumstances." Where will they go for that information, and how will that be addressed?

Mr. Hancock: If the House agrees with the Defence Committee that the armed forces deserve a pension scheme that recognises the unique contribution that armed forces personnel make to the life of this country, it must also accept the advice that the Committee attempted to give to Ministers—that they would have to do more work on their proposals if best practice rather than cost neutrality was going to be the starting point for a review. Those words were spoken in the Defence Committee, by me and others, as far back as two years ago. Our report was published on 9 May 2002. It is a great disappointment to me that the Bill fails to grasp the point that we were making.

2.30 pm

I congratulate the hon. Member for Aldershot (Mr. Howarth) on pursuing the issue in his new clause. I hope that—unless the Minister proves extraordinarily generous—he does not withdraw the motion, thus depriving us of an opportunity to divide the House. New clause 2 is fundamental to the fulfilment of the principles spoken of in the Defence Committee's comprehensive review of the armed forces pension scheme. In its present form, the Bill does not address those principles. The new clause would allow the review body to take account of changed circumstances and reflect what happens in the real world, rather than waiting for five years.

The Minister said that the body reported to the Prime Minister, not the MOD. What goes to the Prime Minister, however, is not a public document. The Prime Minister can make a personal decision on whether to act on it. A report on something so fundamental should be presented to the House so that it can decide whether there should be structural changes in the way in which the armed forces are compensated for accidents, death or illness, or in their pension arrangements.

New clause 2 would enable us to help armed forces widows—who spoke to the Minister and others yesterday about their problems, and their dissatisfaction with what has been done by successive Governments. The hon. Member for Aldershot was right to acknowledge that this is not just a one-Government failure, but a traditional failure of all Governments to recognise the difficult position in which many widows find themselves. Most Members of Parliament would agree that it is unacceptable, yet we choose to do nothing about it. The new clause would allow it to be examined and ruled on not by the Prime Minister but, properly, by the House.

I was pleased to hear from the hon. Member for Dunfermline, West (Rachel Squire), who, as a member of the Defence Committee, listened to the evidence. It took a long time for the Committee to hear it all. We did not rush our review; the Committee is not renowned for its speed when it comes to matters as important as the pension and compensation rights of members of the armed forces. We heard a huge amount of evidence from all who could possibly be seen to have an interest. In her speech, the hon. Lady acknowledged that there were still improvements to be made. I sensed a more than willing acceptance that new clause 2 would help rather than hinder the Bill. I hope that the Minister will recognise that it is not a wrecking proposition, and is intended not to harm the Government's case but to cover matters that the Bill does not cover properly.

Many of the problems of service personnel and their families will not go away, and we need a speedier vehicle to deal with them than we have at present. New clause 2 could provide it, and the Minister should welcome the new clause with enthusiasm. I hope that he takes a slightly more open view of it than he took, regrettably, of new clause 1, which he refused to consider. I also hope that the whole House will accept that if we are to live up to the expectation that we all claim to have that our servicemen and women should have proper pension and compensation schemes, it should not take five years to change aspects that are wrong.

A flexible approach should be taken, and issues of cost neutrality should not be the driving force. The hon. Member for Aldershot explained very eloquently that there would be a reduction in the overall cost to the MOD. On what may have been the first occasion on which the Minister was allowed out of the MOD on his own, he addressed the Defence Committee on this issue. He dealt with a complex and difficult case remarkably well for someone who had been in his post for only a short time. He, I hope, recognises that all is not well in the armed forces, that we need to get it right, and that

[Mr. Hancock]

the Government's proposed scheme will give rise to widespread concern and dissatisfaction.

The way in which we are informing service personnel about the proposals is not adequate. I do not think that the leaflet goes anywhere near appreciating the complexity of the issues, and the MOD does not even provide personnel in the scheme with a detailed analysis of how they would benefit if they changed their arrangements. Does the Minister dispute that? I should welcome an intervention from him explaining how people in that position can obtain definitive details of the benefits that they would lose and those that they would gain, but I do not believe that the MOD can provide such details.

The Government's proposals lack clarity. New clause 2 gives us an opportunity to do things properly by allowing the House to examine recommendations submitted to it.

Hugh Robertson (Faversham and Mid-Kent) (Con): I refer hon. Members to my entry in the Register of Members' Interests.

I support the new clause, although I shall probably speak in its favour much less eloquently than the hon. Member for Dunfermline, West (Rachel Squire)—who, as usual, spoke extremely well—and the two Liberal Democrats.

We should be in no doubt that one overriding factor ought to influence our deliberations. Our armed forces are wholly unlike any other part of society, for a simple reason: they are expected to fight and, occasionally and regrettably, to die for their country. It is perfectly reasonable for them, in return, to expect security in their retirement.

Sadly, we live in an age in which members of the public distrust Government, and I am sorry to say that members of the armed forces distrust the MOD. I do not particularly like that, but it is a fact of life. That is why we need the form of independent governance offered by new clause 2. Although I welcome the Government's proposals, they do not go far enough. I therefore hope that the Minister will accept the new clause.

Mr. Caplin: I was going to begin by congratulating the hon. Member for Aldershot (Mr. Howarth) on his technological skill in being able to access a website. He can explain that to the hon. Member for Mid-Sussex (Mr. Soames) later. But then the hon. Gentleman made a rather poor joke about football, revealing his lack of understanding of the game. Because he is an Aldershot Town supporter, however, I will forgive him. I shall confine myself to congratulating his team on reaching the Nationwide Conference final play-off. My team is in the second division play-offs, which will take place in a couple of weeks. We greatly look forward to them. That was a digression, and may represent the only point of agreement in this exchange. We shall see.

There are a number of issues with which I want to deal in this important debate. I welcomed the comments of the hon. Members for Aldershot, for Faversham and Mid-Kent (Hugh Robertson) and for South-East Cornwall (Mr. Breed) and my hon. Friend the Member for Dunfermline, West (Rachel Squire), who themselves welcomed the announcement that I made to the House last week. What I shall say now constitutes a response to the views of both the Select Committee and the Standing Committee considering the Bill. In the Standing Committee we discussed at length the whole issue of independence, and shared views on the various legal niceties in which we would have to become involved.

I hope that the House will accept that, given that it is only seven days since I made the announcement, some details are still being worked out. My officials are in discussions with the chairman of the pay review body as we speak on the details of how we will conduct the reviews. I understand why the House is so interested in the discussions so, when they are complete, I undertake to make a further statement to the House in the usual way to keep Members advised of progress. I make that undertaking because we are talking about the new scheme and the first review might not take place until 2010, so that the scheme has time to settle down.

The hon. Member for Aldershot and my hon. Friend the Member for Dunfermline, West have asked why we chose the period of five years. A number of pension schemes choose a period of five years to look at the way in which things have changed, if at all, in that period. I was a trustee of a pension scheme before coming to the House and my experience is that there were sometimes very small changes over a long period in the nature of pensions in the wider economy. Considering the changes is one of the remits that the AFPRB will naturally have. Five years is about the right time. It will allow the scheme to come in and allow the body to take stock of it in order to prepare a report for 2010.

Hugh Robertson: I take what the Minister says at face value. However, like him, I worked in the pensions industry for a while, albeit on the other side, before coming to Parliament. We were reviewed every three years, and almost every commercial firm is engaged in rolling three-year reviews. That is standard in the commercial world. The time period could be appreciably shorter than five years.

Mr. Caplin: I accept that entirely. Triennial valuations are not uncommon in pension funds. However, in this case, we are not valuing a fund, and that might be the difference. We are asking the AFPRB to review the scheme as a whole and its conduct as the main armed forces pension scheme.

I want to say a few words about the work of the Select Committee. As my hon. Friend the Member for Dunfermline, West knows, I very much value the work that she and her Committee undertook on this issue. As Members will recall, we made sure that the response to the Select Committee was published in time for Second Reading. It was published in record time as opposed to the normal period of eight working weeks that we could have taken if we had wanted to. We did that because I believe that the Select Committee plays an important part in maintaining a watching brief on many of the issues relating to the armed forces. I hope that it will continue with its brief, and one or two interesting inquiries are under way at present. We all wish the Committee an interesting time whenever it gets to interview those people whom they invited last night to appear before it.

I turn to the issue of choice. I have used the word "choice" constantly throughout our debates, because the armed forces will have a choice when we get to the period after 6 April 2005 provided, as the hon. Member for Aldershot reminded me, the Bill gets through both Houses. I should have added that proviso earlier.

It might help Members if I remind the House of what I said at 4.45 pm in a sitting of the Standing Committee. I pointed out:

"New clause 13"—

which was tabled by the hon. Member for Aldershot and his colleagues—

"would require the Ministry of Defence to provide each service person eligible to transfer with a comparative benefit statement. I have already indicated that we intend to do that, and I recognise the importance of ensuring that our current service personnel have the information they need to make an informed decision on which pension scheme will meet their personal needs."—[*Official Report, Standing Committee B*, 24 February 2004; c. 218.]

The view that I expressed then has not changed at all, except that we are progressing our work on how that advice should be offered.

2.45 pm

We are in discussion with a consortium of independent financial advisers on the services that they might be able to provide and the terms under which the services might be provided. I make it clear from the Dispatch Box on behalf of the Government that the Ministry of Defence and the chain of command are not licensed to give such advice. Therefore, in the transfer period window—it will not be April 2005, but could be a period of more than two years—people will get an individual pension benefit statement and they will then choose whether they wish to move to the new scheme. They will have the opportunity to seek independent financial advice to help them to make their decision. That will help us to avoid the problems of pension mis-selling that the hon. Member for South-East Cornwall reminded us about. That took place in the 1980s, and I know quite a lot about it.

I fully expect the arrangements that I have described to be in place in good time to enable the transfer arrangements to take place. Hon. Members who served on the Standing Committee will know that I am reluctant to suggest dates for the introduction of computer system technology, and they have accepted that it might be wise of me not to do so.

I come now to the new clause. We have taken an important step forward in inviting the AFPRB to carry out work for us in a professional way and on a quinquennial basis. As I have said, if the body feels in any of its annual reviews that it wants to make recommendations about parts of the terms and conditions, it will be free to do so. However, completely separate from that—I emphasise that this is applicable only to the pension scheme—there will be a piece of work to deal with the pension scheme itself.

The new clause seeks to establish a much wider role for the AFPRB. In my statement last week, I tried to set out the basis of the discussions and agreements that I have reached with the body and its chairman to bring about the change. The role that I have announced deals directly with the concerns that were expressed in Standing Committee and on many other occasions about the need for external and independent validation of the armed forces pension scheme.

The AFPRB will compare pension scheme arrangements with practice elsewhere in the wider economy and consider the extent to which those arrangements meet the recruitment and retention needs of our armed forces. It will publish the observations in an annual report after the completion of the first five years of the scheme in 2010, and the Government are committed to responding publicly to that report.

The work that I have asked the AFPRB to undertake is clearly focused on the armed forces pension scheme and the current pension arrangements that we are discussing in the context of recruitment and retention. It would not be appropriate for the body to consider as part of its remit any of the legacy issues that the hon. Member for Aldershot and others have raised.

Mr. Gerald Howarth: Why not?

Mr. Caplin: For the reasons that I have set out. The AFPRB is being asked to look at the new pension scheme and to report on that and its conduct in relation to a quinquennial review. It is not being asked to look back on the legacy issues that the hon. Gentleman has already accepted occurred primarily under the Conservative Government.

Mr. Hancock: I am delighted that the Minister has given way—he is being extraordinarily generous. I understand his reply to a certain extent, but if the AFPRB is not the appropriate vehicle through which to decide legacy issues, who will decide on such issues? Who will take proper account of the plight of servicemen who have been denied pensions so far, or of those who have problems with their pensions? What about widows and other groups such as the Gurkhas?

Mr. Caplin: The AFPRB is clearly not the right vehicle. Since I have been in this post, I have always been happy to debate issues such as reserves and cadets with Members, and if the hon. Gentleman wants to debate this issue further, he can do so. I do not believe that the AFPRB, which will deal with the recruitment and retention of our armed forces, is the right vehicle for examining the so-called legacy issues raised by the Forces Pension Society, among others.

I cannot see why the AFPRB should get involved in the transfer arrangements for existing personnel; that would certainly be the wrong way to go. I have described the way in which we anticipate that the transfer procedure will be conducted. A pension statement will be provided, and it will be possible to seek independent financial advice. We certainly have not discussed the idea that the AFPRB should get involved in decisions on transfer arrangements.

I cannot support new clause 2, and if it is pressed to a Division I shall urge my hon. Friends to resist it. My reasons for not supporting it are simple. We have made progress in the past three months in terms of external validation of the pension scheme. That is a big and important step for this House in the scrutiny of armed forces pensions, and it constitutes a new validation of the pension scheme itself. That is the right way to go

[Mr. Caplin]

about matters. The AFPRB has the right skills and ability for the task, and working on a quinquennial basis will benefit the new armed forces pension scheme in the long term. I shall therefore resist the new clause if it is pushed to a vote.

Mr. Gerald Howarth: I want to start on two notes of agreement: the prospects for Brighton and Hove Albion, and for Aldershot's return, hopefully, to the Football League. I thank the Minister for his good wishes, and I convey my fraternal greetings to Brighton and Hove Albion. On a serious note, I welcome the Minister's recognition that an improvement could be made, and his having made it. I am extremely grateful to my hon. Friend the Member for Faversham and Mid-Kent (Hugh Robertson), and to the hon. Members for Dunfermline, West (Rachel Squire) and for Portsmouth, South (Mr. Hancock), for their support for new clause 2.

In his closing remarks on new clause 2, the Minister seemed to acknowledge its merits and to accede to the extension of the AFPRB's remit to one or two other areas that were not envisaged. He said that in his view, the AFPRB is exactly the right body to conduct the review of the pension arrangements. I of course agree, but it is also the ideal body to examine legacy issues and transitional arrangements.

Mr. Caplin: The hon. Gentleman is probably not surprised at my rising to reply. The term "pension arrangements"—if I did indeed use it—is one to which the industry is well accustomed. It uses that term to describe a new pension scheme, as many Members will testify. Which pension legacy issues does the hon. Gentleman think should be dealt with under the terms of new clause 2(12)?

Mr. Howarth: In fairness, most of them. The Minister is as familiar as I am with the arguments concerning post-retirement widows. There is also the "trough" issue, which has exercised us all. These are difficult issues, and I am not suggesting that the Minister is uniquely to blame in this regard. I have tried to facilitate a sensible debate in this place, which is what the public want, rather than the trench warfare that we sometimes engage in. That said, they seem to like a bit of that as well, particularly on a Wednesday and in the light of the new leader of the Conservative party.

We all have constituents who are very exercised about these issues, and who write to us about them. I genuinely felt that the new clause was a means by which I could offer not just the Minister but all of us a forum through which these issues could be resolved. Those who are concerned and feel hard done by would respect a decision taken by the AFPRB; however, I suspect that they are less respectful of the decisions of Ministers. The approach seemed a sensible one, and I would not want to put a limit on the legacy issues to which new clause 2(12) refers.

My hon. Friend the Member for Faversham and Mid-Kent raised the question of a three-year or a five-year review. Frankly, I am not fussed, so long as the AFPRB's remit enables it to address issues of concern as they arise. My hon. Friend made an extremely useful point by way of reference to the pensions industry, but as long as the AFPRB has the power to consider such issues at any time, my concerns will be met.

The Minister mentioned individual benefit tables, which are extremely important to all our constituents and to those who serve in the armed forces. He said in Committee that he was working on a plan to ensure that they are provided, but it would help if he were kind enough to tell us how matters are progressing. Given that the 6 April 2005 deadline is approaching, the fact that the plan is not yet in place is a cause for concern. The Minister suggested that for those who continue to serve and who straddle the 6 April 2005 date, there will be a two-year window of opportunity for them to make up their minds. If he cannot provide individual benefit tables, will he undertake to ensure that the two-year period is a rolling window of opportunity? We do not want to discover that, 12 months after the date of introduction of the new scheme, people have only a year in which to make up their minds.

Mr. Caplin: I understand the hon. Gentleman's point, and it is important that we get the pension benefit entitlement statements out to serving members of the armed forces. I assure him and the House that I shall make a careful review of the progress that we are making towards achieving that. We will try to ensure that we meet the timetable. We have followed the good example of a civil service scheme, which we briefly discussed in Committee. That scheme also used, I think, a two-year window. If that were to change, I would come back to the House to explain why.

3 pm

Mr. Howarth: That is excellent. What we all want to know is that the Minister will keep us informed of progress on a regular basis. The Minister also suggested that the transitional arrangements were not appropriate matters for the pay review body to consider. Again, I believe that they should be and that failure to include them is a lost opportunity.

I do not, however, intend to press the new clause to the vote, notwithstanding the splendid support that I have received across the Chamber, for which I am extremely grateful. I have two reasons. First, the Minister has already acceded to some of our requests, so it would be churlish to kick him in the teeth and tell him to go away and do better. We would like him to do that, but, secondly, he has explained that he is still working on the details. In fairness, I am bound to give him the opportunity to conclude those details.

Hawks in the other place will be watching our proceedings closely, among whose number are certain gentlemen of a greater rank than the Minister or myself, who stand by to protect the interests of those who were once under their command. The pressure will be on the Minister to work out the details in time for them to be considered in the other place. As I said, I shall not press new clause 2 to a Division, but I hope that it will have been noted in the other place that the remit of the pay review body could readily be extended to cover issues that are of concern to many people.

For reasons that I have explained, I believe that it would be sensible to withdraw the new clause and I sense the feeling of the House that that is right. I would not stand in the way of any other hon. Member who wanted to press the new clause, but I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 3

BURDEN OF PROOF

'The power of the Secretary of State to modify an Armed Forces Pension Scheme may not on any occasion be exercised in any manner which would or might alter the onus on any person of proof as provided for by Article 4(2) or the benefit of reasonable doubt as provided for by Article 5(4) of the Naval, Military and Air Forces etc.(Disablement and Death) Service Pension Order 1983.'.—*[Mr. Gerald Howarth.]*

Brought up, and read the First time.

Mr. Gerald Howarth: I beg to move, That the clause be read a Second time.

New clause 2 dealt with one of the key new issues in our proceedings and it was appropriate to debate it at some length. Other provisions were dealt with in Committee and the House should have an opportunity to debate them again, but I hope that we can make rather swifter progress than on new clause 2.

New clause 3 provides for the existing burden of proof in compensation claims to be retained. The Government are seeking to change the existing rules concerning the onus and burden of proof. As matters have stood for the last 60 years, there is a compelling presumption in favour of a claimant whose appeal is brought within seven years of leaving the service. That is for a very good reason. The factors to which claimants are exposed in service life are in many ways different from those in civilian life. It is another example of many where it has been demonstrated that our armed services are different from the rest of society.

We believe that it is wrong for the Government to say that the proposals use the modern "balance of probabilities" standard of proof. There is nothing modern about this. For 60 years, Parliament has recognised in respect of service personnel that it is appropriate to have different standards of proof, just as there is a difference between civil and criminal standards of proof. To suggest that it is not unfair discrimination against service personnel is mischievous. The truth is that, by changing the standard of proof, a valuable right that recognises the particular factors in service life is being withdrawn.

The Royal British Legion, which represents 93 per cent. of all claimants, has analysed a representative sample of cases and demonstrated that, if the standard of proof were altered, 57 per cent. of all cases would not be eligible for a war pension and that a further 62 per cent. would fail on appeal. All the Minister would say in Committee was that he did not agree with the methodology of the Royal British Legion, but I remind him that that organisation, at the expense of voluntarily raised funds, represents people who are taking on their former employer to try to get a better deal for disabilities that they believe are attributable to their work in the service of the Crown.

The Select Committee said:

"Because of the special risks that Armed Forces personnel are required to run, and because they are likely to be involved in situations of great uncertainty, with uncertain effects on their health, we continue to believe that the onus should remain on the Government to prove that service was not responsible for causing or worsening a condition for which a compensation claim is made."

The Select Committee even sought to help the Government by attempting to meet them halfway. It proposed a double test under which a claim would fail either if

"the claimant is unable to prove on the balance of probabilities that a condition was due to service"

or if

"the MoD is able to prove on the same standard of proof that the condition is not due to service."

Ministers did not even consider that. All the Minister did in Committee was to ask me whether I was backing the Royal British Legion or the Select Committee. I explained that we were backing the Royal British Legion's argument, but it was, of course, the same as the Select Committee's argument. As I said, the Minister failed to recognise that the Select Committee sought to meet him halfway by providing a compromise solution, and it was inconsiderately brushed aside.

Is it the Government's intention to remove a standard of proof that has stood the test of time and recognises the special factors of service life in order to deprive such a large body of former service personnel an entitlement to a war pension? We do not believe that the proposed new tariff system is an acceptable substitute for the current arrangements and unless the Minister can respond more positively than he did in Committee, I am afraid that we shall have to press the new clause to the vote.

Mr. Caplin: Perhaps the hon. Gentleman can help me and the House, as we have had only 24 hours to examine the new clauses. Does new clause 3 apply both to the pension scheme and the compensation scheme or only to the pension scheme? From reading it, I am not clear about that.

Mr. Howarth: I suspect—I may need to take advice—that it deals principally with the burden of proof in compensation cases. Mutatis mutandis, as they say in Rome, what applies there might also apply to pensions. The Minister may wish to develop his point in his reply. I do not want to drag the debate out, as we had an extensive discussion in Committee. The issue was a matter of great concern to the Select Committee and it is a matter of concern to the Royal British Legion. There are wide-ranging concerns and the Government have not made a proper case for change. I take the view that, if it is unnecessary to change, it is necessary not to change.

Rachel Squire: First, I declare an interest. I am the honorary vice-president of the Dunfermline branch of the Royal British Legion Scotland. My association with that organisation has clearly influenced my views, as have veterans throughout my life.

I welcome the opportunity to raise the concerns of the Royal British Legion Scotland and the Royal British Legion in respect of the proposed new compensation

[Rachel Squire]

scheme. As has been said on several occasions, under the present system a claimant will receive a war pension if the Ministry of Defence cannot prove beyond reasonable doubt that an injury or illness was not caused by events occurring during that person's time in service. The proposals in the Bill will mean that service personnel will have to prove that, on the balance of probabilities, their injury resulted from their time in service.

The Royal British Legion has told me that it believes that the proposals will mean that 60 per cent. of all new claims from ex-service personnel will fail. Another factor is the introduction of a time limit, which will mean that claims must be made within five years of an incident taking place.

Angus Robertson: Does the hon. Lady agree with the Royal British Legion that claimants will be deterred from making claims if the onus of proving responsibility is placed on them? In other words, they will not make a claim in the first place.

Rachel Squire: I agree with the hon. Gentleman. In my constituency experience, I have found it difficult, in other circumstances, to persuade people to register claims when similar barriers and pressures are encountered.

That leads me to my next point, which is that many people are unaware of time limits placed in respect of claims, for example under employment legislation. They are often unaware of what they are entitled to claim.

I urge my hon. Friend the Minister to take into consideration as well the fact that, when a claim must be made within a five-year period, the condition to which the claim could legitimately apply may not have made itself felt. In other words, a person may not know that he or she is suffering from an illness or injury, as a complaint may take many years to develop.

Another problem arises in connection with handling claims when medical records are inadequate or incomplete. I hope that the Minister will be able to say whether he or his civil servants have consulted other Departments about the problems that can be encountered when a person tries to obtain medical records and other records from a long time ago. If there has not been wide consultation on that matter, I suggest that talks be held with ministerial and civil service colleagues in the Department of Trade and Industry. I have been involved with compensation claims lodged by miners and I know that some of the problems and delays arising out of those claims have been owing to the inadequacy or lack of medical records that go back several years.

Although I accept that the present compensation scheme is an unusual benefit, I believe that our armed forces have deserved it in the past and that they will continue to deserve it. I agree with the hon. Member for Aldershot (Mr. Howarth) and my colleagues on the Select Committee: our service personnel run special risks and are involved in situations of great and constant uncertainty. The impact that that can have on their future health is beyond easy regulation or surveillance.

I urge my hon. Friend the Minister to consider retaining the current burden of proof in the new compensation scheme. At the very least, I hope that he will say that consideration will be given to the double test proposed by the Select Committee, that he will take the new clause away for further examination and that the matter will be brought back to the House for further discussion.

3.15 pm

Mr. Breed: I agree entirely with the two previous speakers. I want to make two additional points.

First, the Government claim that the new compensation scheme is in line with modern practice, although, as has been said, it is not particularly modern. However, the MOD appears to have been selective when it comes to the aspects of modern pension and compensation schemes that it wants to introduce. It seems to me that the selection has revolved around whether the Government can save money. I suspect that the motivation behind the proposal is not so much a desire to modernise the scheme as to make further cost savings. Everyone accepts that it will be much harder for complainants to succeed with the cases that they bring. That being so, fewer claims will be paid and money will be saved.

Secondly, even the existing system is unfair. Claimants have to fight an unequal battle. The MOD has unlimited resources to fight a claim and can prevaricate for years. If even more inequality is to be introduced by changing the standard of the burden of proof, that would be grossly unfair to people who want to make a claim.

The Royal British Legion does a magnificent job in supporting claimants, although at terrific cost, as no legal aid is available for compensation claims. The Select Committee deliberated for a long time on this matter and came up with a wholly reasonable solution. If that solution were implemented, some practical problems might arise and there could be great scope for prevarication, but the Select Committee at least attempted to resolve the matter and recognised the need for fairness. It behoves the Minister to say exactly why the MOD wants to change what is a fundamental aspect of compensation claims.

The new scheme will shift the burden away from the MOD and on to claimants. It has been pointed out that that will make it harder for people to make claims. As a result, a significant number of people will be deterred from even beginning an attempt to take on the MOD.

I am glad that it appears that the matter will be put to a vote. I and my colleagues will certainly support the new clause.

Mr. Hancock: I am slightly more optimistic than my hon. Friend the Member for South-East Cornwall (Mr. Breed). I hope that the Minister will see that the Government are making a shabby and shameless proposal in respect of compensation claims and that he will therefore accept the new clause. Anything else would fly in the face of what the Minister said that the Bill attempts to do.

People in our armed forces and their families must be treated fairly and equitably. That was the conclusion of the investigation by the Select Committee into the current legislation. In the much wider review that the Committee conducted in 2002, we looked specifically at the burden of proof. I defy any hon. Member to say that

it is easy to get information about service personnel out of the MOD. Those seeking compensation find it extraordinarily difficult to obtain their medical records and a later amendment refers to that problem. The Defence Committee report also explains how difficult it is to obtain any proof from the Ministry of Defence. Some service personnel who have photographs and medals to prove their service in a certain location have been told that they were not in those places, because of the inaccuracy of the Ministry's records. How can the burden of proof be placed on those seeking compensation, not on the MOD? That is what happens under the current system, but the proposals in the Bill beggar any belief in fairness and justice. I thought that social justice and fairness under the law were high priorities for our party of government. It may aspire to provide those things to all citizens, but obviously not to members of the armed forces.

The hon. Member for Dunfermline, West (Rachel Squire) mentioned the coal industry. Together with my local newspaper in Portsmouth, I am pursuing, on a daily basis, claims on behalf of service personnel, ranging from admirals to able seamen, who have been affected by asbestos-related illnesses, many of which do not materialise for 20 or 30 years. Trying to satisfy the standard of proof for such claims is all but impossible.

The hon. Member for Aldershot (Mr. Howarth) said that in Committee the Minister asked him whether he supported the position of the Royal British Legion or the Defence Committee. That question is beyond belief, because they were saying the same thing. Every day, the Royal British Legion picks up the pieces of shattered and broken lives and fights to get people the compensation that they have been denied. Hon. Members are right to say that the Bill will mean that fewer people will make claims. We may say, cynically, that the MOD wants to make it so difficult that people will not make claims. It is already difficult to obtain the evidence needed to make a successful claim and the Minister failed to recognise that the Royal British Legion made that exact point and so did the Defence Committee.

The Defence Committee offered an olive branch in the form of a solution that would enable the MOD to meet just over 50 per cent. of the ambitions of the Royal British Legion. The MOD refused. It would not even agree to retain the status quo, because it wants to screw down on those making a claim. Claimants will have to meet a standard of proof that goes beyond what most of us would consider reasonable. Some of those hon. Members who will be persuaded to vote with the Government today may, in a year or two, contemplate fighting a constituent's case for compensation. With the proposed standard of proof, they will find it very difficult to obtain the compensation that their constituent deserves.

I ask hon. Members not to shame this nation by voting against new clause 3. That is what most reasonable people would expect—*[Interruption.]* The Minister may be cynical enough to believe that this is a laughing matter, but those of us who deal with such claims regularly will know that my comments are heartfelt. I often meet claimants who cannot satisfy the standard of proof required. The MOD frequently asks for more evidence before agreeing to consider a case when it knows very well that the information needed has been in its possession and has either been lost or shredded. That is not good enough. The new clause offers a little hope for people who should get much more support. The Government should be ashamed of their proposals.

Mr. Caplin: For the record, I was not laughing and I take this matter very seriously. I draw the House's attention to the Government's response to the Defence Committee. It might be helpful if some hon. Members who have contributed to the debate were to refer to the report of the Committee that we have been considering, which is the one that was published in December, and our response, which was published in January. Paragraphs 69 and 70 of that report deal with the compensation proposals and detail why the Government have put them forward.

We have a technical problem with the new clause. The hon. Member for Aldershot (Mr. Howarth) graciously confirmed that he intended it to affect the compensation scheme, but I am advised that as drafted it would affect the pension scheme. In saying that, I am trying to be helpful and I recognise that he has raised an issue for debate in connection with the compensation scheme.

Mr. Gerald Howarth: We are always delighted when the Minister seeks to be helpful and we appreciate it. The technical issue may need to be addressed, but the Minister is a most capable man and it is not beyond his wit to provide the changes necessary to give expression to the will of the House.

Mr. Caplin: I do not know about that, but I shall do my best.

I recognise the role that the British Legion plays in many cases. My hon. Friend the Member for Dunfermline, West (Rachel Squire) is the president of the Dunfermline branch—

Rachel Squire: Vice-president.

Mr. Caplin: I suppose that we all know someone else who could be the president of the Dunfermline branch of the Royal British Legion. I met the British Legion this morning, together with the parliamentary Gulf veterans group. We had an interesting 45 minutes of discussion and I certainly value the work that the organisation does. We are in further discussions.

In Committee, I said that we doubted the validity of the issue that the British Legion had raised about 60 per cent. of cases. We have now joined with the British Legion to consider the methodology that it used and we suspect that it will come to accept that its conclusions were not quite accurate. We shall also discuss the compensation scheme.

The balance of probabilities is the key and we consider it right to adopt that standard of proof, as outlined in the Bill. My right hon. Friend the Secretary of State made that clear on Second Reading, in answer to an intervention by the hon. Member for Faversham and Mid-Kent (Hugh Robertson). When we decided to adopt that standard of proof, we asked an independent firm of consultants to consider that aspect of the compensation scheme. The consultants confirmed that

"the proposed standard of proof is reasonable."

[Mr. Caplin]

I accept that the onus has moved from the MOD to the individual, and I shall outline my reasons for believing that to be a reasonable change.

The Department has clear responsibilities. I understand and accept that. We have to ensure that service records and medical records are up to date. I do not know how many more times I can say this, but I have made it clear—starting at the Select Committee on 5 November—that if there is a failure, especially in medical record keeping, in relation to compensation cases, the Department will accept responsibility. I said that in the Standing Committee, I said it in the Select Committee and I have just said it again on the Floor of the House. The point is also reflected in our response to the Select Committee.

At the Ministry of Defence, we understand, I hope, our responsibility for record keeping. If there is a failure, especially in medical record keeping, we shall accept responsibility. We are not trying to get out of paying compensation; far from it. We want to ensure that we pay compensation to the right people at the right time.

One of the things that the new scheme will allow us to do, which we are not allowed to do under the current one, is to pay compensation to those who are still employed in our armed forces. The existing scheme requires people to leave the armed forces.

I believe that the "balance of probabilities" standard of proof that we have adopted for the compensation scheme is in line with practice in most occupational pension schemes and in the civil courts. The "beyond reasonable doubt" standard of proof is not appropriate to a no-fault occupational scheme and would be out of line with current good practice, where evidence-based decisions are the norm, taking account of modern medical understanding and record keeping. As I said, we are clear about the responsibilities for record keeping that lie with the Ministry.

3.30 pm

Sir Robert Smith (West Aberdeenshire and Kincardine) (LD): Will the Minister give way?

Mr. Caplin: I was just about to end my remarks, but I welcome the hon. Gentleman to the debate.

Sir Robert Smith: Can the Minister clarify how wide-ranging his commitment is? Would the assumption that the claim was valid apply in all cases where records were missing, especially those of Gulf war veterans?

Mr. Caplin: No, that is not what I said. I said there would still be a need to lodge a proper compensation claim, but that there are clearly responsibilities on the Ministry of Defence to ensure that proper records apply. For the benefit of the hon. Gentleman, we are discussing a new compensation scheme, which will be effective from 6 April 2005 and will apply to all members of the armed forces. Obviously, any events that occur up to 6 April 2005 will come under the current compensation arrangements; we are discussing only the new compensation arrangements this afternoon.

In the light of my comments, I hope that the hon. Member for Aldershot will understand why I have to resist the new clause.

Mr. Gerald Howarth: Once again, I extend my gratitude to the hon. Members for Dunfermline, West (Rachel Squire), for South-East Cornwall (Mr. Breed) and for Portsmouth, South (Mr. Hancock) for their support for the new clause. I know that, like us, the Minister regards the issue as important and does not take it lightly.

I welcome some of the undertakings that the Minister has given, especially on medical records. All Members know that that issue has been very badly handled by the Ministry of Defence for a long time and that, from time to time, our constituents suffer accordingly. I am also pleased that the Minister is making up to the Royal British Legion and talking about methodology. That is welcome.

I hear what the Minister says about modern medical understanding, which is to be applied to the claims under consideration, although I have to say that there is no reason that modern medical understanding should not be applied to the existing standard of proof. There is no reason why it would not be equally helpful to the MOD in resisting a claim from someone "modern medical understanding" felt was not injured as a result of service to the Crown.

The argument has been well rehearsed and the issue is clear. The question is simple: are we to give the balance of advantage to those of our fellow citizens who put their lives on the line? This is not just another occupational pension scheme and nor is it just another occupational compensation scheme; it is a scheme for some very special people in our land—Her Majesty's armed forces. The Opposition and other Members feel that we owe it to our armed forces to give them the benefit of the doubt, and that means the Ministry of Defence having to prove beyond reasonable doubt that their injuries were not sustained by service to the Crown. Given the Minister's statement, I intend to press the new clause to a Division.

Question put, That the clause be read a Second time:—

The House divided: Ayes 144, Noes 254.

Division No. 161] **[3.34 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Ancram, rh Michael
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cameron, David
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Conway, Derek
Cotter, Brian
Curry, rh David
Davey, Edward *(Kingston)*
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*

Djanogly, Jonathan
Donaldson, Jeffrey M.
Doughty, Sue
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Foster, Don *(Bath)*
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Gibb, Nick *(Bognor Regis)*
Gillan, Mrs Cheryl
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hancock, Mike
Hayes, John *(S Holland)*
Heald, Oliver
Heathcoat-Amory, rh David
Hendry, Charles
Hermon, Lady
Holmes, Paul
Horam, John *(Orpington)*
Howarth, Gerald *(Aldershot)*
Hughes, Simon *(Southwark N)*
Jack, rh Michael
Jenkin, Bernard
Johnson, Boris *(Henley)*
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lamb, Norman
Lansley, Andrew
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
McLoughlin, Patrick
Malins, Humfrey
May, Mrs Theresa
Mercer, Patrick
Morrison, Dr. Andrew
Norman, Archie
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Robinson, Peter *(Belfast E)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Soames, Nicholas
Spelman, Mrs Caroline
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Squire, Rachel
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Thurso, John
Tredinnick, David
Tyrie, Andrew
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Wiggin, Bill
Wilkinson, John
Williams, Hywel *(Caernarfon)*
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Younger-Ross, Richard

Tellers for the Ayes:
Mr. Hugo Swire and
Mr. John Randall

NOES

Abbott, Ms Diane
Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davis, rh Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
Gerrard, Neil
Gibson, Dr. Ian
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Grogan, John
Hain, rh Peter
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Heppell, John
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jowell, rh Tessa
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Levitt, Tom *(High Peak)*
Lewis, Terry *(Worsley)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
MacDougall, John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
McNulty, Tony
McWalter, Tony
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*

Marshall, Jim *(Leicester S)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Milburn, rh Alan
Miller, Andrew
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*
Naysmith, Dr. Doug
Oliner, Bill
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, rh Chris *(Islington S & Finsbury)*
Soley, Clive
Spellar, rh John
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Taylor, David *(NW Leics)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Wilson, Brian
Winnick, David
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Charlotte Atkins and
Ms Bridget Prentice

Question accordingly negatived.

New Clause 4

Full Career Pensions

'The Secretary of State shall provide mechanisms to ensure that all personnel in this scheme who have completed 35 years service, but are not retained in service after their 55th birthday, receive pension benefits which are based on 66.67 per cent.of their final salary.'.—*[Mr. Gerald Howarth.]*

Brought up, and read the First time.

Mr. Howarth: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker (Sir Michael Lord): With this it will be convenient to discuss new clause 5—*Early departure*—

'(1) Those serving 18 years and having reached age 40 (whichever is later) shall be entitled to a system of Early Departure Payments.

(2) Individuals meeting the requirements of subsection (1) shall receive payments until the preserved pension comes into payment at age 65.

(3) The Secretary of State shall by order set out details of these payments.

(4) The payments will be monitored by the Armed Forces Pay Review Body which will submit to Parliament a report on any changes.'.

Mr. Howarth: The last vote was close, and I am sure that the Minister will take the message back to his Department.

The objective of new clause 4 is to allow people to earn a full career pension in the armed forces. Under both the current arrangements and the new arrangements, the armed forces pension scheme is the only scheme in the public sector that does not offer genuine full career benefits up to the public sector benchmark or the limits allowed by the law, even for those who serve a full career. Only a very few—those who join when they are very young or those who reach a senior rank and are therefore allowed to serve beyond the age of 55—can accrue maximum benefits.

It has been calculated that it is virtually impossible to earn more than 62.5 per cent. of one's final salary unless one joins extremely early or one is promoted to a high rank and invited to stay on. It is perhaps a paradox that the Labour Government—should I call them the new Labour Government or the tarnished Labour Government?—are proposing a scheme in which those on the highest salaries command the best final salary pension arrangements, and I am sure that others have also noticed that.

The unusually low normal retirement age of 55 is required not by the armed forces but by the employer for reasons, many of which are entirely legitimate, relating to the age profile of personnel. It is physically demanding and arduous to be a member of the armed forces, and it is therefore right and proper that those services predominantly employ the young and fit, so the unusually low retirement age of 55 is legitimate. The low retirement age is not a perk of the job, and it is not a dispensation to soldiers, sailors and airman to retire at 55 because they have done such a good job. It principally benefits the employer, the Ministry of Defence.

The new arrangements will seriously inhibit the opportunity to earn a full career pension through service. Few servicemen and women join young enough or serve long enough to earn full career benefits, and extending service length while the retirement age is low will exacerbate the problem. It is disingenuous at best to structure a scheme in which more than 90 per cent. of its members are debarred from earning a full career pension without buying additional voluntary contributions. The normal retirement age is a misnomer; it is actually the age at which the full career pension is payable. Allowing personnel to remain in service for 37.5 years would allow them to earn a full career pension at the public sector benchmark and the current limit of the law, but the majority, who are constrained by the normal retirement age of 55, cannot obtain a full career pension.

We believe that the scheme should be altered to allow those who serve a full career to earn full benefits of 66.67 per cent. Options to achieve that include increasing the normal retirement age, increasing the terminal grant, improving the accrual rate—as Members of Parliament have in order to assist ourselves, the fact of which has not been lost on the services—or introducing shared-cost additional voluntary contributions. Such measures

are widely available in other schemes for occupations where short careers are common—not only Members of Parliament, but, for example, the police. It really is an issue out there that we have changed our scheme to suit the particular requirements of service to this House. I personally think that those changes are entirely reasonable and appropriate and reflect the fact that most of us provide a service to the House of Commons, but what is good enough for us we should regard as good enough for our armed forces.

The fact is that at 55 the armed forces employee has very limited prospects of earning a second career pension of any comparable value and is therefore uniquely disadvantaged among those employed in the public sector. That experience is shared in this House. Members who leave, voluntarily or involuntarily, at the age of 55 and having served in particularly important Departments such as the Ministry of Defence might well find themselves with handsomely rewarded consultancies or directorships; but for every one of those, I venture to suggest that many others will have been in the foot soldier category and not find such lucrative employment possible. A reflection of that fact of life informs the current scheme and should inform the new scheme.

The new clause would place on the Secretary of State a requirement to provide a mechanism to deal with that. We did not spell out what that mechanism should be, but left Ministers with the flexibility to devise a scheme that uses some of my suggestions to enable the intent of the new clause to be met.

I mentioned the parliamentary scheme, but let me for the record remind the House that the police service scheme's accelerated accrual rate in the last 10 years of service could be replicated for the armed forces. The Government are fond of saying that considering comparable public sector schemes is part of their benchmarking exercise in trying to come up with the right solutions for the armed forces pension scheme. The police are an example of a public service that is similar to the armed forces, as police officers also—all too often, sadly—put their lives on the line for the security of our nation. The police service's scheme recognises the particular difficulties that its employees face. That gives the Minister something to go on, and I hope that he will accept the new clause.

New clause 5 would add to the Bill the provisions of the early departure scheme, details of which were given to Members only during our considerations in Standing Committee—they were not available on Second Reading. The new clause sets down the bare bones to give the scheme specific parliamentary protection and to leave it less vulnerable to ministerial manipulation—although, in fairness, the Defence Committee thought that the scheme had enough flexibility to enable Ministers to manage the business of manning control in the armed forces.

The immediate pension scheme is a not inexpensive benefit that accounts for about a third of the pensions budget. That substantial amount of expenditure has meant that benefits for full career servers and their dependants were depressed well below the benchmark and modern good practice.

The Ministry of Defence proposes to change from the immediate pension scheme to the early departure scheme for three principal reasons. First, it will improve the benefits for full career servers and their dependants in the overall cost-neutral constraint that applies to the Bill. Secondly, it will comply with Green Paper proposals on the wider subject of pensions, which will make it illegal to pay a pension to someone who has not reached the age of 55. Thirdly, it will remove the inequities between officers and other ranks that are inherent in the immediate pension scheme and are caused by different accrual rates for qualifying periods.

Both the immediate pension and the early departure schemes were and are designed as manpower control tools to improve retention. That is a matter for principal personnel officers and is not pensions business, but the efficacy of the proposed early departure scheme as a manpower control tool is speculative. We simply cannot judge its effectiveness today. We know the current effect of the immediate pension scheme on retention and, to a lesser extent, recruitment. However, the proposal contains an element of leaping in the dark. The early departure scheme will be used for manning control and we shall not know for probably 20 years whether it will prove efficacious in Ministry terms in retaining the skills that we need to keep.

4 pm

Angus Robertson: The Government are not taking a leap in the dark when we consider the examples that the Ministry of Defence has worked through to compare the early departure scheme payments with the immediate pension scheme payments. Under the new scheme, the amounts are halved per annum. That is the effective difference for all ranks. Does the hon. Gentleman believe that that will make the new scheme more attractive to those who are currently serving? Will they wish to change to a scheme that will mean the effective halving of their annual income?

Mr. Howarth: The hon. Gentleman makes a good point. He is right that the new scheme puts especially those who leave early at a disadvantage. As the Under-Secretary said earlier, those who are currently serving and remain in service on 6 April next year will have to decide for which scheme to opt. They must determine whether to choose the new scheme and substantially reduced benefits. They will have to trade that against, for example, the welcome salary multiplied by four for death in service under the new scheme. Again, that is equivalent only to the provision that the House makes for its Members and therefore, although it is welcome, it is not exceptional.

As I said in Committee, I envisage some difficult conversations in military households throughout the land, especially when Her Majesty's armed forces are called on to undertake war-fighting operations or dangerous peacekeeping operations. There will be pressure on soldiers from wives who say, "If you are killed and you stay in this scheme, I get one and a half times your salary, but if you opt for the new scheme and you are killed, at least the children and I will get four times your salary." Against the current background, that will be a compelling argument because it is relevant today, but not perhaps in 15 years, when the person becomes entitled to an early departure scheme payment.

[Mr. Howarth]

The hon. Member for Moray (Angus Robertson) is right. A staff sergeant who leaves the service at the age of 40 on a pensionable salary of £30,820 will get a lump sum of nearly £30,000 under either scheme, but his annual pension will effectively be halved. His early departure payment at the age of 55, uprated for inflation, would be about a quarter or a third less than he would receive under the immediate pension arrangements. The overall saving to the Government that has been calculated in that case would be about £57,000. Equally, it has to be said that if that same staff sergeant retired at the age of 54—which is much less likely, as they tend not to stay on that long—there would be a cost to the Government of £56,000. Given the present profile of service, however, it is much more likely that the Government will save money.

I do not wish to labour these issues, because they were extensively debated in Committee, but concerns have been raised in the Defence Committee about the early departure scheme. We can see the purpose of it. It is true that it will deliver £100 million a year in savings to the Ministry of Defence, which could be redeployed elsewhere, but it will disadvantage some of those who are currently serving and will be serving. The issue will cause considerable grief in households up and down the land, and the least that the Minister can do is to ensure that the scheme is put in the Bill. I look forward to hearing his comments when he winds up this debate.

Rachel Squire: I welcome the details that the Government have provided on the early departure scheme since the Select Committee produced its report and since our Second Reading debate. I was not on the Standing Committee, so I would like to take this opportunity to ask the Minister a couple of brief questions. First, given that the early departure scheme will not attract index linking to inflation, how does the Ministry plan to deal with the fact that the real value of the scheme will apparently decrease over time? Secondly, what consideration has been given to the possibility of payments to personnel differing substantially over time in the early departure scheme, possibly leading to grievances and disputes between personnel who find themselves receiving very different payments?

Mr. Breed: I should like to make a couple of points in support of the two previous speakers. I just do not believe that it is beyond the wit of the MOD to address the full career pension issue. The current concerns seem totally disproportionate to the likely cost involved. If the Government could address some of the issues that are engendering criticism and objections without it costing them a significant amount within their total budgetary constraints, I hope that even at this late stage they will consider doing so, and give us an indication accordingly. The percentage difference is relatively small, and the measures seem likely to apply to so few people that the issue ought not to be such a running sore for some.

Secondly, in relation to the early departure scheme, I want to mention the issue of erosion over a period of time. Thankfully, we live in low-inflationary times. I pay tribute to the Government for that—it is very welcome indeed, notwithstanding the slight interest rate rise earlier today—but many of us are beginning to grow used to it. However, we are discussing schemes that will have effect long into the future—who knows what will happen then?

We do not want to make the mistake, which was made in the past, of producing a so-called pension trough. It appears to me that we held back during a period of high inflation and wage restraint, so we have had the trough going forward. That subject has been debated. Without any index linking and without a clear indication of how the Government would address that particular potential problem, the early departure scheme runs the risk of experiencing exactly the same difficulty in a few years. If we are to learn from the past, perhaps we should envisage that the pension trough issue will arise again if we go into a period of high inflation, and undergo some pay policy restraint. We must face up to the issue, even if it is not totally apparent in today's inflationary climate.

Angus Robertson: I want to make a brief contribution on a subject that I raised in an intervention, which involves the early departure scheme and, in particular, how it might impact on communities that are perhaps viewed as more peripheral and which have a low-wage economy. Some of those communities also have a significant military footprint, which is certainly the case in my constituency, where a third of all service personnel north of the border are stationed.

The early departure scheme is not an academic exercise. It is a real, important issue affecting the income of many people, particularly in lower ranks, when they make decisions on their future and where they see themselves and their families living. The hon. Member for Aldershot (Mr. Howarth) is right that many people will have to make a difficult decision on whether to remain in the current scheme or to transfer to the new one.

Politicians are often accused of not having a particularly long-term view. I want to try to break that mould in a small way in addressing this scheme and how it may impact in 10, 20 or even 30 years' time. That is what we must do in considering the issue. I want to paint a theoretical picture, although I would be grateful if the Minister confounded me and reassured me that my fears are misplaced.

According to some trade union estimates, the area that I represent—Moray—has the lowest average wages in Scotland, although central Scotland has areas of significant poverty and low wages. It is also a fact that many hundreds, if not thousands, of service personnel take early retirement at an age when they can still enjoy a second career. They do so with great happiness. Moray is a tremendously beautiful part of the country with a high quality of life and there are job opportunities, but, because of the nature of the market, those jobs are not particularly well paid.

One reason for many of those service personnel being able to remain in the community to which, often, they have moved from elsewhere in Scotland or down south is that they have a cushion that is provided through the immediate pension scheme. I am concerned that, if those who enter the service or choose to go into the early departure scheme see that annual payment effectively halved, a significant number might choose not to remain.

The House should remember that I am painting a picture of what things may be like in 10, 20 or 30 years' time. The population projection for my constituency is a decline of up to 38 per cent. by 2018, so the potential double-whammy of significant population decline and economic disincentive caused by the new scheme will not help the area.

I have raised the issue with the Minister, and he has signalled an interest in and understanding of the question. I am keen for him to signal that he understands that there may be a significant impact on communities in Scotland, and I imagine that that is the case not only in Moray but in Fife and around the Clyde. Is he confident that the new early departure scheme arrangements will not have a negative impact on the number of retiring personnel who wish to stay on and contribute in an important way to local economies, such as those in Moray, Fife, the Clyde or elsewhere in the UK?

4.15 pm

Mr. Mark Francois (Rayleigh) (Con): I want to make two brief points in this debate. I should declare an interest, as I am the president of the Rayleigh branch of the Royal British Legion—and proud to be so—and I am in the process of applying to become an associate member of the Rayleigh branch of the Royal Naval Association, which is based in part on the fact that my father, Reginald Francois, served in the Royal Navy in the second world war.

I wish to address my remarks mainly to new clause 4. First, I want to follow up the point made by my hon. Friend the Member for Aldershot (Mr. Howarth) about the comparison with the pension scheme that Members of the House enjoy. I am pleased that the Ministry of Defence has decided to match the four times death-in-service benefit, which I am sure will be popular among service personnel and their families, and it is appropriate that there is now equanimity between the benefit that we enjoy and the benefit that those who are prepared to fight on behalf of our country will enjoy.

It is important to remember that, relative to the MOD's scheme, our pension scheme is contributory, which is not always brought out when it is reported in the press. Members who chose the option of fortieths will now be paying 9 per cent. of their gross salary, so it is a fair comment that we are chipping in from our salaries under our scheme. I entirely understand why those in the services, who are very sensitive to changes in their pension arrangements, for reasons to which I will refer in a moment, would look with understandable scrutiny at our scheme, and perhaps would not be slow in making comparisons with any changes that relate to them. If I were a serviceman, I would be doing exactly the same, and it is right that we in the House should acknowledge that understandable desire to match in some respects what we have.

That leads on to my second point, which I have raised previously in the House in other contexts: the importance of retention in the armed forces. Arguably, people in this day and age are much more sensitive to pensions and changes in pensions than perhaps they were 10 or 20 years ago. The pensions market and the structure of pensions have changed a great deal in that time. There has been the business of Equitable Life and other problems in the pensions industry, which I will not rehearse again this afternoon. Suffice it to say that, because of a number of those changes and events, people now pay much closer scrutiny to their future pension than they might have done two decades ago, and that affects their career planning. In the context of this debate, that also firmly affects the decisions that they and their families make about whether, as they approach middle age, they retain their post in the armed forces or move on to seek an alternative career. Ministers must therefore be careful before they change any of the arrangements, as they may start to see a knock-on effect on retention if they get some of the issues wrong.

My hon. Friend the Member for Aldershot dealt very well with the technicality of that, and the hon. Member for Moray (Angus Robertson) made a thoughtful contribution about how such things play out over the long term. I remind the Minister that although recruitment figures for the armed forces remain healthy, almost as many people are leaving at the moment as are joining. The key is the net figure and the overall ability to retain skilled and experienced personnel. That is even more important, because no matter how enthusiastic the recruits, they cannot, at least in the first few years, make up for the experience that the armed forces lose when an experienced non-commissioned officer, such as a colour sergeant in the infantry or a staff sergeant, decides to leave the Army. We face the danger of a gradual hollowing out of our armed forces as more and more experienced personnel leave and are replaced by recruits without experience. That is a worrying trend over the long term, and Ministers must deal with it if they are to be consistent. As I have said, I have raised the point before.

The future pensions of servicemen and women are becoming increasingly important to their calculations and their decisions on whether to stay or go. I issue a plea to the Minister, as others have done: the Government must think very carefully before making any long-term changes. They must be very mindful of the likely effect of such changes on the retention of experienced key personnel. After all, it takes a great deal of time and money to train them. The Government must be extremely careful in everything they do that affects service pensions, because it will begin a knock-on process that may prove very difficult to reverse if Ministers get it wrong.

Mr. Caplin: I welcomed the speeches of the hon. Members for Moray (Angus Robertson) and for Rayleigh (Mr. Francois). Perhaps the hon. Member for Moray and I could discuss his points in more detail outside the Chamber. I found them especially pertinent, given my ministerial responsibility for veterans. As for the hon. Member for Rayleigh, I was particularly interested in what he said about recruitment and retention. As he and his hon. Friends know, I pay close attention to those issues. The 20,000 people who leave each year become veterans, and it is important for us to look after their interests as well.

Angus Robertson: I appreciate the Minister's invitation to discuss with him the issues that I raised. May I now ask him to put something on record? Does he believe that the new early departure scheme will not

[Angus Robertson]

have a negative impact on the number of retiring personnel who wish to stay on and contribute, in an important way, to low-wage economies, often in peripheral areas?

Mr. Caplin: I understand the point that the hon. Gentleman is making—we have touched on it briefly before—but I have done no detailed work on it. That is why I suggested that we discuss it at some point in the future.

My hon. Friend the Member for Dunfermline, West (Rachel Squire) mentioned index-linking. We have adopted the same approach to the early departure plan as we currently apply to the immediate pension. It is not index-linked, but it will be once a person reaches the age of 55, which seems to us appropriate. My hon. Friend will recall that at one stage there was a slight error on the MOD website; we corrected it in response to the Select Committee's report.

As for my hon. Friend's second point, I do not expect any major changes in early departure plans. As currently happens with the immediate pension, people will sign on for the terms offered to them at the time. I do not envisage any small changes in those terms.

The 66.67 per cent. of final salary mentioned in new clause 4 will obviously have a cost implication, of which I am sure the hon. Member for Aldershot (Mr. Howarth) is aware. Under the Bill, personnel who serve until the normal retirement age of 55 and have served for 35 years under the new pension scheme will receive pension benefits comparable with those available under the current scheme, which will be paid much earlier than those in most other schemes. As the hon. Member for Rayleigh pointed out, dependants' benefits will be significantly improved. Personnel who wish to improve their pension benefits further will have the opportunity, as they do now, to purchase additional voluntary contributions. The extended accrual period of 40 years will provide sufficient headroom for them to receive benefits up to the current Inland Revenue limits should they wish to do so.

The new scheme has been designed to be equitable, treating officers and other ranks in the same way with a common, even accrual rate. The Select Committee's report applauded us for that. The new clause would benefit only a limited number of personnel who serve a full career, as the majority will have left before the new early departure point—18 years' service, at a minimum age of 40. I feel that it is therefore counter to equality of treatment.

I shall also deal briefly with new clause 5, and I do not think that the hon. Member for Aldershot will be at all surprised by my response. I do not know how many times he has heard this argument, but I do not propose to accept the new clause for the reasons that I outlined on Second Reading and in Standing Committee. Such details should not, in my and the Government's view, be included in primary legislation.

As the hon. Gentleman rightly acknowledged, I gave the Standing Committee two detailed notes on the early departure plan and put copies in the Library. He was kind enough to say in Committee that they were "clearly written" and "relatively easy to understand". I take that as a compliment for a Ministry of Defence document of that type. The documents will form the basis of the separate statutory instrument setting out the scheme rules. However, it is important that I point out that the early departure plan is not part of the new pension scheme, as the benefits paid under it are not pension benefits.

I have no particular difficulty with some of the separate points made in new clause 5. Indeed, the first three subsections simply repeat details that were set out in the notes that I published previously. The only new point is in subsection 4, which seeks to embrace the early departure plan within the scope of the independent, external validation review of the new pension scheme that we debated earlier.

As I have just said, EDP benefits are not pension benefits, and that is a large part of their attraction to our armed forces. They have allowed us to develop more flexible arrangements that, I hope, will better meet the needs of our service personnel while providing the savings to fund significant improvements to widows' benefits and to help offset the rising cost of longevity. However, I want to make it clear that we plan for the AFPRB to look at the level and broad design of the EDP within its quinquennial review and as part of its broad remit with respect to remuneration.

I do not intend to accept the new clauses, but I hope that what I have said reassures the House. Perhaps we can move on.

Mr. Gerald Howarth: I am delighted to hear that the Minister has found another purpose for the AFPRB, which serves further to undermine his earlier argument against my proposals. I certainly welcome the fact that he has suggested that the early departure payments scheme should be extended to the AFPRB for its consideration. I am sure that the House will welcome that.

I appreciate the support of all the Members who have said kind words about the new clauses. In particular, I recognise the point that my hon. Friend the Member for Rayleigh (Mr. Francois) made and that the Minister rightly picked up. The litmus test is what the scheme will do for retention. We cannot be sure what it will do, because the jury is still out. The backing of the Scottish nationalists has extended the range of support for the new clauses, so the Government should listen carefully because support for them is coming from across the House.

I take the point that the Minister makes about not including the provision in the Bill, but I am sorry that he feels unable to do that. I also think that he is being unfair on the issue of the full career pension. There is simply a difference of view between us. He rightly said in Standing Committee that there was a cost implication, and I fully accept that there may well be. Cost implications surround the issue and one of the tricks is to find a way of giving the best possible service to our armed forces that is consistent with exercising a proper constraint on public expenditure. The Minister and his Department know the arguments just as much as I and my party know them. However, we all feel that our deliberations should be determined by what is best for our armed forces. Clearly, nobody has a blank cheque—I have no more of a blank cheque than the Minister has—but the issue that we must bear in mind is what is in the best interests of our armed forces.

4.30 pm

My hon. Friend the Member for Rayleigh described the pensions that we receive as Members of this House as contributory, the implication being—I know that he did not mean it—that the armed forces do not contribute to theirs. There is widespread resentment throughout the armed forces at the idea that their pension is a perk—a free gift from the Ministry of Defence and the Government. It is not. As the hon. Member for Dunfermline, West (Rachel Squire) knows better than anybody else, members of the armed forces pay for it. When considering salaries, the Armed Forces Pay Review Body discounts the amount that, in its view, service personnel are getting as value for their pension. The value of that abatement is currently 7 per cent.—it was 11 per cent.—so the idea that the armed forces do not contribute must be scotched once and for all. They receive a lesser salary than they would get if the appropriate contribution to meet the worth of their pension were deducted from their salary.

Mr. Francois: The point that I was trying to make is that although the media often acknowledge that members of the armed forces contribute to their pensions, they do not always acknowledge that Members of Parliament contribute to theirs. I was simply trying to make that point in the interests of balance. Service personnel rightly chip into their own pensions, and we thank them for it.

Mr. Howarth: My hon. Friend has put that point firmly on the record.

Unfortunately, time is running out and we have other important business to attend to. I hope that the Minister has noted our concerns, particularly in respect of full service career pensions; I suspect that these matters will be taken up in another place. We will simply have to wait to see how the early departure scheme works out, but in the interests of moving on, I beg to ask leave to withdraw the motion.

Motion and clause, by leave, withdrawn.

New Clause 7

Widow's Pensions for Life

'From 6th April 2005 existing widows and widowers currently in receipt of an unattributable Forces Family Pension shall retain that pension for life.'.—*[Mr. Gerald Howarth.]*

Brought up, and read the First time.

Mr. Gerald Howarth: I beg to move, That the clause be read a Second time.

Mr. Deputy Speaker: With this it will be convenient to discuss the following:

New clause 8—*Date of marriage*—

'From 6th April 2005 widows and surviving registered unmarried partners of all service personnel shall receive a full widow's Forces Family Pension based on their spouse's or partner's length of service and final salary regardless of that date of marriage or registration.'.

Mr. Howarth: I regard these matters as extremely important, and in the absence of a satisfactory answer from the Minister, I might well have to invite my hon. Friends and others to press the new clause to a vote. I do not suggest that as a threat; rather, the business arrangements of the House are such that it will probably assist you, Mr. Deputy Speaker, if I explain my position at the outset.

New clause 7 deals with widows who have unattributable pensions—in other words, widows whose husbands died from natural causes rather than as a result of service. Under the current scheme, certain widows—here, I include widowers—retain their pensions for life should they care to remarry or cohabit, and others do not. A distinction is made according to whether the spouse's death was attributable to service or not. The new scheme will remove that distinction, and will allow all widows and unmarried partners, of whatever sexual orientation, to keep their pensions for life.

Nevertheless, the changes laid before Parliament in this Bill will create a group of disadvantaged widows: existing non-attributable widows. Those whose husbands died from natural causes will still lose their pension should they elect to remarry or to cohabit. That small discrete group will still be forced to choose between financial well-being and happiness in a future relationship. We regard that as indefensible. The group at risk is tightly defined and small—in other words, the existing non-attributable widows and those tragically created between now and the introduction of the new pension scheme in about 2007. Only about half may be expected to remarry.

The Government have already conceded the principle that widow's pensions for life are appropriate. They introduced them in 2000 for one type of service widow—the attributable widow whose husband died as a result of service. At that time, existing widows were included retrospectively and the Government also planned to introduce such pensions for the other type—the non-attributable widows, but not including such existing widows.

If the Government do not take the one further small step of including existing non-attributable widows, they will wilfully create a new group of disadvantaged and aggrieved people and a serious and unnecessary fault line within the scheme. Indeed, I venture to suggest to the Minister that they will create a new legacy issue. It would be a small, magnanimous and entirely appropriate step—wholly in line with the Government's own agenda—to include existing non-attributable widows. The Government have rightly tried to create fairness in some respects, but long-standing inequity has been exposed, so they should use the opportunity provided by the new Bill with its new scheme to start afresh and correct that inequity.

The Minister's predecessor suggested that if we established a precedent under this scheme, there would be a read-across to all other public sector schemes, but I do not believe that that would happen. It has always been the Conservatives' submission—and, I believe, that of the Select Committee—that our armed forces not only are different, but need to be different. There should therefore be no automatic read-across. We must be allowed to make particular provision for a particular category of people whom the entire nation recognises as

[Mr. Howarth]

different from the rest of us. The commitment of the serviceman is unique, so I see no reason why we cannot make a unique case in this respect.

I do not accept that it will cost us billions of pounds to provide the scheme because other groups of public sector workers will then expect the same treatment. I hate using the expression "public sector workers" in respect of Her Majesty's armed forces. Servicemen are not public sector workers; that is not to decry such workers, but to deny comparability between the two. We know that members of the armed forces are unique.

A service widow is also unique in that the requirements of the service caused her to be disadvantaged while her husband was serving—she was often unable to earn an occupational pension because of the frequent requirement to follow the flag. It was often impossible to develop a long-term career. A splendid lady, Mrs. Jenny Green, whose husband died in a Tornado accident, persuasively put that case yesterday. As she said, it was Ministry of Defence policy to involve wives in welfare duties at any RAF station.

A friend of my parents used to be the commander at a RAF station in Germany. He married late in life and his wife rather resented the fact that she had not realised that she had joined the RAF by default. It was her job in a wholly unpaid capacity to act as the welfare officer, getting all the wives on the station together. That was the position that prevailed. Wives had to travel with their husbands and were unable to pursue a career. The husband's career often depended on his wife's involvement in the wider service. Today, the Government pay for welfare officers to do the job, but in the old days, they had the wives to do the job on the cheap, as it were, and many a wife and widow across the country will recognise what I am describing.

As Jenny Green also pointed out, stakeholder pensions are not a viable option for service wives and widows because they are often unable to build up a personal pension in their own right, as other civilian widows and wives have the opportunity to do, neither can they afford the full national insurance contribution for a full DSS widow's pension.

All in all, I hope that the Minister will accept that the people involved belong to a very specific category. They have been uniquely disadvantaged, and it would be sensible for us to make provision for them. The nation would be grateful as well.

In addition, those women who receive pensions at the moment lose them only if they remarry. There is therefore no question that the Government or the MOD will have more costs to bear if the new clause is accepted, as current payments will merely have to be maintained.

Mr. Caplin: Will the hon. Gentleman confirm that what he proposes from the Dispatch Box is now official Conservative party policy? In the likely event—I should say the unlikely event that the Tories ever return to power, will the policy be implemented in their first manifesto?

Mr. Howarth: I am afraid that the Minister got it right first time. It is likely that we will assume office next year, but I do not want to be too partisan as there is genuine consensus across the House on some of these matters. Of course I speak on behalf of the Opposition, and my argument is that the people involved deserve to be shown some consideration.

For the benefit of people outside the House, I want to make it clear that the Minister has not addressed the serious issue that is at stake. He has chosen to cut the cake in a certain way, with the result that the people about whom I am speaking have been carved out. They are deeply resentful, and do not feel that they should have been treated in that way.

The Conservative party is not in government at the moment, and I do not know the state of the books, but I can tell the Minister that I will not be browbeaten or intimidated into saying that we would not help those people. On behalf of the official Opposition, I say that we will do our level best, when we return to government, to find ways of helping these people. That is not a spending commitment, as I do not know how much money is involved. Frankly, the truth is that the Minister does not know either. He cannot tell the House how much money is involved in dealing with these people, and neither can I. Therefore, the basis of his question to me is entirely specious. However, the Opposition believe that these splendid people should be helped and supported.

New clause 8 deals with post-retirement marriages. When people die who married after retirement from the services, their widows, in certain circumstances, are not eligible for a pension. Pensions for widows of post-retirement marriages were introduced on 6 April 1978—I think that that was the last time that the Labour party was in government—to comply with the Social Security Pensions Act 1975. However, the change benefited only those serving at that date, and only service from that date qualified. The review of the armed forces pensions announced last September introduced full dependants' benefits for unmarried partners, with effect from 6 April 2005.

Special factors undoubtedly apply to service personnel who are not applicable to any other group of public or private sector workers. The pattern of service life militated against early marriage. Service people were stationed abroad for long periods, with limited opportunities to meet suitable potential future spouses. They therefore tended to marry later, often after having completed distinguished military careers.

For officers, early marriage was formally discouraged up to 1973, through the denial of allowances and quarters. The strains on marriages of enforced separation and exposure to danger also probably led to the incidence of divorce being higher in the armed forces than elsewhere. The services' normal retirement age of 55 is well below the norm of 60 or 65 elsewhere, and the vast majority of service people are forced to retire at or below 40 because of service manpower policy. In consequence, the probability of service people marrying for the first time, or for a subsequent time, after leaving the armed forces was, and remains, higher than elsewhere.

At yesterday's meeting, it was interesting to hear one lady say that she had received letters from a number of people who had decided not to get married during their service careers. The reason was that they knew that part of their contract with the nation was that they had to put

their lives on the line. They did not want to have the responsibility of getting married and then leaving their families with less than adequate provision in the event of their death. It is not an academic argument: it is supported by fact.

The post-retirement marriage pension rules bear heavily and unfairly on the armed forces whose unique conditions of service, as we all know, make them a special case. Serving personnel continue to be uniquely disadvantaged by the pattern of their employment, which is not the case in other public sector schemes and marks them apart as a special case. I hope that the Minister will look favourably on the matter. He heard some of the forceful arguments that were advanced yesterday. I thought that they were persuasive and I hope that the Government will accept the new clauses.

4.45 pm

Joyce Quin (Gateshead, East and Washington, West) (Lab): I first became interested in the issue covered by new clause 8 through the situation of a constituent who had married a serviceman who had retired from the service before 1976 and therefore fell foul of the subsequent changes, which were welcome in other respects but did not benefit her. Some cost would be involved in making the changes retrospective and I wondered whether my hon. Friend the Minister had any recent estimates of the likely cost. His predecessor wrote to me a couple of years ago and suggested a figure of £50 million. The number of people in such circumstances is likely to have fallen, and it would be useful to know whether any estimate has been made more recently.

I do not wish to pre-empt my hon. Friend's response, but if he does not envisage a change in the law to allow retrospective claims, I wonder whether individual cases could be considered on grounds of hardship. The constituent I mentioned lives in straitened circumstances and I know that her late husband would have wanted her to have benefited from his pension. There are probably other hardship cases that should also be considered sympathetically.

Mr. Hancock: I wish to associate myself and my colleagues with new clauses 7 and 8. There can be few hon. Members who have not dealt with this issue at some stage in their parliamentary careers. The right hon. Member for Gateshead, East and Washington, West (Joyce Quin) mentioned the possibility of considering individual cases on hardship grounds. I have tried to make that happen in the past 20 years, but there is no flexibility in the system. Under the present regulations, the MOD cannot make payments to help widows of service personnel who do not fit the criteria for the receipt of pensions. Unfortunately, those widows have had to fall back on the good offices of the British Legion or other service-related charities for hardship grants.

We are trying to give justice to those few people who were denied justice when the legislation was changed in the 1970s. New clause 8 would go some way towards doing so and the cost would be nowhere near the £50 million that was envisaged two years ago. The number of people who might be affected has diminished considerably in that time.

New clause 7 would rectify the injustice faced by widows of those who have paid the ultimate sacrifice on behalf of this nation. The costs involved are already accounted for, because if the widow receiving a pension did not remarry, the MOD would have to continue to pay it. It is only when she marries that the MOD benefits. New clause 7 would merely put right a wrong that most of us have come across in our constituencies. Whether we are in government or opposition we have told our constituents that we sympathise with their case and will take it up. It is a question of natural justice and this is our opportunity to put it right. I am delighted to be associated with the new clauses and I hope that the Minister will welcome and support them.

Mr. Caplin: I begin by telling my right hon. Friend the Member for Gateshead, East and Washington, West (Joyce Quin) that the costs that she was given by my predecessor remain, broadly, the same. I shall be more than happy to receive written details from her about the individual case that she mentioned, to see whether the Department can offer her constituent any assistance. That offer is open to other Members, and the number of letters that I sign shows that they take it up regularly—many such Members are in the House this afternoon.

The proposed new armed forces pension scheme includes provision for non-attributable widows' and widowers' pensions to be paid for life. Existing members can transfer to the new scheme if they want to benefit from that provision. The proposed new clause would cover existing widows and widowers who are not provided for—I accept that—in the new scheme.

In the majority of public service schemes, non-attributable widows' and widowers' pensions cease on re-marriage but, as in the armed forces current scheme, can be reinstated on second widowhood or divorce if the individual is otherwise worse off financially than when first in receipt of their armed forces pension. Although we are able to make changes for the future under the new armed forces scheme, which, as I think the House now understands, will be paid for by adjusting benefits elsewhere, the change under the new clause would carry with it no offsetting saving. I have been working hard to ensure that I could give the hon. Member for Aldershot (Mr. Howarth) some figures on the policy that he has just been announcing—he said that he was speaking for the official Opposition and that it was their policy. The cost of his retrospectivity proposal in year 1 would be £500 million, but I hear what he said about the Conservative policy and I shall return to it shortly.

I shall speak briefly on new clause 8. It relates to rules for the current armed forces pension scheme, which are set out in prerogative instruments rather than in primary legislation. The new clause relates to widows who did not receive a widow's pension if their husbands served before 1978 and the marriage took place after their husbands left service. I accept what Jenny Green said yesterday at the event attended by the hon. Member for Aldershot and me, but that is how the armed forces often operated in those days. If I were to accept the new clause, such people would be provided with a pension from the date of introduction of the new scheme, but that would not include the widowers of post-retirement marriages.

[Mr. Caplin]

The new clause proposes that the pension should be based on the length of service and final salary, as under the new scheme. However, the current scheme provides benefits, as the hon. Gentleman is well aware, based on representative pay and reckonable service.

Mr. Howarth: Is that not changing? Under the new scheme the pension will be based on final salary; it is based on representative pay at present.

Mr. Caplin: That is what I said. The current armed forces scheme is based on representative pay and reckonable service. The new scheme will be based on length of service and final salary. I was comparing the two schemes.

Post-retirement widows' pensions were introduced in 1978 for service after 1978, following the introduction of the Social Security Pensions Act 1975. If my memory serves me right, the late Baroness Castle was responsible for that splendid piece of legislation, and we all know who her special adviser was at the time—our current Foreign Secretary.

The change was introduced non-retrospectively in schemes across the public sector, so there is no distinction between servicemen and public sector employees in this instance. The cost of extending post-retirement widow and widowers' entitlement to all current and deferred pensioners would be more than £50 million, according to our current calculations, as I indicated to my right hon. Friend the Member for Gateshead, East and Washington, West. Such an extension would be contrary to the policy of successive Governments.

In conclusion, the Conservative party had 18 years in power to deal with such issues, but it never once introduced a proposal in the House to do so. It now finds it convenient to do so—the convenience of opposition, the convenience of opportunism and the convenience of increasing public spending when it well knows that its shadow Chancellor is looking for major and significant cuts in the defence budget.

Mr. Howarth: The Minister is completely wrong: there are no planned Tory cuts in defence expenditure, so he is just trying to mislead the public again. I am genuinely disappointed. It is very pleasant to see that the Secretary of State is now present.

The Minister referred to the right hon. Member for Gateshead, East and Washington, West (Joyce Quin), who made a very useful contribution to these proceedings. He said that she should write to him, and he would try to do something about the case that she raised. He said that everyone is writing to him, saying, "Let's do something about this." Well, let us do something about it.

The hon. Gentleman cannot stick £500 million on us because that figure is simply not true. The people who currently receive pensions are being paid by his Department. They cease to be paid if they remarry. I put it to him that he cannot quantify how many will elect to remarry, thereby forgoing the pension that they now receive. The Minister is adducing a disingenuous argument. My commitment to the House and to those in the country who are concerned about such matters is that the next Conservative Government will review the issue with a determination to do something about it.

To accommodate some of those people, the Secretary of State introduced a new scheme to enable attributable widows to benefit if they remarry, but he did not do so by telling the House that there was a compensating cut elsewhere in his pension provision for our armed forces. He was not reslicing the cake; he was just providing a welcome addition. We welcome the fact that he has done that. We believe that the funds should be made available to meet the requirements, certainly given the 1.7 per cent. saving that the Government will make from rejigging the mortality and longevity issues.

There is another, final point that I want to nail in what the Minister said. He keeps on saying it, and it is unfortunate that the Government keep on doing so because they believe in supporting our armed forces. As I said before the Secretary of State arrived, I believe that the Government have the interests of our armed forces at heart. I do not claim a monopoly of that for the Opposition. There are differences of view. Certain things could be done better than the Government are doing them, but I am not suggesting that they are cavalier about our armed forces. However, constantly to equate them with other public sector services and say that if we did something for the armed forces we would have to do it for everybody else is not acceptable. The public believe that our armed forces are different, and we do too. Most Members of Parliament, whatever their party, believe that the armed forces are different, and it is because of that, because their commitment to our country is unique, and because they put their lives on the line for our country—they are doing so as we speak—that we ought to give them the best that we can offer them. They certainly deserve that, and it is the very least that they are entitled to expect. It is the very least that we can do for our armed forces, and it is irrelevant to suggest that we must compare them with other public sector workers. If the current rules mean that we have to do so we should make special provision in law—

It being Five o'clock, MR. DEPUTY SPEAKER *proceeded to put the Questions necessary to bring proceedings on consideration to a conclusion, pursuant to Order [22 January].*

Question put, That the clause be read a Second time.

The House divided: Ayes 132, Noes 252.

Division No. 162] **[5:00 pm**

AYES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Beresford, Sir Paul
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Brady, Graham
Brake, Tom *(Carshalton)*
Brazier, Julian
Breed, Colin
Brooke, Mrs Annette L.
Browning, Mrs Angela
Burns, Simon
Burstow, Paul
Burt, Alistair
Butterfill, Sir John
Cable, Dr. Vincent
Cameron, David
Carmichael, Alistair
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek

Cormack, Sir Patrick
Cotter, Brian
Davies, Quentin *(Grantham & Stamford)*
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Foster, Don *(Bath)*
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
George, Andrew *(St. Ives)*
Grayling, Chris
Green, Damian *(Ashford)*
Greenway, John
Grieve, Dominic
Gummer, rh John
Hancock, Mike
Hayes, John *(S Holland)*
Heald, Oliver
Hendry, Charles
Hermon, Lady
Hoban, Mark *(Fareham)*
Holmes, Paul
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lamb, Norman
Laws, David *(Yeovil)*
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
McIntosh, Miss Anne
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
May, Mrs Theresa
Mercer, Patrick
Murrison, Dr. Andrew
Norman, Archie
Öpik, Lembit
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Portillo, rh Michael
Price, Adam *(E Carmarthen & Dinefwr)*
Prisk, Mark *(Hertford)*
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Roe, Mrs Marion
Rosindell, Andrew
Ruffley, David
Russell, Bob *(Colchester)*
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Smith, Sir Robert *(W Ab'd'ns & Kincardine)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Streeter, Gary
Stunell, Andrew
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Dr. Richard *(Wyre F)*
Taylor, Sir Teddy
Thurso, John
Tredinnick, David
Viggers, Peter
Walter, Robert
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Williams, Roger *(Brecon)*
Willis, Phil
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*
Younger-Ross, Richard

Tellers for the Ayes:
Mr. John Randall and
Mr. Hugo Swire

NOES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Boateng, rh Paul
Borrow, David
Bradley, Peter *(The Wrekin)*
Bradshaw, Ben
Brennan, Kevin
Brown, rh Nicholas *(Newcastle E Wallsend)*
Brown, Russell *(Dumfries)*
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Byers, rh Stephen
Cabom, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Caplin, Ivor
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, rh Tom *(Coatbridge & Chryston)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Cook, Frank *(Stockton N)*
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Davey, Valerie *(Bristol W)*
David, Wayne
Davis, rh Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Ellman, Mrs Louise
Farrelly, Paul
Fisher, Mark
Fitzpatrick, Jim
Fitzsimons, Mrs Lorna
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Hanson, David
Harman, rh Ms Harriet
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hinchliffe, David
Hoey, Kate *(Vauxhall)*
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howarth, George *(Knowsley N & Sefton E)*
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Kennedy, Jane *(Wavertree)*
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lammy, David
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
McNulty, Tony
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Merron, Gillian
Michael, rh Alun
Miller, Andrew
Moffatt, Laura
Moran, Margaret
Morgan, Julie
Mountford, Kali
Murphy, Denis *(Wansbeck)*
Murphy, Jim *(Eastwood)*

O'Brien, Mike *(N Warks)*
Olner, Bill
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Raynsford, rh Nick
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, Angela *(Basildon)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Sutcliffe, Gerry
Taylor, David *(NW Leics)*
Todd, Mark *(S Derbyshire)*
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
Watts, David
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Wills, Michael
Wilson, Brian
Winnick, David
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Noes:
Mr. John Heppell and Charlotte Atkins

Question accordingly negatived.

Schedule 1

AMENDMENTS TO PENSIONS APPEAL TRIBUNALS ACT 1943

Amendments made: No. 1, in page 7, line 43, leave out from second 'which,' to end of line 45 and insert

'applications to a Commissioner for leave to appeal under this section must be made;'.

No. 2, in page 7, line 46, leave out 'appeals and'.—*[Mr. Caplin.]*

Schedule 3

REPEALS

Amendment made: No. 3, in page 12, line 7, at end insert—

'Naval and Military War Pensions, &c., Act 1915 (c. 83)	Section 6.'.

—[Mr. Caplin.]

Order for Third Reading read.

5.15 pm

Mr. Caplin: I beg to move, That the Bill be now read the Third time.

I begin by thanking my hon. Friends the Member for Bridgend (Mr. Griffiths) and for Normanton (Mr. O'Brien), who conducted affairs from the Chair during proceedings in Standing Committee. I thank the Under-Secretary of State for Constitutional Affairs, my hon. Friend the Member for Tottenham (Mr. Lammy), who dealt with the clauses relating to appeals tribunals on behalf of the Department for Constitutional Affairs. I thank the Clerks and officials in the Ministry of Defence who have been dealing with the Bill, in some cases for a long time.

It has been a feature of our debates on Second Reading, in Standing Committee and again today that the armed forces, both regular and reserve, are held in the very highest regard throughout the House. Members on both sides of the House have rightly paid tribute to their professionalism, courage and skill. The Ministry of Defence is a good employer and as such we must make available high-quality conditions of service for service personnel. The new pension scheme does just that.

Mr. Gerald Howarth: I take the slightly unconventional step of intervening on the Minister at this stage to associate myself entirely with what he just said to ensure that there is no doubt beyond these walls, especially among those serving in Iraq, that we hold our armed forces in the very high esteem that he described.

Mr. Caplin: I am grateful for those comments.

We had an interesting debate that centred on the new part of the arrangements following the announcement that I made last week in relation to the Armed Forces Pay Review Body, which will provide a regular external validation of the new pension scheme that will compare it with other schemes in the market. I am delighted that the chairman and members of the review body have agreed to take on such a task.

Everyone who has been involved in our discussions will recall that concern was expressed that the Government should provide independent oversight of the arrangements provided for our armed forces in this respect. In Committee, I made it clear that I recognised the intent behind those concerns and that I would consider how best to respond on Report. Last week's announcement was made in response to those concerns, and I hope that today's debate has been helpful in highlighting the way in which the review body will deal with the matter. Its reviews will take place broadly every five years, but that does not preclude it from considering pensions issues if it feels that it should do so in the course of its normal work.

We are in active communication with the review body to determine the details of how the system will work. We agreed it only in the past couple of weeks and I shall return to the House with a further statement when we have more details. I am confident, however, that the change will provide for more independence in reviewing the terms of the new pension scheme while helping us to ensure coherence across the broader remuneration package of pay and pensions. It should also provide additional reassurance for service personnel, and for Members of both Houses, by ensuring effective independent validation of the appropriateness of the pension provisions for our armed forces, including those

who choose to transfer to the new scheme and those who will be members from 6 April 2005, subject to the completion of the legislative process. I feel sure that hon. Members will acknowledge that that represents a major step forward in tackling the concerns that have been expressed in the past few months. It also addresses the desire for stronger controls in legislation over the scheme's benefit structure.

Before I conclude, I want to be slightly partisan and present two challenges to the hon. Member for Aldershot (Mr. Howarth). I hope that he does not have a scripted speech because he might wish to respond. My first challenge is about benefits being payable on an equal basis, irrespective of sexuality. In Committee, he said:

"My party's view was set out admirably by my hon. Friend the Member for Mid-Sussex in the debate."

He means Second Reading. He continued:

"We shall have to see how the land lies when we come into government, and review the position at that point."—[*Official Report, Standing Committee B*, 10 February 2004; c. 143.]

The hon. Gentleman has had three months to consider the matter. Does he stand by that comment or will he support the Bill and the equal benefits that it provides for all members of our armed forces?

I shall outline my second challenge. The hon. Gentleman clearly supports the legacy issues, as he showed yesterday and a few moments ago. In Committee, I said that I would calculate the amount of public spending required and I have done that. The total for the first year is £661 million. Every subsequent year, he will need £127 million for the legacy proposals that he presented this afternoon. Does he intend to pursue that as Conservative policy? The equivalent of £661 million is, for example, the single living accommodation project and the service family accommodation upgrade project. They would both have to be abolished to cover the sort of funding that his proposal would require. He can either play the politics of opportunism in opposition or make a serious point at the Dispatch Box about the legacy issues that the Conservative party never tackled. I am sure that he will respond to those challenges.

I am confident that the new schemes constitute a good deal for our service personnel: a pension scheme that is based on final salary, against the trend in the wider economy; a significant improvement to the benefits to widows and dependants; the introduction of common terms for officers and other ranks that also deal with equality issues; and a compensation scheme that focuses on the more severely injured and, for the first time, makes lump sum payments for pain and suffering. The chiefs of staff strongly welcome those aspects of the new arrangements. They perceive them to be an important part of a package that offers a high level of assurance to service personnel and their families, now and in future. The Bill is essential to providing the new schemes and I commend it to the House.

5.23 pm

Mr. Howarth: I note that the Under-Secretary is getting frightfully excited. He raised several issues—two in particular—with me. The Government have introduced changes that extend the benefits to unmarried partners and the Opposition have accepted that. I hope that that will allay his concerns on the matter.

The Under-Secretary tried to stick on me a figure of £500 million a few moments ago, but it has now increased to £661 million. I knew that the Labour party was the master of inflation but that is excessive. He is the Under-Secretary and suggests that some of my proposals would cost £661 million. I do not recognise those figures and I do not believe that he will be able to justify them. He might be able to, however, and the House will look forward to his placing copies of his calculations in the Library.

I made a specific point to the Minister—I am not going to let him get away with this—about extending the benefits to unattributable widows who remarry. He has no way of knowing how much that would cost, because it is impossible to quantify. He extended the benefits to attributable widows in 2000, but he never made any corresponding cuts to accommodate that. He knows very well that only a very small number of people are involved, and they are being paid at the moment. They cease to be paid when they remarry. He has no way of knowing how many would remarry, in the event of his acceding to our suggestion, so his objections are just ministerial bluster. He even suggested that the proposal would have to be funded by cancelling the single living accommodation improvements. He flagged up the fact that he was going to make a partisan point and he did not disappoint. The public outside will have noted it and I think that they expect our debate to be conducted on a slightly more elevated scale than that.

My hon. Friend the Member for Mid-Sussex (Mr. Soames) said on Second Reading that we would not divide the House at that point, but that

"we reserve our position and will judge the Government on any progress made in Committee."—[*Official Report*, 22 January 2004; Vol. 416, c. 1499.]

We have now considered the Bill in Committee and only one change has been made. We welcome that change, and, along with the Minister, we wish the members of the Armed Forces Pay Review Body well in undertaking their enhanced remit. However, that change is modest and fails to deal as comprehensively with the needs of Her Majesty's armed forces, and those who have served, as the measures that we proposed in new clause 2—which the Minister would not accept—would have done.

Furthermore, some of the criticisms levelled at the Bill by the Defence Committee, at the outset and subsequently, remain outstanding. Save for the one change that the Minister has made, there is nothing in the Bill that presents the House with any greater opportunity to scrutinise what is being proposed. It is an enabling Bill that gives unfettered power to the Secretary of State to draw up whatever pensions and compensation schemes he likes. The only scrutiny available to the House will be through a one-and-a-half-hour debate on the relevant statutory instrument, the detail of which will be unamendable. Our original criticisms, and those of others, therefore remain. The final details of the early departure payment scheme were not available on Second Reading. They were produced in Committee, which we welcome, but some of the original criticisms on that issue still stand.

We judge the Bill by its ability to do justice to the men and women of Her Majesty's armed forces, who have given—and, as we speak, continue to give—outstanding

[Mr. Howarth]

service to our country. It is our view that their contract with the nation sets them apart from every other group in the country. Their commitment to lay down their lives in the defence of the people of these islands and of the wider interests of the United Kingdom places them in a wholly special category, deserving of the very best that the nation can give them. That means that they are, quite literally, a special case.

We are therefore disappointed that the Government have not reflected that special status in the schemes that lie behind the Bill. Comparing their benefits with those available to "other public sector workers" betrays the Government's reluctance to distinguish sufficiently between the needs of the armed forces and of those operating elsewhere in essential public services. The burden of proof in compensation is one example of the Government's thinking that it is perfectly in order to apply tests

"in line with the practice of other occupational pension schemes and the civil courts."

This is not another occupational pension scheme. We believe that the scheme applied to Her Majesty's armed forces should start by being at least as good as those available elsewhere. That is why, for example, we welcome the improvement of the death-in-service benefit from one and a half to four times' salary.

I hesitate to do so, but I hope that the hon. Member for Dunfermline, West (Rachel Squire) will forgive me if I quote from her speech on Second Reading.

Mr. John Bercow (Buckingham) (Con): Read it out.

Mr. Howarth: I genuinely do not wish to embarrass the hon. Lady, but I do wish to echo her words, and I think the House ought to reflect on them. She said:

"On pensions, the proposals essentially amount to 'making ends meet'. We do not consider that that is what our highly valued and professional armed forces deserve . . . The proposals are based not on what the forces deserve, but how much money they get at present."—[*Official Report*, 22 January 2004; Vol. 416, c. 1507.]

I therefore invite the House to decline to give the Bill a Third Reading. I invite the Government to address the serious concerns that have been expressed across the Floor of the House and to bring back a Bill that reflects the desire of our country to have the very best for those who are placing their lives on the line for our security. I can tell the Minister that, if he does not do so, there will be trouble in another place. I suspect that even if he gets his Bill tonight, this will not be the last he sees of it.

5.31 pm

Rachel Squire: I shall be brief because many hon. Members wish to speak.

The Bill has been the focus of much attention from hon. Members and constituents, who have a commitment to and high regard for the standards and professionalism of our armed forces. They are also committed to providing one of the best possible schemes for pensions and compensation for former and current personnel.

From the Bill's publication, my response has been mixed. I want to touch on the areas that I have always welcomed, the areas of continuing concern and the areas in which welcome progress has been made. First, I have always welcomed aspects of the Bill such as the effort to modernise pension and compensation arrangements in the armed forces, rather than never considering them at all, and the decision to put officers and other ranks on an equal footing so that all will be able to start accruing a pension as soon as they enlist and claim early departure benefits at the same age and after the same period of service.

I also welcomed the improved provision for widows and other dependants, especially when the serviceperson has been killed in action; the introduction of benefits for unmarried partners; the focus of compensation payments on the most severely injured and disabled; and the establishment of an independent appeals system for contribution claims.

That leads me on to mentioning some areas of continuing concern. The first is the cost-neutrality issue. I and others have deep reservations about a scheme that makes some improvements but seems to do so at the cost of others—improvements that appear to be paid for by armed services personnel. Many of us do not think that cost-neutrality should have set the framework for the scheme, leading to no more than a reshuffling of the pack. The scheme should not have been formulated on that basis. Rather, it should have been formulated on the basis of what our armed forces deserve.

The second issue of concern is consultation and how it has been carried out with Parliament and with serving and retired personnel, their widows and families. The review of the scheme was announced in 1997. It started in 1998, yet here we are, six or seven years later, being asked to approve an enabling Bill.

The time scale for implementation of the new schemes is very short: we are less than a year from new members and serving personnel having to make a complex choice between the existing scheme and the new scheme that the Bill will introduce by April 2007 at the latest.

The Government have said that they will produce individual benefit statements for service personnel—I welcome the Minister's comments on that today—to enable them to make a choice. But we are still waiting for the computer system that will produce such statements. We do not know when that will happen and how we can ensure that all personnel are fully informed and able to get the best possible independent information on the new proposals before they are forced to make a choice. The third area of continuing concern regards the compensation payment scheme, changes to the burden of proof and the introduction of the time limit.

In terms of progress made, I welcome the way in which the Government have listened to the concerns raised on both sides of the House, the information that we have had so far on the early departure scheme and the review by the Armed Forces Pay Review Body. I hope that the Minister's and the Ministry of Defence's continuing discussions with the chairman of the Armed Forces Pay Review Body will lead to improvements in those areas. I hope that the Minister and all involved will continue to listen and make further improvements. I and many others intend to continue to examine closely what is happening. I owe that commitment to former and current service personnel, their widows and their families.

The pressures on our service personnel increase, as they continue to provide a core part of this country's and this Government's global influence. We all hope that they will live to have a long, healthy and happy retirement, but some die in the service of their country and others develop illness and injury. The Bill should recognise and reward their service, their sacrifice and that of their families, but it still only does so in part.

5.37 pm

Mr. Breed: May I put on record on behalf of Liberal Democrat Members our admiration and gratitude for all the services that the armed forces provide, especially at this time? As we discuss these issues— there is recognition across the House that they are very much a special case. Their commitment to us and to the country deserves an appropriate commitment to them.

Although some welcome benefits have been included in the Bill, such as the increase in death-in-service benefits and the extension of dependants' benefits more widely and on more equal grounds, inevitably, there are a number of concerns, which the hon. Member for Dunfermline, West (Rachel Squire) has just mentioned, which we had hoped would have been grappled with in Committee. Although we welcome the slight improvement in respect of the wider remit of the pay review body, it is a great disappointment that some of the real substance of our concerns has not been met.

What lies at the heart of that is the decision about cost neutrality, which has cast a shadow over almost all our concerns. I said on Second Reading, and it was reiterated in Committee, that it was an unnecessary straitjacket to apply cost neutrality to the costs and budgets of the pension scheme rather than to extend it to the whole remuneration budget. The provisions for pay and pensions are inextricably linked, and it is unnecessary to impose such a tight constraint, which has a considerable effect in not being able to deal with some relatively small financial issues.

I was interested when the Minister added up quickly the cost of the legacy issue. I had asked him for some figures previously, which could not be made available, but fairly instantaneously it became possible to work out precisely what next year and subsequent years were going to cost. I do not think that bandying such figures about is particularly helpful.

The Minister then went further, saying that he was going to knock out single-person accommodation. That extends the whole issue of cost neutrality. Either cost neutrality means precisely that, or it affects the whole budget. What the Minister said did not exactly align itself with what he has said before. If the total budget were involved, we could presumably take money from that to deal with some of the legacy issues that a number of Members have mentioned. I hope that those issues will be re-examined in another place. Perhaps by that time actuarial figures will be available, so that a more comprehensive discussion can take place about the real costs in the cost-neutral straitjacket that the Government have imposed on themselves.

I am also concerned about the burden of proof and medical records. I think that the two issues are linked. Although the Standing Committee did not discuss medical records in detail, I mentioned then that one of my other responsibilities was lay membership of the General Medical Council. The GMC is often confronted with a lack of medical records, illegible medical records or incomplete medical records, but such records are a vital part of any case for compensation, whether or not the MOD is involved.

I welcome the Minister's assurance that if the MOD cannot find the medical records and the claim seems reasonable it will accept the claim, but that does not exempt the MOD from ensuring that the best possible systems are there to ensure that all medical records are readily available and up to date. Given the proposed changes in the burden of proof, about which many of us are worried, the ability to put a proper case will depend much more on the medical records. Notwithstanding what the Minister has said, if the MOD is to help claimants to make a proper case—and we should bear in mind all the other problems with which it will have to deal—this matter will need proper attention.

Nevertheless, Liberal Democrats welcome many of the benefits conferred by the Bill, particularly the compensation for unmarried partners. We have called for that and other measures for some time. We are prepared to support the Bill overall, but in the hope that further debate in the other place and further reflection by the MOD will deal with some of the long-standing legacy issues. I do not believe that that would cost anything near what the Minister has suggested, and I think that it would right wrongs that have existed for far too long.

5.43 pm

Hugh Robertson: One of the remarkable aspects of our debates on the Bill has been the degree of cross-party consensus. Let me record, in particular, my appreciation of the work of the Select Committee, which has enabled us to have a much more informed debate than we could have had otherwise.

Much of the Bill is welcome. I am especially pleased about the commitment in the explanatory notes to the continuation of the final salary defined benefits scheme, which I think particularly appropriate to service in the armed forces. I also welcome the equal treatment afforded to officers and other ranks, while adding the caveat that it can only go so far, as the two groups have different levels of responsibility and exposure. I also greatly welcome the increase in death-in-service benefits, the increase in widows' benefits and the Minister's movement on the AFPRB. However, as I said earlier, I wish that he had gone further.

As several hon. Members have said, it is fair to make the point that a number of issues remain of serious concern. The first is the fact that the Bill is only an enabling measure, but there is also the fact that the payment of pensions will be deferred from the age of 60 to 65. That is unfair when the retirement age remains at 55 and given that the increase in longevity is not yet five years.

There is a lack of opportunity for anyone to earn a full career pension. If one serves until the age of 55, one will accrue 35/70ths and, if one adds on the lump sum, one can get only 62.5 per cent. of one's salary. That, of course, is in the best-case scenario.

[Hugh Robertson]

As other hon. Members have remarked, the impression runs through the Bill that it has been drawn up on a cost-neutral basis and not on the basis of what the armed forces deserve. As we heard earlier, there are also changes to the proof of entitlement to compensation. That is particularly damaging, because it is bound to encourage a compensation culture when the guiding principle should be that the United Kingdom owes a strict duty of care to those injured in the service of their country.

I am afraid the impression remains that the one certain winner from all this will be the Treasury. It will benefit from cost neutrality, the deferment of the payment of pensions and, on top of that, the overall decrease in service numbers, which means that fewer pensions overall will have to be paid. Elements of the Bill have attracted adverse comment from bodies as diverse as the Defence Committee, the Forces Pension Society, to which we all owe a particular debt of gratitude, the Royal British Legion and a number of other veterans' organisations, including the widows who presented a petition in Committee Room 14 yesterday.

The House has a special duty of care to the armed forces. Cost neutrality should not have been the basis of the review, because improvements in some areas are inevitably matched by savings elsewhere. At a time when our armed forces are so widely deployed and in so much danger, I believe that that is an entirely inappropriate message to send. On that basis, we shall vote against the Bill on Third Reading.

5.47 pm

Angus Robertson: I express the appreciation of the Scottish National party and Plaid Cymru for the work done by our servicemen and women. I also wish to put on record our commendation of the Government for certain changes in the Bill, not least the death-in-service lump sum, the widows' or widowers' pensions and what are known more generally as equality issues. Those are major improvements.

It is disappointing, however, that improvements to the Armed Forces Pay Review Body, the burden of proof, full career pensions and widows' and partners' pensions that have been discussed in the context of the new clauses have not been taken on board. Any one of those reasons, or all of them collectively, would be enough for me to vote against Third Reading. However, I shall vote against Third Reading because of an issue that I raised on Second Reading and in discussion with Ministers. It relates to the impact of the early departure scheme.

Ministers and other Members are aware that certain parts of the country, which have low-wage economies and which are dependent on the contribution that retired service personnel make, are underpinned by the current pension arrangements. Not long ago, I caught first sight of the figures. They were shared with the spokespeople for the Conservative party and the Liberal Democrats, but not with the major opposition parties in Scotland or Wales or any of the political parties from Northern Ireland. I hope that the MOD will take that point on board when other important information is made available.

In the letter to the Chairman of the Defence Committee, it was pointed out that, under the new scheme, annual payments to retired personnel under the early departure scheme would be halved. That will have a detrimental impact in my constituency and in many others. The Minister said earlier that no detailed work had been done on the question, and that fact alone is enough for me to vote against the Bill on Third Reading.

5.50 pm

Mr. Hancock: Every Member who has spoken has paid tribute to the men and women of our armed forces, and rightly so. We recognise the debt that the nation currently and historically owes to them. Today's debate has touched on many of the issues that this House has neglected to deal with in the past. We had an opportunity today to put right a number of wrongs, but we have chosen not to do so.

Like others, I welcome the improvements made in respect of equality—long and hard have they been fought for—but we missed the opportunity to take the initiative, and to offer pension benefits to members of the Territorial Army who, in some cases, have been deployed on active service as frequently as three times in two years. That issue could and should have been recognised, and the Minister could have responded positively this afternoon. I regret the fact that we were unable to vote on it. It was worthy of voting on, so that the Government could measure the depth of feeling.

This legislation is supposed to be complimentary to the men and women of our armed forces, and it is on compensation and the burden of proof that I draw a line in the sand. It is already extraordinarily difficult to fight the Ministry of Defence successfully in compensation cases: the burden of proof is already stacked against the individual concerned. The Minister suggested that the situation will improve, because medical records will be better kept and readily available, but in response to an intervention from my hon. Friend the Member for South-East Cornwall (Mr. Breed), he said that he was talking about the future, and that the many servicemen and women affected by Gulf War syndrome will not be covered. Their medical records do not exist, and they have no clear way forward in proving that the burden of proof lies with the MOD. We are going to make it incredibly difficult for people to fight cases in future. Even the Minister suggested that fewer claims for compensation will be made because of the way in which the burden of proof is being shifted. That must be reason enough not to vote for this legislation.

I hope that there will be a significant vote against the Bill on Third Reading, and I shall join those Members who do so. I cannot possibly vote for the Bill, given that many of my constituents and others are already proving unsuccessful in making their compensation cases. Such claims should not be made even more difficult to make.

We also missed an opportunity to put right the obvious mistake that was made with the widow's pension; indeed, we missed such opportunities in the 1970s, the 1980s and the early 1990s. Sad to say, despite the fact that every Member probably recognises the justice of the widows' and widowers' case, this Government have again failed to recognise the mood of the country, which is that the House should support such people, and that they should get what most reasonable people believe that they deserve.

In common with other hon. Members, I welcome the movement that has been made, but sadly, there has been far too little of it for us to accept that the legislation is worthy of the men and women whom we have praised so highly here today. The measure of our support for them is not how often we pat them on the back when they are fighting on our behalf, but the way that we treat them throughout their careers and afterwards. It is also the way that we respect and treat their families when, tragically, our servicemen and women do not return from the actions that we have sent them on. I ask hon. Members to reject the Government's position and to put down a big marker by saying that the Bill is simply not good enough.

Question put, That the Bill be now read the Third time:—

The House divided: Ayes 267, Noes 113.

Division No. 163] **[5:55 pm**

AYES

Adams, Irene *(Paisley N)*
Ainger, Nick
Ainsworth, Bob *(Cov'try NE)*
Allen, Graham
Anderson, rh Donald *(Swansea E)*
Anderson, Janet *(Rossendale & Darwen)*
Atherton, Ms Candy
Austin, John
Bailey, Adrian
Banks, Tony
Barnes, Harry
Barron, rh Kevin
Battle, John
Bayley, Hugh
Beard, Nigel
Begg, Miss Anne
Bell, Sir Stuart
Benton, Joe *(Bootle)*
Berry, Roger
Best, Harold
Betts, Clive
Blackman, Liz
Blizzard, Bob
Borrow, David
Bradshaw, Ben
Brake, Tom *(Carshalton)*
Breed, Colin
Brennan, Kevin
Brooke, Mrs Annette L.
Brown, rh Nicholas *(Newcastle E Wallsend)*
Bryant, Chris
Buck, Ms Karen
Burden, Richard
Burgon, Colin
Burnham, Andy
Burstow, Paul
Byers, rh Stephen
Cable, Dr. Vincent
Caborn, rh Richard
Cairns, David
Campbell, Mrs Anne *(C'bridge)*
Campbell, rh Sir Menzies *(NE Fife)*
Caplin, Ivor
Carmichael, Alistair
Casale, Roger
Caton, Martin
Cawsey, Ian *(Brigg)*
Challen, Colin
Chapman, Ben *(Wirral S)*
Chaytor, David
Clapham, Michael
Clark, Mrs Helen *(Peterborough)*
Clarke, Tony *(Northampton S)*
Clwyd, Ann *(Cynon V)*
Coaker, Vernon
Coffey, Ms Ann
Cohen, Harry
Coleman, Iain
Colman, Tony
Corston, Jean
Cranston, Ross
Crausby, David
Cruddas, Jon
Cryer, John *(Hornchurch)*
Cunningham, Jim *(Coventry S)*
Darling, rh Alistair
Davey, Valerie *(Bristol W)*
David, Wayne
Davis, rh Terry *(B'ham Hodge H)*
Dawson, Hilton
Dean, Mrs Janet
Denham, rh John
Dhanda, Parmjit
Dismore, Andrew
Dobson, rh Frank
Donohoe, Brian H.
Dowd, Jim *(Lewisham W)*
Drown, Ms Julia
Dunwoody, Mrs Gwyneth
Eagle, Angela *(Wallasey)*
Eagle, Maria *(L'pool Garston)*
Edwards, Huw
Efford, Clive
Farrelly, Paul
Field, rh Frank *(Birkenhead)*
Fisher, Mark
Fitzpatrick, Jim
Flint, Caroline
Flynn, Paul *(Newport W)*
Foster, Don *(Bath)*
Foster, Michael *(Worcester)*
Foster, Michael Jabez *(Hastings & Rye)*
Foulkes, rh George
Francis, Dr. Hywel
Gapes, Mike *(Ilford S)*
George, rh Bruce *(Walsall S)*
Gerrard, Neil
Gilroy, Linda
Griffiths, Jane *(Reading E)*
Griffiths, Nigel *(Edinburgh S)*
Grogan, John
Hall, Mike *(Weaver Vale)*
Hall, Patrick *(Bedford)*
Hamilton, David *(Midlothian)*
Hamilton, Fabian *(Leeds NE)*
Havard, Dai *(Merthyr Tydfil & Rhymney)*
Healey, John
Henderson, Doug *(Newcastle N)*
Henderson, Ivan *(Harwich)*
Hepburn, Stephen
Hesford, Stephen
Heyes, David
Hill, Keith *(Streatham)*
Holmes, Paul
Hoon, rh Geoffrey
Hope, Phil *(Corby)*
Hopkins, Kelvin
Howells, Dr. Kim
Hoyle, Lindsay
Hughes, Kevin *(Doncaster N)*
Hurst, Alan *(Braintree)*
Hutton, rh John
Iddon, Dr. Brian
Illsley, Eric
Jackson, Glenda *(Hampstead & Highgate)*
Jamieson, David
Jenkins, Brian
Johnson, Alan *(Hull W)*
Johnson, Miss Melanie *(Welwyn Hatfield)*
Jones, Helen *(Warrington N)*
Jowell, rh Tessa
Joyce, Eric *(Falkirk W)*
Kaufman, rh Gerald
Keeble, Ms Sally
Keen, Alan *(Feltham)*
Kelly, Ruth *(Bolton W)*
Kemp, Fraser
Khabra, Piara S.
Kidney, David
Kilfoyle, Peter
King, Andy *(Rugby)*
King, Ms Oona *(Bethnal Green & Bow)*
Knight, Jim *(S Dorset)*
Kumar, Dr. Ashok
Ladyman, Dr. Stephen
Lamb, Norman
Lammy, David
Laws, David *(Yeovil)*
Laxton, Bob *(Derby N)*
Lazarowicz, Mark
Lepper, David
Leslie, Christopher
Levitt, Tom *(High Peak)*
Linton, Martin
Lloyd, Tony *(Manchester C)*
Love, Andrew
Lucas, Ian *(Wrexham)*
Luke, Iain *(Dundee E)*
McAvoy, Thomas
McCabe, Stephen
McDonagh, Siobhain
MacDonald, Calum
McDonnell, John
MacDougall, John
McIsaac, Shona
McKechin, Ann
McKenna, Rosemary
Mackinlay, Andrew
Mactaggart, Fiona
McWalter, Tony
Mahmood, Khalid
Mallaber, Judy
Mandelson, rh Peter
Marris, Rob *(Wolverh'ton SW)*
Marsden, Gordon *(Blackpool S)*
Marshall, David *(Glasgow Shettleston)*
Marshall-Andrews, Robert
Martlew, Eric
Meacher, rh Michael
Merron, Gillian
Michael, rh Alun
Milburn, rh Alan
Moffatt, Laura
Moran, Margaret
Morgan, Julie
Morley, Elliot
Mountford, Kali
Murphy, Jim *(Eastwood)*
O'Brien, Mike *(N Warks)*
Olner, Bill
O'Neill, Martin
Organ, Diana
Palmer, Dr. Nick
Perham, Linda
Picking, Anne
Pickthall, Colin
Pike, Peter *(Burnley)*
Plaskitt, James
Pollard, Kerry
Pond, Chris *(Gravesham)*
Pound, Stephen
Prentice, Ms Bridget *(Lewisham E)*
Prentice, Gordon *(Pendle)*
Price, Adam *(E Carmarthen & Dinefwr)*
Prosser, Gwyn
Purnell, James
Quin, rh Joyce
Quinn, Lawrie
Reed, Andy *(Loughborough)*
Reid, rh Dr. John *(Hamilton N & Bellshill)*
Robertson, John *(Glasgow Anniesland)*
Robinson, Geoffrey *(Coventry NW)*
Roche, Mrs Barbara
Roy, Frank *(Motherwell)*
Ruddock, Joan
Russell, Bob *(Colchester)*
Russell, Ms Christine *(City of Chester)*
Ryan, Joan *(Enfield N)*
Salter, Martin
Sarwar, Mohammad
Savidge, Malcolm
Sedgemore, Brian
Sheridan, Jim
Short, rh Clare
Simon, Siôn *(B'ham Erdington)*
Simpson, Alan *(Nottingham S)*
Skinner, Dennis
Smith, rh Andrew *(Oxford E)*
Smith, Angela *(Basildon)*
Smith, Jacqui *(Redditch)*
Soley, Clive
Spellar, rh John
Squire, Rachel
Starkey, Dr. Phyllis
Stewart, Ian *(Eccles)*
Stinchcombe, Paul
Stoate, Dr. Howard
Strang, rh Dr. Gavin
Stunell, Andrew
Sutcliffe, Gerry
Taylor, David *(NW Leics)*

Thurso, John
Todd, Mark *(S Derbyshire)*
Tonge, Dr. Jenny
Trickett, Jon
Truswell, Paul
Turner, Dr. Desmond *(Brighton Kemptown)*
Turner, Neil *(Wigan)*
Tynan, Bill *(Hamilton S)*
Walley, Ms Joan
Ward, Claire
Wareing, Robert N.
Watson, Tom *(W Bromwich E)*
White, Brian
Whitehead, Dr. Alan
Wicks, Malcolm
Williams, Roger *(Brecon)*
Willis, Phil
Wills, Michael
Wilson, Brian
Winnick, David
Woolas, Phil
Worthington, Tony
Wright, Anthony D. *(Gt Yarmouth)*
Wright, David *(Telford)*
Wright, Tony *(Cannock)*
Wyatt, Derek

Tellers for the Ayes:
Charlotte Atkins and
Mr. John Heppell

NOES

Ainsworth, Peter *(E Surrey)*
Amess, David
Arbuthnot, rh James
Atkinson, Peter *(Hexham)*
Bacon, Richard
Baldry, Tony
Barker, Gregory
Baron, John *(Billericay)*
Bellingham, Henry
Bercow, John
Blunt, Crispin
Boswell, Tim
Bottomley, Peter *(Worthing W)*
Bottomley, rh Virginia *(SW Surrey)*
Brady, Graham
Brazier, Julian
Browning, Mrs Angela
Burns, Simon
Burt, Alistair
Butterfill, Sir John
Chapman, Sir Sydney *(Chipping Barnet)*
Chope, Christopher
Clappison, James
Clarke, rh Kenneth *(Rushcliffe)*
Clifton-Brown, Geoffrey
Collins, Tim
Conway, Derek
Cormack, Sir Patrick
Davis, rh David *(Haltemprice & Howden)*
Djanogly, Jonathan
Duncan, Alan *(Rutland)*
Evans, Nigel
Fabricant, Michael
Fallon, Michael
Field, Mark *(Cities of London & Westminster)*
Flight, Howard
Forth, rh Eric
Fox, Dr. Liam
Francois, Mark
Gale, Roger *(N Thanet)*
Garnier, Edward
Grayling, Chris
Green, Damian *(Ashford)*
Grieve, Dominic
Gummer, rh John
Hancock, Mike
Hayes, John *(S Holland)*
Heald, Oliver
Hendry, Charles
Hoban, Mark *(Fareham)*
Hogg, rh Douglas
Horam, John *(Orpington)*
Howard, rh Michael
Howarth, Gerald *(Aldershot)*
Jack, rh Michael
Knight, rh Greg *(E Yorkshire)*
Laing, Mrs Eleanor
Lait, Mrs Jacqui
Lansley, Andrew
Leigh, Edward
Lewis, Dr. Julian *(New Forest E)*
Liddell-Grainger, Ian
Loughton, Tim
Luff, Peter *(M-Worcs)*
Mackay, rh Andrew
Maclean, rh David
McLoughlin, Patrick
Malins, Humfrey
Maples, John
Mates, Michael
May, Mrs Theresa
Mercer, Patrick
Mitchell, Andrew *(Sutton Coldfield)*
Murrison, Dr. Andrew
Norman, Archie
Osborne, George *(Tatton)*
Ottaway, Richard
Page, Richard
Paice, James
Portillo, rh Michael
Prisk, Mark *(Hertford)*
Robathan, Andrew
Robertson, Angus *(Moray)*
Robertson, Hugh *(Faversham & M-Kent)*
Robertson, Laurence *(Tewk'b'ry)*
Rosindell, Andrew
Ruffley, David
Sayeed, Jonathan
Selous, Andrew
Shephard, rh Mrs Gillian
Simmonds, Mark
Simpson, Keith *(M-Norfolk)*
Spicer, Sir Michael
Spink, Bob *(Castle Point)*
Spring, Richard
Stanley, rh Sir John
Steen, Anthony
Streeter, Gary
Syms, Robert
Taylor, Ian *(Esher)*
Taylor, John *(Solihull)*
Taylor, Sir Teddy
Tredinnick, David
Viggers, Peter
Waterson, Nigel
Watkinson, Angela
Whittingdale, John
Widdecombe, rh Miss Ann
Wiggin, Bill
Wilkinson, John
Wilshire, David
Winterton, Ann *(Congleton)*
Winterton, Sir Nicholas *(Macclesfield)*

Tellers for the Noes:
Mr. Hugo Swire and
Mr. John Randall

Question accordingly agreed to.

Bill read the Third time, and passed.

Maajid Nawaz

Motion made, and Question proposed, That this House do now adjourn.—*[Mr. Kemp.]*

6.9 pm

Mr. David Amess (Southend, West): Maajid Nawaz, Ian Nisbet and Reza Pankhurst, together with their families, are very grateful to Mr. Speaker for giving me the opportunity of raising in the House their imprisonment in Cairo for the last two and a half years.

Constituents constantly bring their problems to Members of Parliament and it is not usually the role of an MP to decide whether a constituent is right or wrong on the issue they raise. I see the role of a Member of Parliament as enabling fair play—to ensure that the issues constituents bring to our attention are dealt with fairly. That is what my parliamentary colleagues and I are trying to do.

There are two fundamental issues in this case. First, are the three men guilty or innocent? I believe that they are innocent. Secondly, if they are guilty, is the five-year prison sentence that they have been given a fair one? On every conceivable analysis, that sentence is not fair.

Mrs. Abi Nawaz, the mother of my constituent, first came to see me in April 2002. Since then, I and my hon. Friend the Member for Daventry (Mr. Boswell), the hon. Member for West Ham (Mr. Banks) and the Minister for Energy, E-Commerce and Postal Services, the hon. Member for East Ham (Mr. Timms), have done everything we possibly could to support our constituents and obtain justice for them.

Maajid was in Egypt as part of his university course, because he was required to spend a year in either Egypt or Syria. It is ironic that he chose Egypt because he thought it would be the safer of the two countries. How wrong he was.

My colleagues and I have raised the plight of the men detained in Egypt on several occasions in the House. We held an Adjournment debate on 5 November 2002. We have put questions to the Prime Minister and to the Secretary of State for Foreign and Commonwealth Affairs. We held meetings with Baroness Amos, when she had responsibility for middle eastern affairs, and with her successor Baroness Symons of Vernham Dean. We also held a meeting with the Egyptian ambassador. I am especially pleased that Mr. Speaker selected this subject for debate this evening, because on Tuesday my colleagues and I will meet the Foreign Secretary, when we shall outline why we want the Prime Minister to make a plea for clemency to President Mubarak.

Time has certainly run out for those men. The three were arrested on 1 April 2002, accused of belonging to the Islamic Liberation Movement. Maajid is a member of the Islamic Liberation party, which is not proscribed and, as I said in 2002, that is at the heart of the problem. After a long trial and a delay in delivering the verdict—the verdict was delayed twice, which was cruel beyond belief—on 25 March they were sentenced to five years in prison.

Maajid was arrested at 3 am on 1 April 2002, without a warrant. He was taken from his house at gunpoint, an experience that was extremely frightening, as anyone can understand. His wife was left at the house with their child and had no way of getting in touch with the outside world. Maajid's mother could not be contacted, as her telephone had been disconnected. Furthermore, his wife could not speak Egyptian so she was in complete isolation and very frightened. That in itself is an issue for the Government to address.

On 18 December 2003—shortly before the original date for the delivery of the verdict, which was Christmas day—I visited Maajid and his fellow detainees in prison in Cairo. The Egyptian authorities were extremely accommodating to the visit, and I praise the way that the embassy dealt with the situation. I was given full access. We had a full and frank discussion about what had taken place since April 2002, and I make no complaint about their treatment then.

After the arrest on 1 April, however, the men, along with a fourth Briton, Hassan Rizvi, who was later released, were held for 10 days at the state security intelligence premises—this is the real issue—where torture is commonplace. They were threatened, blindfolded, tied up with rope and deprived of sleep. They had to share blankets to keep warm, and they ate with their hands tied in front of them. I do not think that they were lying to me; I think that that is the truth, and I believe that they were treated like dogs.

The rub for the Government in terms of my asking for a plea for clemency is that their confessions were extracted under duress. Maajid was then denied access to the British consul for roughly a week, and he was denied access to lawyers for a month and a half, so I believe that Egypt was in direct contravention of the Vienna convention on consular relations.

The three men were found guilty on three charges. Bizarrely, the three men were not all found guilty on all three charges, but they were all given the same sentence—five years. Again, that is extraordinary. On the first charge, they were found guilty of

"promoting by speech or writing the goals of a group founded in violation of the provision of the law—the Islamic Liberation Party, which calls for dispensing with the constitution and laws, preventing the state institutions from performing their work, promoting among themselves and others the group's call for considering the ruling regime as oppressive and rising against it, with a view to destabilising a state based on Islamic teachings."

On the second charge, two of the men were found guilty of

"possessing printed literature promoting the Islamic Liberation Movement's message and of distributing the literature and showing it to others."

On the third charge, one was found guilty of

"possessing a printing instrument, a computer, which would be used for propagating the Islamic Liberation Movement's message."

I believe their total innocence in this matter, but even if they were guilty—I do not believe that they are guilty—to sentence them to five years in prison is totally outrageous and, again, a further reason why a plea for clemency should be made.

The trial was heard by the Emergency Supreme State Security Court in Cairo. The whole trial was absolutely bizarre, with 24 men brought into the court in a cage. Refreshments were served during the trial. Some of the

[Mr. David Amess]

detainees were ill. It did not compare to the way that trials are held in this country. That is an exceptional court, and I believe that it violates international fair trial standards and denies defendants the right to appeal against a verdict. During the trial, the men were not allowed interpreters or bail. The prosecution failed to disclose evidence and had to be ordered to do so by the judge.

After visiting Maajid in prison in Cairo and being in regular contact with his mother, a huge campaign has been mounted to support the plea for clemency, which must be made in a short time. I have received letters from the headmasters of the school that Maajid attended—Westcliff high school for boys—and support from Westcliff high school for girls. I have been inundated with letters supporting a plea for clemency. Chalkwell Group of Churches and Churches Together in Southend have assisted me in getting religious ministers to write to President Mubarak to support the plea for clemency.

I have also received support from Amnesty International, which recognises that Maajid Nawaz, Ian Nisbet and Reza Pankhurst are prisoners of conscience, convicted solely for their peacefully held views. Amnesty International is calling for them to be set free without conditions. I also pray in aid the Jubilee Campaign, which also supports the plea for clemency. According to the human rights annual report 2003, the Foreign and Commonwealth Office has supported 11 appeals for clemency. The Minister for Trade and Investment, who will respond to this debate, will be aware that about 2,500 British subjects are held in prisons throughout the world. It would be irresponsible of the Government to support every Member of Parliament who wanted a clemency plea to be made on behalf of a constituent, but my parliamentary colleagues and I would not have spent two and a half years constantly raising this case if we did not fundamentally believe that our constituents are innocent. The criteria for clemency were established for 2001, and the grounds on which Maajid and his fellow detainees qualify are compassion and medical reasons. Other criteria are prima facie evidence of a miscarriage of justice and cases where the prisoner is a minor. Our constituents qualify for clemency on each of those criteria.

I had an opportunity to speak to Maajid's mother before this debate, and she told me in great detail how he and his fellow detainees felt about the present situation. It appears that their mail is being tampered with, and it takes a long time for them to receive any. However, I would like to share with the House a tiny extract of a letter from Maajid to his mother:

"I have finally met Rabia and Ammaar"—

his wife and child—

"I can't describe all the emotions that I felt, and continue to feel upon seeing them. Initially, I was overwhelmed by the whole experience, as if it wasn't real. I'd finally got to see my wife and child after two years of separation, it was almost surreal. Then, I felt absolute joy at being able to sit and talk with them, something that is usually taken for granted, and being in their company made all my troubles seem to go away."

Maajid and his two fellow detainees are very emotional about their present situation, as everyone in the House can understand. They have suffered a terrible ordeal, and I urge the Minister to take action, as time is running out for these young men with young families. The only person who can help now is our Prime Minister. We have excellent relations with Egypt. As responsible parliamentarians, we want terrorism to be defeated in all its many forms. That is not a trivial matter, but it would be a huge miscarriage of justice if those three British subjects became innocent victims and were unfairly used as an example. I therefore urge the Minister to reflect on the situation, talk to the Foreign Secretary before our meeting on Tuesday and support the request from my parliamentary colleagues and myself for the Prime Minister to make a plea for clemency on behalf of our constituents so that we can ensure that justice is done and they are released from prison in Cairo as soon as possible.

6.24 pm

The Minister for Trade and Investment (Mr. Mike O'Brien): I congratulate the hon. Member for Southend, West (Mr. Amess) on securing this debate on Maajid Nawaz, a British national detained in Egypt. I welcome the opportunity once again to set out the assistance that the Foreign and Commonwealth Office has provided to Maajid Nawaz and the other two British nationals who remain in detention in connection with this case.

On 1 April 2002, Maajid Nawaz, a student at the university of Alexandria, was arrested along with three other British nationals. The men had been arrested under emergency laws and were accused, along with a number of Egyptian nationals, of being involved in the revival of the Islamic Liberation party, also known as Hizb ut-Tahrir. British embassy officials in Cairo immediately sought confirmation of the arrests from the local authorities and sought consular access.

Our consul and vice-consul were allowed to visit Maajid Nawaz and the other detainees on 11 April 2002. Every effort was made to secure information on the judicial process under which the men would be prosecuted. Our ambassador met senior Government officials to seek information. My right hon. Friend Baroness Amos, the then Under-Secretary of State with responsibility for consular matters, met the Egyptian ambassador to London to raise our concerns. Subsequently I made representations on a visit to Egypt and met senior Government representatives there. From April 2002 we pressed at various levels, including at a high level, for the Egyptians to charge or release the men. On 4 August 2002 it was announced that Maajid and the others were to face charges, and that Hassan Rizvi was to be released.

The trial was held in an emergency high state security court. There were a number of delays and adjournments throughout the trial process. In July 2003 the judge adjourned proceedings and said that he would announce the verdict on 25 December 2003. However, on 25 December 2003 the judge announced a further adjournment until 25 March 2004.

I should make it clear that we do not normally interfere with the judicial processes of another country. The courts are an independent body, or ought to be, and adjournments are a judge's decision. However, we have

sympathy with the deep frustration and disappointment of the men and their families at the delays and adjournments in this case. Ministers and senior embassy officials in Cairo made our concerns clear to the Egyptian authorities and urged that the trial be brought to a conclusion as soon as possible.

My right hon. Friend Baroness Symons wrote to the Egyptian Foreign Minister, Ahmed Maher, in January 2004 to express her concern at the length of time it was taking to conclude the case and to seek some reassurance that a verdict would be given at the next court hearing on 25 March. We also made it clear that there were Members of our Parliament who took a keen interest in the case and were determined to ensure that the concerns of their constituents were brought to the notice of the British Government, and that we did our duty in bringing them to the notice of the Egyptian Government. I congratulate the hon. Gentlemen and others who have made the case so forcefully on behalf of their constituents.

Our ambassador in Cairo listed our concerns with Ahmed Maher and emphasised the importance that we attached to a decision at the next court hearing. My right hon. Friend the Foreign Secretary also raised our concerns during a telephone conversation with Ahmed Maher in January 2004. On 25 March 2004 the judge delivered his verdict. Maajid Nawaz, Ian Nisbet and Reza Pankhurst were sentenced to five years. That includes time already served. Under the Egyptian legal system we understand that the men are eligible for release in or about December 2005.

I acknowledge the hon. Gentleman's request for the Government to campaign for Maajid Nawaz's release and for my right hon. Friend the Prime Minister to make representations to the Egyptian President. We have considered that. Our view remains that it would be inappropriate for the Government to consider raising concerns that we may have about the verdict until we have a clear understanding of the judge's summation. We need to know the legal and factual basis upon which the men were convicted in order to put a considered argument to the Egyptian authorities.

We understand that the judge has now issued a summation of his verdict, which has been passed to the President for ratification, and that the men are considering their options in consultation with their Egyptian lawyer. One of the issues that it would be helpful to explore at next week's meeting is whether the families plan to appeal to the President, whether it is appropriate for the British Government to make representations on the back of that appeal or whether it is appropriate for the British Government to make representations and for the families to decide separately how they should deal with their legal rights. Those matters need clarification, and I understand that the families are currently taking legal advice, which they should obviously do.

I now want to turn to the allegations of mistreatment and torture. During the first visit by consular officials, we were concerned to learn that Maajid and the other men alleged that they were mistreated and tortured in the initial days of their detention. We take all allegations of torture and mistreatment seriously and raised our concerns about the allegations as soon as we learned of them, and we have continued to raise our concerns at a high level within the Egyptian Government. Ministers and senior officials asked for an investigation into the allegations and for the men to be allowed access to an independent medical examination.

In September 2002, the Egyptian prosecutor general told our ambassador in Cairo that he had been asked to conduct an investigation into the allegations. During a court session in October 2002, the judge read out a statement from a forensic medical examiner, which said that there was no evidence apparent on Reza Pankhurst's body to support the allegations that he had been tortured. In November 2002, the Egyptian Foreign Minister informed my noble Friend Baroness Amos that the authorities had concluded that there was no medical evidence to support the allegations. We considered that response to be unsatisfactory. Ministers and officials continue to raise concerns that this issue has still not been fully addressed or satisfactorily investigated.

Throughout the men's detention, we have been active in trying to ensure their welfare. Since their arrest, the men and their relatives have raised concerns about prison conditions. Through representations by Ministers, senior officials and consular staff, and by working with the families, we have succeeded in getting more benefits for the men than would normally be allowed in the Egyptian system, including access to reading material, radio and television. The men can also make phone calls to their relatives during consular visits, which is usually strictly against rules. The men are due to be moved to newly refurbished cells in the near future, and we also achieved significant improvement in the transport conditions from the prison to the courts. We have made regular consular visits to the men, kept in close touch with their families in the UK and in Egypt, and have helped facilitate family visits on a number of occasions.

In conclusion, I would like to reassure the hon. Gentleman and other hon. Members who have constituency interests in the matter that Ministers in London and senior Foreign and Commonwealth Office officials in Cairo have taken a close personal interest in this case and have been actively involved since the men were first detained. The case has received considerable ministerial and senior official attention, and senior Ministers in the Egyptian Government and their officials can be in no doubt about the seriousness with which we regard this case.

Consular staff in Cairo have worked extremely hard to ensure that we have done all that we properly can to assist Mr. Nawaz and the other men since their detention on 1 April 2002. We have raised the case at every possible opportunity and will continue to do so. In London, our consular directorate has tried to maintain close relationships with the families. The meeting on 11 May will involve hon. Members, the families and other representatives, and we hope that it will be an opportunity to discuss how we can move forward given the verdicts.

The matter is difficult because we need to seek the co-operation and assistance of the Egyptian authorities, but we have also made clear our particular concerns about how the matter was dealt with. Our public

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comments have therefore been balanced, and I know that the hon. Gentleman understands that point. We will continue to press the Egyptian authorities for a full and satisfactory response on the allegations of torture and mistreatment. We have done quite a lot for those men, which is right in view of the nature of the case. I assure the hon. Gentleman that we will continue to do all that we properly can for Maajid Nawaz and the other two men who have been detained.

Question put and agreed to.

Adjourned accordingly at twenty-five minutes to Seven o'clock.

Westminster Hall

Tuesday 20 April 2004

[MR. EDWARD O'HARA *in the Chair*]

Anti-Semitism

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

9.30 am

James Purnell (Stalybridge and Hyde) (Lab): Before I start, I draw attention to my declaration in the Register of Members' Interests and to my position as the chair of Labour Friends of Israel. I would also like to thank Mr. Speaker for granting this debate because anti-Semitism is an important subject. This is a good time to discuss the issue because anti-Semitism is on the rise and we must combat it as we do all forms of racism.

Anti-Semitism is not only a growing threat but it has mutated into a new form of race hatred that has found cover in extreme and unreasonable anti-Zionism. We must not forget the lessons of the past that anti-Semitism must be fought when it starts and must never be allowed to become a force that cannot be put back in its bottle. It is not for the Jewish community to solve the problem but for the rest of us to solve it for them. They suffer from the problem, but we must solve it.

What is anti-Semitism? It is the hatred, fear, targeting or attack of people simply because they are Jewish, and it is increasing. Last year there were 375 anti-Semitic attacks in Britain—the second highest total since the figures were first collected and a 7 per cent. increase on the 2002 figure.

Examples speak louder than statistics. Last year, a rabbi in Birmingham was spat at and attacked while walking home from Friday night prayers. Bricks were thrown through windows of the Edgware synagogue. Synagogues across the country were daubed with swastikas and graffiti, and there were arson attacks on synagogues in Finsbury Park and Manchester. Five hundred gravestones in Plashet cemetery were defaced causing £1 million worth of damage—the largest ever attack on a Jewish cemetery in Britain. Perhaps most chilling of all was that Britain produced its first suicide bomber, someone educated in this country who used his passport to enter Israel and blow himself up in a beachfront bar. It is chilling not only that this country produced him. Because of the lack of moral outrage and soul searching in this country, the event did not convulse our moral conscience as it should have done.

The picture outside Britain was even more chilling. Over the past year, for example, the Malaysian Prime Minister in his outgoing speech called for the targeting of Jews worldwide. In November, a terrorist attack on two Istanbul synagogues—Oasis of Peace and Beit Israel—killed 25 people and injured more than 300. An arson attack on the same day destroyed a Jewish school near Paris in France. Those attacks were preceded by deadly terrorist truck bombs on synagogues and Jewish community centres in Casablanca and Tunisia. Just two weeks ago, police in Hungary discovered and foiled an attempt to bomb Hungary's new holocaust museum during the visit of the Israeli President. The trend is serious and growing, with al-Qaeda attacking Jewish centres every six months or so. It is a terrible and incredible fact that anti-Semitism is on the rise once again, 60 years after the holocaust.

For 60 years the memory of the holocaust largely inoculated Europe against anti-Semitism. Of course, like all forms of racism, such as Islamophobia, anti-Semitism continued to exist—there are bigots everywhere. However, civilised people learned the lessons of the holocaust and overt anti-Semitism in public debate became taboo. Most people learned the lessons that anti-Semitism starts with talk of cabals and conspiracies and with the demonisation of Jews and that that demonisation can lead all too quickly to persecution. We need to reflect on those lessons.

Anti-Semitism is perhaps the oldest form of racism. For centuries, it has existed deep in the European psyche, in our literature and songs and in our popular culture. As Chief Rabbi Jonathan Sacks has said, the Jewish community could never win: it was attacked whatever it did. Jewish people were attacked because they were rich and because they were indigent. They were attacked because they were capitalists, but also because they were communists. They were attacked because they lived apart, but also because they were everywhere in our society. They were attacked because they were religious fanatics, but also because they were thought to epitomise the moral degenerate.

Linda Perham (Ilford, North) (Lab): Does my hon. Friend agree that it is important to support the work of FAIR—Fairness and Accuracy in Reporting—Palestinian Media Watch and other organisations that keep an eye on the amount of anti-Semitic literature in the media in this country and elsewhere to ensure that we are ever vigilant about such attacks on Jewish people?

James Purnell: I agree. It is of course important that we have a vibrant debate about the middle east, but we need to be very careful that the debate does not turn into racist attacks on any side and, in particular, incitement to violence against Jewish people.

As the Chief Rabbi says, the Jewish community could not win: it was a target whatever it did. Over the centuries, that widespread hatred occasionally erupted into violence, frequently erupted into persecution and, in tragic times, developed into pogroms—that very Jewish word for a very Jewish form of suffering. The holocaust was the final evolution of that anti-Semitism, and it was so inhuman that anti-Semitism virtually disappeared from civilised debate for the rest of the 20th century.

Today, overt anti-Semitism is still taboo, but it is a virus and it has once again started to infect our body politic. The virus is spread by age-old caricatures. It is spread, for example, by television pictures and graphics of spider webs of prominent Jewish people. Those images represent a perceived Jewish lobby with malign and excessive influence. The influence and even the very existence of that lobby is often only imagined in that people who are thought to be Jewish are not Jewish.

Mr. John Randall (Uxbridge) (Con): The hon. Gentleman has said that anti-Semitism is taboo in civilised debate, but it can occur in civilised debate. I seem

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to remember that one hon. Member said not so long ago that the Prime Minister was being influenced by a cabal of Jewish advisers. That is exactly the type of thing to which the hon. Gentleman is referring.

James Purnell: I have no desire to get into discussions about individuals. I am saying that people use such images without anti-Semitic motives and without feeling themselves to be anti-Semitic. Indeed, they would be horrified if they were accused of being anti-Semitic, but the images perpetuate and spread anti-Semitic ideas, and people have forgotten the power of those images.

Mr. Randall: My point is that, somehow or other, we are forgetting something. People may talk about a cabal of Jewish advisers, but we would be appalled if someone spoke about a cabal, for example, of black advisers.

James Purnell: Indeed, I echo the point that the hon. Gentleman makes. The danger of that conversation is that people get into discussion of good Jews and bad Jews. Frankly, anyone, whatever their racial or religious background, should be allowed to work for any politician, and there should be no discussion of their views based on those grounds. We should discuss only the merits of their views.

Lembit Öpik (Montgomeryshire) (LD): I am involved with the Holocaust Educational Trust and it strikes me that the issue is that people mix up criticism of, for example, Israeli Government policy with justification for criticising an entire faith. Does the hon. Gentleman agree that it is no more acceptable to justify one's anti-Semitism on the basis of criticism of Israeli Government policy—for example, towards Palestinians—than it would be to criticise British Government policy on Iraq on the basis of the Prime Minister's religious faith?

James Purnell: I entirely agree. It would be completely outrageous to say that the American Government had pledged money to eradicating AIDS because people of African-American origin were highly placed in the American Administration. In the same way, it would be completely outrageous to try to assign particular policies to the ethnic or religious background of people in particular Administrations.

I gave one example of how the virus is spread. Other examples are the cartoon of the star of David piercing the Union jack under the headline, "Kosher conspiracy," and pictures of Prime Minister Sharon biting the heads off babies. We need to remind ourselves why those images are so dangerous. The idea of the foreign, unpatriotic and controlling Jew is deep within our culture. It is reminiscent, most obviously, of the forged KGB document—the protocols of the elders of Zion. That is one example of the permanent theme of the Jewish community having an effect beyond the justice of its arguments, and it is a way of undermining the justice of those arguments.

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): Does my hon. Friend agree that the perception of the all-powerful Jew is as fallacious as it is pernicious? Criticising Israeli policy is not anti-Semitic in itself, but does he agree that too many critics of Israeli policy invoke images of all-powerful Jews when, in fact, the Jewish population of this country is about half a per cent. of the population, and in the United States is about 2 per cent. of the population? Does he also recall that the Hamas charter supports the protocols of the elders of Zion and talks about worldwide Jewish conspiracies to control and corrupt the world?

James Purnell: I entirely agree. My hon. Friend makes a very important point about the Hamas constitution, which illustrates a continuum of which we should all be very aware: what is well known elsewhere to be a forgery is believed to be an authentic document and is treated as such. Another example is the film that is sometimes shown of someone trying to represent Prime Minister Sharon. This film tries to perpetuate the blood libel against the Jews and is an incredibly dangerous image.

People in America often refer to the strength of the Jewish lobby. It is worth remembering that American Governments are so strongly pro-Israel because the American population is very strongly pro-Israel. There is a very strong commitment among American voters to the continued existence of the state of Israel, and revulsion for what happened during the holocaust. Their support for America's support for Israel is fairly unshakeable. People in this country often forget that and it is rarely mentioned.

It is very important to remember why those images are dangerous. When I visited Yad Vashem—the holocaust museum in Jerusalem—I was struck by the resemblance of some of the modern images, examples of which I quoted, to some of the Nazi imagery that appeared in Nazi publications in the 1930s. I do not believe that these modern images had anti-Semitic motives or were produced by people who were anti-Semitic. My worry is that members of my generation are forgetting the lessons that we learned in the 20th century that those images spread a virus of anti-Semitism and echo themes that are deep in our culture. My generation did not live through the second world war and its aftermath and it did not learn those lessons in a way that we have not forgotten. In fact, we never learned them in the first place. We need to learn those lessons again, because in my view the struggle will now come to the fore and we all need to play our part in winning it.

Mrs. Gillian Shephard (South-West Norfolk) (Con): I congratulate the hon. Gentleman on securing this debate, and I regret that I cannot remain for the whole of it. As chairman of Conservative Friends of Israel, I very much support him.

The hon. Gentleman mentions learning lessons, but has he looked at the way in which the French Government have chosen to deal with the greater number of outbreaks of anti-Semitic attacks in France? We could perhaps draw lessons from that. There have been more attacks, some of which have been more violent, and there have been attacks in the entertainment industry as well as physical attacks on Jewish subjects. However, the President of France, backed by his whole Cabinet and the Chief Rabbi, has led an enormous number of initiatives in the French media rejecting anti-Semitism. Those initiatives are repeated, repeated and repeated. We do

not take the same approach, and I wonder whether that is because of political correctness. Does the hon. Gentleman have a view?

James Purnell: I applaud what President Chirac did. I think that the problem in France is slightly different; the number of attacks has been greater and more serious. I know from speaking to Jewish friends of mine in France that members of the Jewish community feel uncomfortable about remaining in France. The French political world has also slightly swept the problem under the carpet for a long time and, because of the French commitment to equal citizenship under the republic, there has been a general reluctance, compared to Britain, to talk about religious or racial differences. Parties of all colours in this country have been addressing the issue for a long time.

The reaction in France is commendable, but it is a reaction to a particular, very serious, problem in France. What has been done in this country—holocaust memorial day and the Holocaust Educational Trust are clear examples—shows that the issue has been dealt with at a political level over a longer period. However, I would be happy for the Government to come forward with any further initiatives. I am not arguing for any particular policy initiatives today. I merely want to raise the issue and to say to all opinion leaders that it is our responsibility to show leadership on it.

Mrs. Shephard: I absolutely accept the hon. Gentleman's argument that the position in France, and in each country in the world where anti-Semitism exists, is different. In France, that is partly because of quite recent historical events. However, it is interesting to note the even-handed treatment by the written press of the middle east question and the removal from their arguments of anti-Semitic approaches. I wonder whether that is because of the extremely strong line taken by the French Government in recent months. Perhaps, like me, the hon. Gentleman will hope to hear the Minister's response and her view of the French Government's approach.

James Purnell: I am, of course, looking forward to hearing from the Minister. I would also be delighted to swap the French written press, in some ways, for the English written press. If the right hon. Lady has any suggestions for a way in which we might achieve that, I would also be all ears, as would many of our colleagues.

Had I heard myself making this argument two years ago, before I became the chair of Labour Friends of Israel, I might have dismissed it as paranoid. I might have thought that it was special pleading. However, my experience as the chair of Labour Friends of Israel has brought home to me the way that the Jewish community feels about the attacks and their existence. I could quote a large number of examples, but I want to refer to one in particular.

I made some comments recently in the press following the comments made by the hon. Member for Richmond Park (Dr. Tonge). I received a letter from someone who had been a member of the Labour party in my area. She said that she had not known that I was Jewish and that had she known that I was Jewish, she would not have voted for me in the selection battle. She thought that it was completely outrageous that I had not made my ethnic background clear. After some horrible paragraphs, the letter finished with a large, underlined postscript saying, "Are you Jewish?" I ignored that and replied to her, but she wrote back, with the postscript again asking, "Are you Jewish?" The third letter said that, because I was refusing to answer her question, she would now vote for the Conservative party at the next election. I am sure that my Conservative opponent would be happy to reject her vote, as would a candidate from any party in this House. I was deeply shocked to find that attitude in my constituency and in the Labour party, and the extraordinary thing is that it is something that members of the Jewish community encounter on a regular basis.

I am also shocked to find that when I say that I am chair of Labour Friends of Israel, many people say, "Well, I'm not a friend of Israel". We have to ask ourselves how many other countries one would say that about. To how many other democracies would someone have such a visceral reaction? It illustrates an important point. Like any strong virus, anti-Semitism has survived by adapting to its circumstances and mutating. Modern anti-Semitism is no longer an overt hatred of Jews—people know that that is taboo and that they cannot get away with it. Instead, as has been said, modern anti-Semitism has found a home in overt, extreme and unreasonable attacks on Israel and in extreme anti-Zionism.

Mr. Richard Spring (West Suffolk) (Con): I pay tribute to the hon. Gentleman for securing this debate. It is welcome and timely. To echo the point of my right hon. Friend the Member for South-West Norfolk (Mrs. Shephard), I refer to once hearing Bishop Trevor Huddleston say that he gave thanks to God for the Jewish community in our country. What he meant is that although the Jewish community is a small one, its contribution to our national life has been stupendous, whether it has been in this place or each field of scientific, medical or judicial activity. It is incumbent on us to say that occasionally, because it is true. The Jewish community is a special part of the whole community in the United Kingdom.

James Purnell: I echo what the hon. Gentleman said, and I am sure that all hon. Members would do the same. It is appropriate that he said it.

I must say that I have been stunned by the viciousness of some of the attacks on Israel in debates on the middle east and by the unbalanced tenor of many of those debates. Most blatant is the analogy that is increasingly made between what is happening in Israel and what happened in Nazi Germany. That analogy has gained ground in some left-wing circles, particularly among certain academics. I find it unbelievable to hear people saying that the Israeli army is the Zionist SS, to read about Jewish academics being thrown off editorial boards or refused interviews for jobs purely because they are Jewish and for those decisions to be justified by an attack on Israel by people saying, for example:

"Israel has gone beyond just war crimes . . . many of us would like to talk about it as some kind of Holocaust".

We have to pause, listen to those words and think about the analogy that is being made between what happened in Nazi Germany, with the murder of millions of people and the deliberate and planned attempt to exterminate a whole race, and what is happening in the

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middle east. There is suffering on both sides in the middle east, and to compare in any way what happened in Nazi Germany to what is happening there defies belief. One has to question the motives of the people who do it.

Mr. Randall: Does the hon. Gentleman agree that one problem is that the words "holocaust" and "genocide" have become undervalued as they have been used too often, perhaps sensationally, to describe various incidents around the world? We tend to forget what actually happened during the years of the Nazi holocaust.

James Purnell: That is a very good point and one that I had not thought about. I am grateful to the hon. Gentleman for making it. It is also worth saying that the comparisons between Nazi Germany and today's situation are simply wrong. The novelist Howard Jacobson put it very well when he wrote:

"Examine what is meant by 'reminiscent of the Nazis' and you find no extermination camps, no master-race eugenics programmes, no extirpation of an entire culture, no final solution".

Some on the extreme left have allowed themselves to pick up some strange bedfellows in their vitriolic criticisms of Israel. There were some terrifying pictures of individuals at the anti-war protests who were dressed up as suicide bombers, holding banners with the star of David, an equals sign and a swastika. The apparent embrace of such symbols by the anti-war left is astounding. Jewish friends who went on anti-war marches told me that they were shocked to the core to see some of the symbols and to hear some of the chants.

We must understand what such comparisons do. They seek to undermine the moral force of the argument for a Jewish state. They seek to say that what the Nazis did to the Jews, the Israelis are now doing to the Palestinians. They seek to say that Israel and the Jewish people do not deserve their own state. They then somehow lead on to the idea that it is acceptable to kill innocent Israeli civilians, that that can be explained, that we can blunt our moral outrage at suicide terror and that it has become a legitimate tool of political debate.

Ned Temko, the editor of the *Jewish Chronicle*, put it very well when he said that when there is a suicide terror attack against whatever nationality, whether it is Muslim or Jew, there can be no buts: suicide terror has to be condemned. There can be no buts. There can be no following sentence in which we say that of course we condemn this act of suicide terror, but that "xyz" has to be understood.

Mrs. Ellman: In view of the very important observations that my hon. Friend has just made, does he think that the time has come for those involved in the anti-war coalition to dissociate themselves from the supporters of Hamas and the Muslim Association of Britain?

James Purnell: That time came a while ago. I certainly agree that now would be a good time for that to happen. Although it is true for all parties, this is a point on which the left needs to search its conscience. We pride ourselves on standing up against intolerance, ignorance, prejudice and racism, but some on the extreme left are now fostering precisely those terrible instincts. They have to ask themselves who they are sharing platforms with and whether they are crossing the line from valid criticism to distorted prejudice. I believe that that violent anti-Zionism is anti-Semitism.

We need to be careful about this. We should never allow ourselves to be accused of using anti-Semitism to prevent debate about the middle east. It is perfectly fair to disagree with policies of an individual Israeli Government. It becomes illegitimate when it turns into criticism of Israel itself and a denial of Israel's right to exist. One can disagree with Israeli Governments without being anti-Semitic. I find it hard to see how one can be anti-Zionist without being anti-Semitic. We all argue passionately for the rights of people around the world to self-determination. Why should we single out Israel as being the one country that is not allowed to have self-determination and, particularly in the light of the holocaust, why should we deny its people the right to live secure within its borders?

Richard Burden (Birmingham, Northfield) (Lab): I agree with a great deal of what my hon. Friend says about the scourge of anti-Semitism. If I manage to catch your eye, Mr. Deputy Speaker, I will say a little more about that. I am worried by his comment that anti-Zionism must therefore be anti-Semitism. I take the view that Israel has the right to exist and that there should be two states. However, there is Jewish opinion that disagrees with a state of Israel. Presumably that kind of anti-Zionism is not anti-Semitism.

James Purnell: I use the term Zionism in a specific sense—Israel's right to its own state if it wants that. I believe that, following the holocaust and the example of the 20th century, the case for that is incontrovertible. I worry whenever anyone denies that. I heard a national magazine editor saying in private the other day that we had made a mistake by creating the state of Israel. Such arguments worry me.

A recent collection on this matter contains a very good piece by Jonathan Freedland, which goes through all the arguments. I found it very persuasive. It is hard to see why we should have supported South Africans' right to self-determination and to run their own country, and supported those rights elsewhere in the world, but not have given the same support to Jewish people in Israel.

Anti-Semitism is not a problem that the Jewish community can solve. It is a problem that it suffers and one that the rest of us should solve. Of course anti-Semitism has not yet reached the level that it reached in the 1930s. However, that is precisely why it is up to us to deal with it today. If we can deal with it at the beginning, it will not be able to get out of the bottle and become as deadly as it did in the previous century.

I ask only one thing of today's debate. As I have said, I do not have any particular policy prescriptions or desires. I wanted only to raise a flag against the renewed menace of anti-Semitism, to pledge that we shall do all that we can to prevent anti-Semitism from scarring our society today and to ask for moderation and balance in debates about the middle east. I shudder when people get cheers for attacking the state of Israel. I hate it when people talk as if Israel brings suicide terror on itself by its policies. I hate

it when people ignore the hundreds of people from that small country who have been killed in this terrible conflict.

Of course there is suffering on both sides. Of course the Palestinians' plight is terrible. Everyone should recognise that. However, it is incumbent on all of us who take part in these debates to try to ensure that we do not exacerbate the differences of the middle east; we should instead do all that we can to bring both sides together, argue for moderation and present a balanced picture of the debate in the middle east. In this of all places we can secure a balanced debate and stand up against anti-Semitism. As opinion formers and leaders we have that opportunity and we should take it.

Several hon. Members *rose—*

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. I remind right hon. and hon. Members that the winding-up speeches must start not later than 10.30.

10.3 am

Mr. Stephen Byers (Tyneside, North) (Lab): I congratulate my hon. Friend the Member for Stalybridge and Hyde (James Purnell) on securing this timely debate on anti-Semitism. As he said, he chairs Labour Friends of Israel and he has been highly effective in that capacity. The fact that he has secured the debate shows how he pursues the issues on behalf of not only that group in the House, but the Jewish community in the United Kingdom.

I am keen to take part in this morning's debate in my capacity as chair of the parliamentary committee against anti-Semitism. I was approached last autumn about whether I was prepared to take on that role. I gave it some thought and looked into the present situation. Rather like my hon. Friend, I was unaware of the particular problems being experienced and of the increase in anti-Semitic attacks occurring in the United Kingdom. However, once I had looked into the matter, I had no doubt that it needed to be addressed as a priority. That is why I agreed to chair the parliamentary committee against anti-Semitism, which represents all parties in this House and in the other place.

I want to make only a few brief comments so as to enable hon. Friends whom I know want to take part in the debate to make their contributions. At the beginning of such a debate, it is important to stress that all forms of hatred and discrimination must be confronted and challenged. Although we are debating anti-Semitism, that does not mean that it is the only form of prejudice that exists in our society. Islamophobia is increasing. I know many good, decent Muslims who feel tainted by the views of a minority of radical, fanatical fundamentalists and are concerned about how the debate is developing. Hindus and Sikhs find that there is a continued lack of understanding of their beliefs and religion. Discrimination on the ground of colour still exists and must be confronted. It is worth putting the debate in that context.

It is important to debate anti-Semitism today because verbal and physical attacks are increasing and because of the development of an intellectual argument in favour of anti-Semitism. I shall focus most of my remarks on that latter aspect. I shall comment first, however, on visits that I made recently as chairman of the parliamentary committee to Bury and Manchester in the north-west and to Leeds in Yorkshire. The purpose of those visits was to talk to leaders of the Jewish community, schoolchildren with a range of beliefs and university students to find out their views on what is happening in their communities and areas.

Interestingly, there was a real sense of cohesion in the Jewish community in those parts of the UK. The community is strong and it takes great pride in the role that it has played over the years in developing civic life in those areas. The community has also played a very important part in the cultural life, the academic community and the business world of those areas.

Despite its strength, the community also has real concerns. One person said to me, "Things were really bad during the 1970s, but they are a lot worse now." A sixth-former—a bright, able young girl—said to me that she is unsure about going to university because she is worried about the safety and security of the environment into which she would be moving. A 15-year-old—a little lad with glasses—said that bullying and verbal abuse are parts of his daily experience that he almost takes for granted. The bullying and name-calling occur not because he is not a strong-looking individual, but because he is Jewish. It is not acceptable to me that someone in the UK at the beginning of the 21st century has to be brought up in such an environment. We must say to people in those communities that we in Parliament understand their concerns and recognise that those attacks are increasing.

My main concern, however, is not that anti-Semitism is resurgent, but that in some circles it is becoming respectable. It is being portrayed almost as anti-Semitism with a social conscience, because it is based on support for human rights and on concern for the Palestinian people.

I want to make it clear that criticising the Government of Israel is not anti-Semitic. Some of the strongest criticisms that I have heard of Prime Minister Sharon have been made by Jews, but there is a danger that the legitimate criticism that can be made of any Government could be misused against the Government of Israel. It should not be used as a cloak of respectability for anti-Semitic views. All too often, the line between making legitimate criticism and comment and demonising and dehumanising Jews is being crossed, and double standards are being applied. That is dangerous territory, because some intellectual commentators are demanding that Jews denounce the Israeli Government's actions and policies to earn a commitment to fight with them against anti-Semitism. That is unacceptable.

I repeat that criticism of the Government of Israel and their policies is not anti-Semitic, but it can become so when it involves the application of double standards, holding all Jews responsible for the Israeli Government's actions, or demonising Jews. Clearly, it is anti-Semitic if it provides an excuse for anti-Jewish hatred.

No one should be asked to take a loyalty or morality oath as a precondition of protection against racism, but that is what some people ask Jews to do. No citizen in this country should feel that their equality before the law depends on their embrace of political views that we

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happen to approve of. That is totalitarian logic that undermines the very freedoms that form the basis of our society and our country, yet it is what modern-day anti-Semites are demanding.

Anti-Semitic acts are being justified by commentators who accuse Jews of being the cause of their own suffering. That logic borders on an apology for hatred. Worse, it is a thinly veiled threat that if Jews fail to oblige, people will not stand by them in their hour of need. Instead of sympathising with victims, anti-Semites exploit the Palestinian cause to side with the people responsible for terrible acts of terrorism. Around the world, it is only Jews, and Israel, that earn that particular treatment.

We need to be robust in confronting anti-Semitic views wherever they occur. Anti-Semitism is not rational. The Chief Rabbi, Jonathan Sacks, said that it is a virus that mutates. It will not be defeated unless it is treated as an act of senseless hatred that has no logic, reason or justification and which is based on myths and prejudice. That is the basis on which it should be tackled, but we must ask ourselves why that age-old hatred is resurging now. It is because people with anti-Semitic views feel strengthened.

The prejudice of those people—suppressed out of guilt for over 50 years—is coming forward and finding its way back into the mainstream of political thinking and comment in civilised circles. When we see that happening, or hear or read such comments, we all have a responsibility not to accept it in a spirit of tolerance. It would often be the British way of dealing with such things to say, "Well, that is a fair view which is being expressed," but it is not a fair view. It is prejudice, and it needs to be confronted as such.

The debate gives us all a timely opportunity to recognise that we must be eternally vigilant. It also provides this mother of Parliaments with the opportunity to reaffirm its commitment to exposing, confronting and fighting anti-Semitism in whatever form it may take and from whatever quarter it may come. Of course, we do this for the Jewish population in the United Kingdom, but also to defend the principles and values on which our country is based.

10.15 am

Linda Perham (Ilford, North) (Lab): I congratulate my hon. Friend the Member for Stalybridge and Hyde (James Purnell) on securing the debate. It was a privilege to visit Israel in July as part of the Labour Friends of Israel delegation, which he led.

My previous visit to Israel was in 1998, when the outlook on our return was pessimistic; that was before the intifada in September 2000, after which the number of anti-Semitic attacks in this country and elsewhere increased. I speak as secretary of the British Israel Group, a vice-chair of Labour Friends of Israel and as Member of Parliament for a London borough that contains 15,000 Jews. That community is deeply worried by the rise of anti-Semitism in the form of physical attacks and in the media; they are concerned about prejudice in television accounts of the middle east. My constituents constantly raise the issue of anti-Semitism at my surgeries and at events and gatherings that I attend, such as the Jewish Association of Cultural Societies. I am going to one such event on Thursday, when I am sure that the issue will again be raised.

I also take part in question-and-answer sessions at the local Jewish centre, Sinclair house, which is based in my constituency. It is a thriving centre, which is very well attended. It was my privilege to accompany people from that centre and Jewish friends from the constituency to the rally for Israel in May 2002 in Trafalgar square. Thousands of people were present, including a handful of MPs, and there were signs saying, "Israel we support you". Unfortunately, on the other side of the road, there was a counter-demonstration of a few hundred people carrying signs saying things such as "Kill the Jews". Lord Greville Janner, who spoke at the rally, said, "We don't have signs saying 'Kill the Muslims' or 'Kill the Arabs', but they have signs saying 'Kill the Jews'". I took that point to heart.

In September, I accompanied Lord Janner and Lord Parry Mitchell on a visit to the opening of a Jewish school in the former Soviet republic of Azerbaijan, which is a 93 per cent. Muslim country. However, we found a great tolerance of all religions. We also visited the Qaba region further from the capital where the synagogue and the mosque were next to each other and where the rural community tolerated different religions. I hope we can foster that sense of peaceful co-existence and tolerance in this country by confronting anti-Semitism wherever it raises its head.

I agree with my hon. Friends that this debate is timely; anti-Semitism, which causes deep anxiety in my constituency, is something that hon. Members must challenge.

10.19 am

Mr. Andrew Dismore (Hendon) (Lab): I represent Hendon, which has one of the biggest Jewish communities in Britain. I am also a vice-chair of the Labour Friends of Israel and one of the officers of the body about which my right hon. Friend the Member for Tyneside, North (Mr. Byers) spoke.

In the short time available, I want to focus on some of the anti-Semitic activities of fundamentalist organisations. Rather than describe them all, I shall concentrate on the activities of al-Muhajiroun and its leader, Omar Bakri Mohammed, and its sister organisation Hizb ut-Tahrir. I first took an interest in their activities five or six years ago, but particularly after I witnessed an anti-Semitic demonstration that they had organised outside Brent town hall in May 2000. They were picketing a celebration of Israel's independence day, and their chants included "Dirty Jews we want your blood", "All Jews burn in hell", "The Muslim will fight the Jew—we will kill the Jew" and so on. Two demonstrators were arrested but released without charge.

However, al-Muhajiroun has a much longer history of anti-Semitism. In June 1998, one of the group's activists, Avais Khan, told a rally in Trafalgar square that

"the Holocaust was a fabrication. How wicked, how evil the Jews are. They don't even deserve the death of the dog."

In September 2000, the group produced a leaflet referring to "Jewish Murderers". At a demonstration in January 2000, its members chanted "Gas the Jews". In May 2000, the group issued a leaflet stating:

"O Jew, hide in your bunkers, because the Mujahideen are coming so be ready to surrender or die like a dog."

The group's leader is Omar Bakri Mohammed. In October 2000, he said that Jews who actively supported Israel did so at their peril:

"If they are going to raise funds for Israel, they are going to put themselves in the conflict and become legitimate targets for Muslims wherever they are".

On 13 October 2000, al-Muhajiroun put out a leaflet saying:

"The hour will not come until the Muslims fight the Jews and the Muslims kill them".

On 20 October, in Derby, the group organised a demonstration with leaflets saying "Kill the Jews". So it goes on. There are many examples of the group's anti-Semitic activity. Has any al-Muhajiroun leader or activist been prosecuted? Absolutely not. I regard that as a pusillanimous response from our forces of law and order. How can the organisation continue to promulgate its message of hatred against the Jewish community with such impunity?

After 11 September, things got even worse, and the group started issuing statements praising the attackers. Soon after 11 September, Omar Bakri was quoted as saying:

"When I first heard about it, there was . . . delight about such an attack."

On the very night of 11 September, posters were put up urging Muslims to kill the Jews; Omar Bakri's mobile phone number was at the bottom. The year after, the group organised a demonstration in Trafalgar square—the so-called magnificent 17 demonstration—to praise the suicide bombers. The London Mayor, Ken Livingstone, banned the demonstration. He was the only person who was prepared to take any action against the group, but it took no notice and held the demonstration anyway. Anjem Chaudhary and, I think, one or two others who were responsible for organising the demonstration were prosecuted but let off with a very minor penalty.

Other hon. Members have referred to al-Muhajiroun's activities on university campuses. For years, the group and its sister movement, Hizb ut-Tahrir, have contributed to a climate of fear for Jewish students and other minorities on British campuses. In October 2000, a poster appeared on campuses throughout Britain stating:

"The last hour will not come until the Muslims fight the Jews and the Muslims kill the Jews."

I am pleased to say that, after that, the National Union of Students took action to ban al-Muhajiroun from student unions for distributing anti-Semitic material. That is an important step, but the group nevertheless continues to organise around universities and, I regret to say, some sixth-form colleges.

There are many more examples of what al-Muhajiroun has been up to, but I shall mention just two. In January 2003, I was debating on television with Omar Bakri Mohammed. He told the audience that I said what I did only because I was Jewish and therefore "biased by default". I have no hesitation in saying that I am not Jewish, unlike my hon. Friend the Member for Stalybridge and Hyde (James Purnell). None the less, those comments demonstrate the extent of the anti-Semitic behaviour of al-Muhajiroun and Omar Bakri Mohammed, who automatically assume that anybody who criticises them must be Jewish and, no doubt, that everybody would otherwise agree with them.

Omar Bakri Mohammed is undoubtedly a controversial figure. In April 2003, he was under attack for receiving state benefits. He said:

"Ask the Muslim people where they would prefer their taxes to be spent—on me, or homosexuals, lesbians or Jews".

Again, that reveals his anti-Semitic behaviour.

There is a more sinister side to the organisation. Omar Bakri Mohammed is not the buffoon that some people believe him to be. He comes from a wealthy background in Syria. He was a Hizb ut-Tahrir activist in Damascus who fled to Beirut and then to Saudi Arabia, where he was wanted for illegal Hizb ut-Tahrir activity. He fled to the United Kingdom in 1985 and, in 1991, he called for John Major, the then Prime Minister, to be assassinated. Despite that, he was given indefinite leave to remain in 1993. Ten years later, the threat was repeated. In 2001, al-Muhajiroun activist Abdul Rehmon Saleem called for the assassination of Prime Minister Blair. The organisation actively supports terrorism, and it is about time that we dealt with it.

In the London-based Arabic newspaper *Al-Sharq al-Awsat*, on 30 May 2000, Mohammed boasted of the extent to which young British Muslims were being recruited for military training overseas. They were sent to fight in the trouble spots of the world but only, he said, when they were fully trained—not just militarily but ideologically. On the BBC Radio 4 "Today" programme in June 2000, Abu Yaya, who turned out to be a mujaheddin activist, talked about the weapons training that he had had overseas. He had learned to use a Kalashnikov, to ambush, to make bombs and even to use artillery.

It was not just idle boasting. The Mike's bar bombers in Israel in 2003—two Britons, Asif Muhammed Hanif and Omar Khan Sharif—were associates of Omar Bakri. He openly claimed on the BBC that the two men had come to him for instruction, and in *The Daily Telegraph*, he stated that Sharif was a martyr, who had died in the cause of Muslim lands and Muslim people. He said,

"I knew Sharif very well and he used to attend regularly at my sessions. He was my brother and I am very proud of him and any Muslim who will do the same."

It goes on. Hassan Butt, another al-Muhajiroun activist, said in May 2003 that "close to 50" British volunteers had approached him for advice on emulating the suicide attack in Israel. Asked whether that meant suicide missions in Britain, he replied,

"Yes, absolutely. When they're needed and when they're required . . . if they want to and they believe Islamically that it's allowed, then fair enough."

He went on to say that

"it would not surprise me if a suicide bomb did take place in Britain. It would not surprise me at all."

Those are very forward-looking quotes, bearing in mind last night's arrests in Manchester of people who, I have little doubt, will be tracked back to al-Muhajiroun, Omar Bakri Mohammed and supporters of sharia and Abu Hamza. They show clearly how young British Muslim society has been affected and why action has to be taken. The organisation's boast is that its objective is to see the black flag of Islam flying over Downing street, a claim that is repeated time and again.

[Mr. Andrew Dismore]

We have powers under section 76 of the Nationality, Immigration and Asylum Act 2002 to remove Omar Bakri Mohammed's indefinite leave to remain. I urge the Home Secretary to use them, so that Mohammed can be removed from our society. The time has undoubtedly come for al-Muhajiroun to be proscribed under the terrorism legislation as an active organisation promoting and supporting terrorism, not just overseas but in the United Kingdom.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Because of Back Benchers' great interest in the debate, it has been agreed that the winding-up speeches will start at not later than 10.40 am. I am sure that hon. Members will co-operate.

10.29 am

John Mann (Bassetlaw) (Lab): My preparation for the debate began yesterday morning when I received an unsolicited letter from a constituent, who enclosed printed copy about the "Jewish-controlled media" and the "Jewish media spin doctors" and wrote that the Prime Minister is in the pocket of Jewry. It is worthy of the attention of the Chamber because it is clear that the individual who sent it would claim to be on the left. I shall restrict my comments to the issue of anti-Semitism on the left, which does not receive enough attention.

I thought that my hon. Friend the Member for Stalybridge and Hyde (James Purnell) was rather too gentle in his comments on those who are prepared to talk about cabals of Jewish advisers to the Prime Minister. I recall that Senator Jesse Helms's campaign during the North Carolina senate elections of 1984 was entirely based on a poster with a picture of his Democrat opponent surrounded by black faces and the words "Know him by his friends".

Such insidious racism is not new, even in my political generation. In the early 1980s, anyone in the student movement in this country who had the temerity to say that Israel had the right to exist would be isolated and howled down as a racist. That was a time when Jewish societies were repeatedly banned in student unions across the country. My recollection of those days is vivid. Comrades and colleagues on the left were happy to tell me that they would not be prepared in any circumstances to support me in an election just because I was prepared to articulate a two-state solution to the problem in the middle east. They were categorical about that, but polite on all other matters. That was not a minority interest, but a significant factor among people on the left, who were and are important political players. The subterfuge that such people used was Zionism. They seemed to think that quoting the term "Zionism" made everything okay and meant that they were attacking not Jewish people, but Zionists and the concept of Zionism, but that was a subterfuge.

That is not to say, however, that the people whose arguments and beliefs were virulently anti-Zionist were racist or anti-Semitic, because some were not. Their arguments were well thought out and they understood the differences. Equally, however, other people's arguments were not thought out, and they were happy to lump things together. Such people used the subterfuge of anti-Zionism to act and think in a way that was anti-Semitic, hence letters such as the one that I mentioned. Such people have employed a straightforward concept: that there are conspiracies—smaller conspiracies, not a world conspiracy—involving a group that has managed to infiltrate the higher echelons of power in the United States, Britain and other countries and is thereby exercising an undue influence. That is the basic tenet of such individuals' beliefs, which caricature an entire people.

It is of course nonsense to suggest that the rather communistic early kibbutzniks were ideologically close to some of the more extreme right-wing settler groups of the last 30 or 40 years. One would not suggest, for instance, that Christianity was an amorphous mass that could be criticised as one. It would clearly be nonsense to say that Billy Graham and the Southern Baptist Christian evangelicals—some of whom are, in my experience, rather anti-Semitic—are exactly the same as Archbishop Desmond Tutu, Dom Helder Camara or the left-wing Christian ideologues. The vitriol contained in attacks on the term "Zionism" masks a much deeper underlying anti-Semitism that exists in the minds of some people.

I am not a great supporter of the actions of the state of Israel. I have visited the country, but I have also visited the west bank with the Palestinian Liberation Organisation. I therefore take a neutral stance on the matter, and few voters in my constituency are anything other than lumpen Anglo-Saxons. No votes are at stake in relation to anything that I may say on the subject. However, the concept of self-determination cannot be divided. The fact is that the self-determination of a people will lead to conflict; and the word for such conflicts is politics. Those who mask under their anti-Zionism a much deeper anti-Semitism fail to appreciate and understand the difference between the political dynamic and the self-determination of a people. We must remember that it is determination not of "I" or of "others" but of "self". In our debates, we need to tackle that question head on.

Finally, I suspect that, in many conferences or meetings of the left, a debate on anti-Semitism would have many speakers talking about the middle east. I rest my case on that point, as it highlights the problem that exists in some people's minds.

10.36 am

Richard Burden (Birmingham, Northfield) (Lab): I am grateful to those on the Front Benches for making time to allow me to speak.

I congratulate my hon. Friend the Member for Stalybridge and Hyde (James Purnell) on securing this debate. I speak as an individual Member and as chairman of the all-party parliamentary group on Palestine. I place on record that the group stands no truck with anti-Semitism. Indeed, I am proud to be the co-sponsor and co-author of early-day motion 123 on combating anti-Semitism, which stands in the name of my hon. Friend the Member for Ilford, North (Linda Perham).

We need to reject racism in whatever form it takes. There is an Islamic community centre in my constituency; it was doing no one any harm, but it was

recently burnt out. What scared me about that was not that racists were responsible, but that otherwise perfectly rational people should have come up to me afterwards and said, "Yes, but if they weren't here, it wouldn't happen to them." That logic underlies anti-Semitism, as much as it does Islamophobia.

In the short time available to me, I want to say something about the relationship between our debates on Islamophobia and anti-Semitism and the situation in the middle east. It is true that some people criticise Israel, but some use that criticism as a cloak for anti-Semitism. We need to distance ourselves from such people and condemn their actions. However, on the other side of the argument is the fact that criticism of Israel is also too easily conflated with allegations of anti-Semitism. We need to be equally careful about that.

In an intervention on my hon. Friend the Member for Stalybridge and Hyde, I mentioned Israel's right to exist. I make clear that I believe in the two-state solution—a secure Israel alongside an independent Palestine. However, there are different views on the solution to the middle east conflict.

An eminent Israeli academic called Jeff Halper has just written a book called "Obstacles for Peace" in which he says that the extent of the occupation and the matrix of Israeli control in the west bank is such that one could not have two states. He suggests that one solution would be to have a single state, in which all citizens—Jews, non-Jews, Christians, Muslims and people of no religion—could live together with equal rights. Would that be the end of Israel? It probably would. Would it be the end of Palestine? Yes, it definitely would. Does it mean that the author is a Jewish anti-Semite? No, it does not. The idea that someone like him could talk about throwing all Jews into the sea is nonsense. If we are to tackle racism properly in this country, we need to differentiate between people's motivations and what they actually say, and what it is convenient to believe they are saying in order to establish our position.

There is racism on both sides of the argument in the middle east. We need to reject it on both sides. Is anti-Semitism a problem in our communities? Yes, it is. Is Islamophobia a problem in our communities? Yes, it is. Is anti-Arabism a problem in our communities? Yes, it is. Are those that suffer from one type of racism sometimes susceptible to employing racism against others? Sadly, yes, they are. That is why, in this place, whatever our perspective on the middle east conflict, Israel and the rights of the Palestinians, we must be utterly consistent and uncompromising in our rejection of racism, from whatever direction it comes.

10.40 am

Mr. Alistair Carmichael (Orkney and Shetland) (LD): I am keen, since we have already curtailed our time, to leave as much time as possible for the Minister to reply, so a lot of what I might have said will remain unsaid.

I congratulate the hon. Member for Stalybridge and Hyde (James Purnell) not only on winning the raffle and securing the debate, but on the bulk of what he said and, more important in a debate such as this, on the way in which he said it. There were one or two points in his speech with which I did not agree: his reference to the equation between anti-Semitism and anti-Zionism jarred in my mind, but we could have that debate in this reasoned atmosphere. I much preferred his original definition of anti-Semitism as the hatred, fear, targeting or attack of Jewish people simply because they are Jewish. If we keep that as a definition, we can find much more common ground.

The hon. Member's debate is timely for two reasons. First, as he pointed out, there has been a rise in anti-Semitism. For so long since the second world war, this country has accepted a consensus that anti-Semitism is absolutely abhorrent. With the passage of time and other political influences, many of which are not well motivated, that consensus is in danger of breaking down. Debates such as this are exceptionally important. Secondly, to put it into its current political context, there will be election campaigns throughout much of England and Wales in the next few months, which will see a record number of candidates from the British National party. The BNP feeds on anti-Semitism and targets Jews and other minorities within society in a way that I, as a Liberal Democrat, find absolutely abhorrent. At a time when such activity has become an increasingly poisonous feature of our politics, it is important that those of us in the mainstream political debate are prepared to stand up and defend that consensus.

If I have any criticism of the debate, it is that it has been long on analysis and short on solutions. The hon. Member for Hendon (Mr. Dismore) referred to a demonstration whose tone was violently anti-Semitic, and said that two arrests were made, but that nobody was charged. We must consider that point seriously. I should be interested to hear from the Minister what the Home Office's thinking is about the need for legislation for hate crimes. We already have that north of the border, after my colleague in the Scottish Executive, Donald Gorrie, introduced a Bill—it is now an Act—to deal with sectarian violence and hatred, which is sadly endemic in parts of west central Scotland. If we identify anti-Semitism as a problem of that scale, as we have done today, surely the time has come for the Government to start to think about other actions.

One of the interesting pieces of research that I came across during my preparation for this debate was a report published at the end of last month by the European monitoring centre on racism and xenophobia, which pointed out that anti-Semitism is rising in Britain, Belgium, France, Germany and the Netherlands. That report used data provided by the Community Security Trust, which showed that there were 350 reported anti-Semitic incidents in 2002. That is a 13 per cent. increase on the 2001 total—a dramatic statistic. The report noted, however, that London's Metropolitan Police Service already records hate crimes such as those committed against the Jewish community, but that is not the case in Manchester and Leeds. Will the Minister confirm today that other police forces for which she has responsibility will carry out such monitoring? We all believe—indeed, we have almost a gut feeling—that anti-Semitism is wrong, and that there must be objective analysis of the scale of the problem in our society, which it is well within the Government's scope to do.

This has been an exceptionally useful and timely debate. I congratulate the hon. Member for Stalybridge and Hyde on securing the debate, and all hon. Members who have spoken in it. I hope that as well as analysing the problem, the Government will start to act to deal with it.

10.46 am

Mr. James Paice (South-East Cambridgeshire) (Con): I, too, congratulate the hon. Member for Stalybridge and Hyde (James Purnell) on securing the debate and on the very well developed way in which he presented his case. I also congratulate other hon. Members who have spoken. I was particularly impressed and interested by the powerful contribution made by the right hon. Member for Tyneside, North (Mr. Byers) on this very serious issue.

The hon. Member for Stalybridge and Hyde made the percipient remark that he would have considered many comments to be over-sensitive—I believe that he used the phrase "bordering on paranoia"—before he became the current chairman of Labour Friends of Israel. It was very interesting to hear him say that, since he has become more involved, he now realises that things are not as he might first have thought. He says that as a Jewish person. I am not a Jew, but I believe that it is totally irrelevant whether one is a Jew, black or a member of any other race or creed. We must treat people as individuals, regardless of their attributes.

No doubt, anti-Semitism is the oldest form of racism at least in the known history of the western world. That in no way makes it more acceptable; indeed, in many ways that makes it even more evil. The fact that it has not been eradicated before makes it even harder to eradicate now. I will not repeat the figures, which the hon. Member for Stalybridge and Hyde cited, for the increase in the number of hate crimes that have been committed. I shall, however, stress a point that has already been made. I was brought up to associate anti-Semitism with Nazism and the extreme right, but it is increasingly becoming a feature of the left and is being linked, in particular, with some sections of Muslim society. Interestingly, the European Union monitoring centre report made the statement, which it qualifies by saying that it is not easy to generalise, that a further source of anti-Semitism in some countries was young Muslims of north African or Asian extraction. Traditionally, anti-Semitic groups on the extreme right played a part in stirring opinion. That underlines the fact that there is a problem at both ends of the political spectrum.

Several hon. Members made a point that goes to the heart of the issue: we should not confuse criticism of the actions of this or any other Israeli Government with a form of anti-Semitism. As hon. Members have said, there is no doubt that many people criticise the actions of the current Israeli Government as a way of criticising all Jews. That is absurd. I hope that hon. Members will accept that it is just as absurd for the Israeli Government to suggest that all their critics are automatically anti-Semites. That is certainly not the case and, as several hon. Members have said, some of the strongest critics of the Israeli Government are Jews. It is just as absurd as President Mugabe suggesting that any criticism of his regime is automatically racist—it is not. It is patently absurd to make that allegation, and the two are close analogies.

We must be tolerant of other religions and of other races and creeds. It is easy to find reasons to object to other people—there are objectionable people in the world from all backgrounds. That is not related to religion, creed or colour; it is a natural part of human existence. The intolerance of racism and religious discrimination has been the largest cause of conflict over the centuries and is so today.

I conclude by proffering the solution, although it is not a detailed policy, that anti-Semitism must be considered as abhorrent and given the same profile as racism against black people or discrimination against people of different sexual orientations. In those cases, it has become accepted that we do not discriminate and that such discrimination is abhorrent. There is a belief, as the right hon. Member for Tyneside, North touched on, that anti-Semitism is somehow more of an intellectual position and more acceptable than criticism of someone because they are black, but that is wrong. It must be considered as being just as evil and abhorrent as all other forms of racism and religious discrimination. If we do that, we will begin to address what is a fundamental problem. The intolerance that accompanies anti-Semitism, to which several hon. Members have referred, is not only wrong but is extremely dangerous for the peace of the world.

10.52 am

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): I hope that hon. Members will forgive me if in eight minutes I cannot respond to all the important points raised. That would not be possible but I want to echo some of those that were made. The first is the comment made on all sides about the important contribution that the Jewish community has made to British society. As the Minister responsible for charities, I am constantly reminded of the generous contribution that the Jewish community makes to charitable life. It is a coincidence that this afternoon the Home Secretary and I will meet the Board of Deputies of British Jews as part of the regular dialogue with that community and others about their role in society.

I shall also concentrate on the profound scar that all forms of racism, and specifically anti-Semitism, place on society. I congratulate my hon. Friend the Member for Stalybridge and Hyde (James Purnell) on arranging the debate because he is right to highlight the growth in anti-Semitism and the risks to people. That can be done without generating unnecessary fear, but we must recognise that it is an important issue facing us all and with which the Government have a responsibility to deal robustly.

The European monitoring centre on racism and xenophobia report revealed that the United Kingdom was one of five EU states that have experienced a rise in anti-Semitic incidents in 2002–03. Its figures corroborate those of the Community Security Trust and the Metropolitan police, which also show a growth in race attacks. My hon. Friend the Member for Hendon (Mr. Dismore) asked about the monitoring of those incidents, and I can tell him that, together with the Institute of Jewish Policy Research, the Metropolitan police is conducting research into such incidents to get a more accurate feel for their nature and to develop a more effective response to them. That is something that we have considered at various points in this debate, and the response can be made partly by effectively targeted actions and partly by effective legislation and prosecuting criminal acts such as incitement to racial hatred.

Generally, we have tough and effective legislation in the UK, including the legal framework against race discrimination. Specifically, the additional penalties for criminal offences such as incitement to racial hatred and racially and religiously aggravated assault and criminal damage have been used effectively to tackle some of the problems. I was pleased that the Crown Prosecution Service recently gave a public commitment to prosecute racist and religious crimes fairly, firmly and robustly. The aim of that statement was not just to encourage prosecutors to take on such prosecutions, but to send a clear message to perpetrators that they will not get away with threatening, violent or abusive behaviour towards members of racial or religious groups.

My hon. Friend the Member for Hendon will feel tempted to ask, "But what about the examples that I raised?" and he was right to highlight the evil acts of al-Muhajiroun in many cases. I hope that he will be reassured by the fact that there have been a number of successful prosecutions of people who share its views. Abdullah al-Faisal was sentenced to nine years in prison for soliciting murder and inciting race hatred against Jews and Hindus. We closely monitor and will continue to monitor the activities of al-Muhajiroun, its web broadcasts and its organisations in universities and other places that encourage youngsters to support its views. I recognise the continuum that my hon. Friend identified as running between some of that group's statements and the more violent terrorist activities among young people. That is one reason why the Home Office has put an extra £15 million into focusing on terrorist activity. It is important that we deal with it effectively.

I want to use the final minutes to deal with the most difficult issue on which my hon. Friend the Member for Stalybridge and Hyde and many other hon. Members focused, which is the important question of how anti-Semitism works. It is clear that criticism of Israel is not anti-Semitic in itself—we are all agreed on that. There is a place for legitimate democratic debate about domestic or international affairs, including Israel and the middle east, but it is completely unacceptable if such criticism manifests itself in a discriminatory, threatening, harassing or violent form that is directed at people because they are Jews.

That is the important point. People become a victim in such cases because of their race or religion, and that is why we have put additional penalties on offences. Race hatred has a terrorising effect on the whole community, and it is important to recognise that that is the reason for having additional penalties.

The hon. Member for Orkney and Shetland (Mr. Carmichael) was right to say that the British National party will make its arguments in coming elections. Such groups will say that they are being picked on, but their activities terrorise classes of people. If people who criticise Israel fall into the trap of stretching their language to add weight to the table and suggest that all Jews are wrong, that is unacceptable and contributes to that terrorising effect.

PC Gerald Walker

11 am

Mr. Graham Allen (Nottingham, North) (Lab): I rise to introduce a serious debate on a matter of great concern to many Members of Parliament. Perhaps I may break with tradition by acknowledging the presence in the Gallery of Mrs. Tracy Walker, the widow of PC Ged Walker. No amount of debates, Acts of Parliament, meetings with party leaders or anything else can achieve what we would all wish for—turning back the clock on the events that have taken place—but I hope that Mrs. Walker sees today that Parliament takes her tragedy very seriously indeed.

I would also like to put on record Parliament's tribute to PC Ged Walker. He made the ultimate sacrifice in losing his life—as so many of his colleagues are prepared to do, today and in the future—to maintain law and order and to ensure that our streets are safe. There are many lessons to be learned and I am pleased that my hon. Friend the Member for Broxtowe (Dr. Palmer), Mr. and Mrs. Walker's Member of Parliament, is here today. He has, on behalf of Mrs. Walker, been foremost among those pressing the case repeatedly and I know that he will continue to be so. Although my hon. Friends the Members for Gedling (Vernon Coaker) and for Bassetlaw (John Mann) can be here only to pay their respects, their presence is a measure of the importance that this debate has for us in Nottinghamshire. Other colleagues have also expressed their support for the holding of the debate, which I have been lucky enough to introduce.

PC Gerald Walker should be alive today. He was killed in my constituency in January last year while trying to stop David Parfitt, a drug user and convicted robber, driving off in a stolen taxi. PC Walker suffered head injuries after being dragged along by the speeding car and he died in hospital. Parfitt was out of prison on an early release scheme. As he had breached his release licence more than three months earlier, he should have been back behind bars.

The inspector of probation, Rod Morgan, was asked to inquire into the tragedy. Indeed, I am pleased to note the presence of the director general of the probation service, which, again, underlines the importance of the case. Professor Morgan reported back around four weeks ago with a series of recommendations, and he is certainly right to highlight the need for cleaner and swifter co-ordination between prisons, probation and police. I gather that the Home Office, local police and probation officers have all welcomed and accepted his key recommendations, but we must go further to tackle the immediate and the more deep-rooted problems that this tragic case has revealed.

Dr. Nick Palmer (Broxtowe) (Lab): Before my hon. Friend moves on to the more general issues, perhaps he will say how Mrs. Walker and the public can be confident that the promised reforms, which were requested or demanded in the report, will be implemented. Does he agree that the probation service needs to ensure that its staff are fully trained in respect of the new regulations? Is it not essential that an explicit review of progress be conducted to ensure that such

[Dr. Nick Palmer]

commitments are being met? Is it not also vital that the probation service receive adequate funding to discharge its responsibilities?

Mr. Allen: I agree very much with all the points that my hon. Friend makes. I should say again how assiduous he has been in pursuing all aspects of the case, and I suspect that his assiduity and that of fellow Nottinghamshire Members of Parliament will not diminish as the months go by. It is incumbent on us all to ensure that the lessons are learned. I know that my hon. Friend and I will pursue that aspect of the case, and I am sure that my other hon. Friends from Nottinghamshire will do so as well.

In addition, I look forward to the Minister's winding-up remarks. I am sure that she too is keen to ensure that the report does not gather dust and that the recommendations made will be followed through. I think she knows us all well enough to know that we will continue to chase this up and aim to ensure that the recommendations are implemented so that the lessons can be learned.

One of the immediate lessons that we need to consider from the case is this: when a prisoner's licence for temporary release is breached, as when Parfitt tested positive for cocaine use, the offender should be returned to prison immediately. I know that there are difficulties with that and that it would not be easy. None the less, the person being tested should be required to wait in the testing area—the office, centre or whatever—until the results come through. As I understand it, a straightforward swab test is involved and the results can be delivered very quickly. An immediate decision could then be made, perhaps on the authority of an assistant chief probation officer, either to release that person back on licence or to ensure that that person is taken back to prison immediately. I see my hon. Friend the Member for Bassetlaw nodding, and we all know that he has great experience and expertise in this area.

All would benefit from the certainty and immediacy of such a procedure. It would also help to reduce the horrendous work load and bureaucracy referred to in the Morgan report. That is clearly one reason for probation officers labouring under an immense burden about which we can only sympathise. They are trying to clear up all that paper and some clarity on the issue would help everyone.

Dr. Palmer: I want to put it on the record that Mrs. Walker and a number of PC Walker's colleagues are frustrated by what they see as the elusive nature of the responsibility for what happened. It needs to be accepted clearly that this is not just a question of excessive work load. Specific mistakes were made by specific people.

Mr. Allen: I am confident that that is the case, and I endorse my hon. Friend's remarks. Perhaps one or two suggestions that I shall make later will address some of those points specifically.

If the person who is in breach is not on the premises, the police should be told immediately by the probation officer responsible, informing a named police officer who would be responsible for the service, and an arrest should be made without delay by local officers familiar with the offender. The probation service and the Prison Service should perhaps pilot the employment of enforcement teams to return those who breach their release conditions, thereby creating a unified service less prone to the communication breakdown identified in PC Walker's case. An alternative might be seconded police officers who are dedicated to enforcement and detention when a breach occurs.

There are a large number of specifics, which I am sure the Minister will address in her winding-up speech. I am very pleased that we have this Minister, with her expertise in drug testing and enforcement, here to respond to the debate.

The lessons go far beyond the immediate responsibilities for the bureaucratic practices and poor interfaces revealed by the Morgan report. The Government, Parliament and the judiciary need to look at themselves if another such tragedy and a thousand smaller ones like those that happen every day and never come to public attention are to be avoided. For example, I have written to the National Criminal Justice Board asking it to address the deceit that still passes for sentencing policy. I have yet to receive a reply, so I look forward to receiving one without too much further delay.

Sentences should be honest and comprehensible, not only to criminal justice professionals, but to victims, witnesses and taxpayers. When judges give a one-year prison sentence, plus one year out on licence, they should not announce it as a two-year sentence, as happened in the Parfitt case. That practice, which is often abetted by sloppy media reporting, diminishes public confidence in the criminal justice system and it should be addressed by the new Sentencing Guidelines Council, the Home Office and the Department for Constitutional Affairs. We must bring back public confidence in sentencing. This is not a plea for heavier or harder sentences; it is just a plea to be honest with the public about what sentences mean. People should not need a legal dictionary to understand what a judge is saying when sentencing an offender.

In addition, the Government, at the highest level, must review the wholesale retreat of public service provision from the front line, especially in the outer-city estates. A rethink is needed on the policy of short-term savings, which result in a massive economic and social cost. The drive to pay state benefits directly to individuals is leading to the closure of post offices, which removes a pillar that supports the outer-city shopping precincts. That is echoed in this case by the flight of local probation officers from local communities, the consequent loss of networks and informal multi-agency working, and an erosion of local knowledge and sensitivity. The new criminal justice boards, which have been set up on a county-wide basis, need local one-stop shops, rather than huddling together away from their customers and the public. Let us get those services back out on the estates, face to face, where they are needed and where people understand them. It is absolutely pointless passing Acts against antisocial behaviour while stoking up its causes with other policies. We must have joined-up thinking in this area.

National policy made by the Government and the civil service must reconnect with on-the-ground delivery. We need to give clarity to officers—in this case, officers who had to deal with half a dozen different drug orders—on when an order is breached and the expectations of enforcement. That applies equally to the failure of national policy to involve communities practically in community sentencing, of which all of us in this Room have seen evidence. We must make antisocial behaviour orders work. Despite national intentions, there is some confusion in the Nottingham magistracy about whether hearsay evidence from the police can be accepted and whether a high level of criminal proof, rather than a lower level of civil proof, is needed to demonstrate a breach of an antisocial behaviour order.

It may seem a long way from the tragic death of a police officer to the inadequacies of the British constitution and how the Government work, but if the Government allowed Parliament to do its job the two-way street involving local best practice informing good national policy and vice versa could be unjammed. Of course, the Government should make policy, but they should hand back law-making to Parliament, enabling it to do its rightful job of conducting proper legislative scrutiny to turn national policy proposals into practical law.

Pre-legislative scrutiny should be done online, so that practitioners, victims, communities and others can participate in making better, more practical law together. I note the attendance today of Nottinghamshire's chief probation officer. It is inconceivable that those involved in the process for framing early release and drug-testing orders would not have benefited massively from listening to practitioners and consumers—perhaps a death could have been avoided. We should not depend on entrepreneurial Members of Parliament chasing the Lord Chancellor and other Ministers to clean up defects in legislation long after it has been enacted.

There should also be a proper process of post-legislative scrutiny to ensure that the policy operates as intended in the light of experience. There are local lessons to be learned. Indeed, there are lessons to be learned by all of us—including Members of Parliament, the Government and the judiciary—from this awful case, which occurred in my constituency and involved the constituent of my hon. Friend the Member for Broxtowe. What is not in doubt is that lessons must be implemented from the front line, by practitioners such as local probation officers and police officers, right up to the Head of Government—the Prime Minister. If those lessons are not learned—I give the Minister a guarantee that we will follow this through—the death of a brave local police officer will be a greater tragedy than it already is.

Thank you for allowing me to introduce this debate today, Mr. Deputy Speaker. Once again, I hope that it stands as a small tribute to the life of PC Ged Walker and the tireless efforts of Mrs. Tracy Walker to ensure that we all learn something from this awful tragedy.

11.16 am

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I thank my hon. Friend the Member for Nottingham, North (Mr. Allen) for securing the debate. I am grateful for the attendance of my hon. Friends the Members for Broxtowe (Dr. Palmer), for Bassetlaw (John Mann) and for Gedling (Vernon Coaker), who have now left the Chamber. I also acknowledge the presence of Mrs. Walker here today.

The spur for the debate, as we have heard, was the tragic death of PC Gerald Walker, known as Ged to his family and friends. PC Walker, an officer of the Nottinghamshire constabulary, was killed in January 2003 by the offender David Parfitt, who was then unlawfully at large following his recall to prison for a breach of his parole licence. That recall was triggered by a succession of failures to comply with the terms of his licence, including missed appointments to attend the probation service for testing for the presence of class A drugs, and a number of positive tests for such substances.

Following David Parfitt's conviction for the manslaughter of PC Walker, my hon. Friends the Under-Secretary of State for the Home Department, the hon. Member for Wythenshawe and Sale, East (Paul Goggins)—who is responsible for correctional services—and the Minister for Crime Reduction, Policing and Community Safety ordered an inquiry into the events leading up to and following the tragic killing of this brave officer. Unfortunately, my hon. Friend the Under-Secretary cannot be here today, because he is engaged on other parliamentary business, but he has spoken to me and the Minister for Crime Reduction, Policing and Community Safety and he will try to be here for the end of the debate and to meet Mrs. Walker if she wishes him to do so. He has told me that he would like to take this opportunity to express the Government's condolences over the death of this dedicated officer in such tragic circumstances. I offer my own condolences to Mrs. Walker and her two children.

On 25 March, Professor Rod Morgan, who was then Her Majesty's chief inspector of probation, submitted to the Under-Secretary his report on the inquiry into PC Walker's death. The report identified a number of failings at local operational level and in relation to the national policies that underpinned local practice. The chief inspector was of the view that if practices had been handled differently, they could have resulted in the earlier revocation of Parfitt's parole licence and the possibility of his earlier arrest and return to prison. Professor Morgan's report includes 10 recommendations that he believes would, if implemented, reduce the risk of similar failings arising in future and, in so doing, would contribute to the greater safety of the public. The Under-Secretary laid a copy of the report in the Library on 25 March, together with a detailed action plan setting out how the police, prison and probation services will implement the inquiry recommendations.

My hon. Friend the Member for Broxtowe asked how that would be followed up. The Under-Secretary has asked the director general of the national probation service to be personally responsible for reporting the delivery of change in line with the published action plan, and has set a challenging deadline of this October for that to happen. I am sure that, once that report is provided, there will be other opportunities for hon. Members to raise issues.

[Caroline Flint]

In the opening speech, my hon. Friend the Member for Nottingham, North reflected the thrust of the recommendations of the Morgan inquiry, but he rightly asked us to look further at the environment that contributed to the circumstances leading up to PC Walker's death.

The Government have always made it clear that we will not tolerate criminals who prey on society, and we have taken measures that are having an impact on crime. Overall, crime—as measured by the British crime survey—fell by 25 per cent. between 1997 and 2002–03, but we cannot be complacent. My right hon. Friend the Home Secretary has been forthright in saying that prison is the right place for those who present the greatest risk to the public, either because they have committed serious sexual or violent crimes or because they are prolific and persistent criminals. Equally, if we are to be successful in bearing down on crime, we need to have in place a range of tested models that support offenders in addressing their criminal behaviour. I know that only too well from having to deal with those offenders who, because of their drug addiction, create a huge amount of crime. We have in place programmes to address that problem by providing treatment to try to get such offenders off drugs, and therefore to reduce the crime rate. However, it is a challenging situation; and there is no short-term solution.

Mr. Allen: I thank the Minister for generously giving way. To underline her point, she may be aware that more than 60 per cent. of offenders over the age of 18 who are held overnight in Nottinghamshire test positive for class A drugs. That is an appallingly high statistic. In that context, will she consider focusing some activities on drug testing orders? There seems to be a plethora of such orders, but, without excusing any actions, it is easier for people to operate with a more tightly defined and focused number of drug testing orders.

Caroline Flint: It is certainly the case that we need to consider how the orders operate. The new National Offender Management Service will consider how better to address the criminal behaviour of individual offenders, and will also consider the use of the generic community order, which could have drug treatment and other associated drug elements attached to it. However, we must make clear that whatever laws Parliament passes have to be implemented in a way that people understand, including the probation officer and the police officer on the beat.

Whether the offender serves his or her sentence in the community or in prison, the public must have confidence that the criminal justice system is operating effectively and with proper regard for their safety. That is why local implementation is so important. My hon. Friend pointed out the thuggish and antisocial behaviour that increasingly blight our town centres and out-of-town areas and which cause real concern to many. We must deal with those concerns, as well as pressing down hard on crime itself. He also pointed to several ways in which that pressure could be made more effective.

My hon. Friend spoke also about pre-legislative scrutiny of Bills, and of a later parliamentary review of the effectiveness of legislation. The Home Office is constantly looking at various issues—I in my area, and my colleagues in theirs—including how DTOs are working, how different parts of the country seem to be handling such matters differently and possibly having better results, and what we can learn from good practice.

My hon. Friend rightly identified several issues aimed at establishing confidence in the criminal justice system. For example, he mentioned sentencing, which is important. Transparency in sentencing can have a great impact on the public's understanding and confidence.

The Criminal Justice Act 2003 imposed a general statutory duty upon courts to give reasons for, and to explain the effect of, the sentence passed. The general duty consolidates and strengthens the various requirements that are currently scattered throughout different sentencing statutes. That duty requires the court to explain in open court and in simple language why a particular sentence was considered appropriate.

The court will also be required to explain the practical effect of the sentence passed. That explanation will set out how the sentence is actually structured—for example, how long the offender will be required to spend in prison before being considered eligible for release; what requirements the offender must adhere to; and what will happen to the offender should he breach his sentence. Those explanations will enable the offender and other interested parties, including victims, to understand why a particular sentence was chosen and how it will operate. I hope that that will promote public confidence in the criminal justice system.

The introduction of the Sentencing Guidelines Council will also encourage greater transparency and consistency in sentencing. The council will be independent and chaired by the Lord Chief Justice. It will aim to produce a more robust and comprehensive set of guidelines for all courts, enabling them to approach cases from a common starting point.

My hon. Friend's reference to the strict enforcement of licence conditions is relevant here. The effective and rigorous enforcement of breaches is critical if the courts and the public are to have confidence in community-based provision. Compliance with licence supervision is, I am pleased to report, generally good at around 89 per cent. However, when a licence is breached, action must be taken quickly and in accordance with the probation national standards. As the Morgan report identifies, that was not done in David Parfitt's case.

There are clear lessons that must be learned from the awful events in question. The probation service, and other enforcement agencies, including the police and magistrates courts committee enforcement staff, are already working with the national criminal justice board to review all enforcement practice and to see where improvements can be made. I shall make sure that a copy of today's debate, with my hon. Friend's points, is made available to those agencies.

The review will examine whether the various agencies have the necessary powers to ensure that enforcement is effective. Closer working links, more effective communication and a better local understanding of the roles and responsibilities of the various criminal justice agencies are fundamental to better working and, ultimately, improved public confidence in the criminal justice system.

Issues to be considered include local access, and the way to provide such access is the subject of debate. Perhaps I may take the probation service as an example. When the 54 probation services were integrated into a single national probation service of 42 areas, in April 2001, the new national service found that it had a portfolio of more than 1,300 properties. It recognised the need for an improved offender management environment and set out a commitment to try to provide accommodation fit for that, and suitable for the staff, in the work that they wanted to do for the people whom they support, or whom they monitor, if they are on contracts. The service also recognised its duty to its staff to provide a safe workplace.

In response to those changing service delivery needs, increased offender contact and more active intervention, the accommodation needs of the service have undergone a period of continuous, careful review, led by the local probation area's assessment of operational needs. However, even if one does not have an office on one's doorstep—and there is not one in my constituency—this is a matter of local access, relationships and good communication. A Member of Parliament may want to know where to go to find answers to issues raised in surgeries, but the issue of access affects the wider community as well. That is just as true in this context as in the work that I do with drug action teams.

Mr. Allen: The Minister is very generous in giving way again. I have mentioned to her that when I began as a Member of Parliament there were at least three different probation officers, in their own local offices, in my outer-estate-based constituency in Nottingham. I could pick up the phone and have an informal discussion with those officers, and it would often involve social services, housing or other departments. Through that informal network it was possible to take positive steps to help offenders and to help the community make sure that offenders' treatment was robust and adequate. That no longer happens and I no longer have that relationship with the probation service.

Will the Minister consider the fact that perhaps the pendulum has swung too far towards consolidation and centralisation and that we should be looking at a wider dispersal of people to the front line, where the problems are—and where the public whom we need to serve are, too?

Caroline Flint: We have representatives here from Nottinghamshire probation service, and I am sure that they have listened to what my hon. Friend has said.

The area that we are considering is complex, and deals with a complex group of people. The work in which I am directly involved concerns people who commit offences because of their drug addiction, and in some parts of the country probation officers work in buildings with treatment providers: perhaps that does not happen 9 to 5 every day, but there is a connection there. That is also part of how we deal with the problem.

In some ways, it is not a matter of the offenders coming to the professionals; it is a question of professionals—whether they are probation officers, police officers, the people who provide treatment if drugs are involved, or others who can deal with social housing needs, employment or education—identifying ways to engage people who may not turn up for appointments, as in the case that we have heard about today, and how that should be followed up.In this complex area of work, the key is trying to ensure that different individuals work together across agencies. Sometimes that will mean that several agencies occupy one building.

My hon. Friend raised several issues such as breach of antisocial behaviour orders, and my hon. Friend the Minister for Crime Reduction, Policing and Community Safety will write to him about that with some good news.

I thank my hon. Friend for introducing the debate. There are some wide-ranging lessons to be learned from the death of Ged Walker. We need not only to learn from this one case, but to be constantly vigilant about the policies and laws that we pass in Parliament, and how they are implemented. Constant scrutiny and evaluation is needed, without undue bureaucracy, so that we make sure that policies are working and are understood by those who implement them.

11.29 am

Sitting suspended until Two o'clock.

Mathematics and Science Teachers

2 pm

Dr. Vincent Cable (Twickenham) (LD): May I express my appreciation for the opportunity to introduce this Adjournment debate? The subject is timeless, but it is also highly topical, because this is the first opportunity that party spokesmen and other Members, of whom dispiritingly few are present, have had to comment on Professor Adrian Smith's report, "Making Mathematics Count". The report is of major importance not only for educationalists and schools, but for the wider economy.

The Secretary of State deserves some credit for having chosen a hard-hitting professor to examine the problem. The comments and analysis that have emerged from the report have been worryingly harsh. At the launch of his report, Professor Smith said about specialist maths teaching:

"Everyone I have spoken to says the position ... is a disaster ... There is a dire, catastrophic crisis level shortage of specialists."

That is fairly hard-hitting. The problem is clearly very serious. It is also tricky, and not easily defined and turned into one quantifiable bite. The analysis reveals a vicious circle in which a succession of problems feed on each other and are brought to a head at GSCE level, from which far too few students emerge with mathematical skills suitable for modern apprenticeships.

In addition, far too few students study the top tier of mathematics that enables them to go on to AS-level. Too many students fail AS-levels and too many do A-levels. Far too few study further maths, which is increasingly becoming the preserve of the private sector, and far too few study maths, physics and chemistry at university. The number of students studying physics and chemistry is steadily declining, and there are far too few graduates as a consequence. Of those graduates, far too few go into teaching or teaching teachers. We therefore have a vicious circle in which one shortage and inadequacy feeds on another.

I will discuss in a moment the details of that vicious circle and Smith's analysis of the problem and his suggested remedies, but before I do so, I must tell hon. Members that I took up the matter partly because of constituency concerns. I am sure that other constituencies have more mathematicians, scientists and PhDs than mine. I imagine that Cambridge or the two Oxford seats outbid Twickenham, but it has a substantial concentration of scientific institutions. For example, we have the National Physical Laboratory, a Government-owned institution and a centre for physics research in general and for metrology in particular, which is the science of measurement. When people talk about Greenwich mean time, they tend to forget that they are actually talking about Twickenham time or, more precisely, Teddington time, because Teddington is where the atomic clocks are.

We also have the Laboratory of the Government Chemist, which is a very successful example of a privatised former Government research laboratory that now does a lot of basic standards work and very high-level research. We also have large numbers of small IT companies. Consequently, the maths and science results of schools in my borough regularly put those schools at the top of the league tables, for what those tables are worth, which clearly reflects the background of many of the parents. I therefore have a local interest in the subject as well as a broader one.

I have a broader disciplinary interest in economic policy, both personally and as a spokesman in the House. I want to link this subject to the wider question of how the deficiency in maths and science education is seriously affecting our economic performance. I am very sceptical of many of the things that the Government supposedly do to support industry, which is one reason why I argued for the abolition of the Department of Trade and Industry. I have no doubt that the Government have a critical role to play in education, and in educating maths and science teachers in particular.

The economic importance of maths and science was underlined by another report that was published recently by the Science, Technology and Mathematics Council, which dealt specifically with what it calls mathematical literacy. Such concepts are a little elusive. Mathematical literacy is a broader and deeper concept than numeracy—it is not only about adding and subtracting, but about manipulating mathematical ideas such as proportions and percentages.

It is difficult to be precise about mathematical literacy. Teachers in our constituencies tell us about cases of seriously challenged pupils who consistently fail maths GCSE but go on to become market traders or bookmakers and display a brilliant understanding of the laws of probability and permutation far in excess of most PhD holders. Mathematical literacy is not necessarily formal and academic; it reflects a wider set of attributes.

The Science, Technology and Mathematics Council's study came to several clear conclusions. First, mathematical literacy is of growing importance to the economy and specifically to industry. Secondly, the need for it is moving steadily down the job hierarchy. That is a counter-intuitive conclusion because we have been brought up to think that as long as people have calculating machines they do not need to be competent with numbers. Manual workers, however, such as those working at supermarket counters, need to be increasingly mathematically literate because they need constantly to cross check and deal with anomalies, and they cannot do that unless they have calculation skills. Thirdly, the study makes the point that there is a perception that standards of mathematical literacy are falling. It does not suggest that standards are necessarily falling—that is a difficult thing to measure—but that the perception is that they are.

The study goes on to illustrate areas in the economy for which those findings are crucial; IT is an obvious example. In addition, growing industries, such as pharmaceuticals, require a large number of people from research level to technical lab assistants who desperately need to be mathematically literate but frequently are not. The study highlights the national health service as a key area and mentions the growing problems in respect of nurses who are admirably competent and excellent at caring but do not have the capacity to measure drugs or interpret graphs and numbers on screens. That is a serious impediment to health service delivery.

A lack of mathematical literacy also affects the financial services industry. Our constituents have problems with endowment mortgages and credit card interest rates, which often assume an understanding of compounding that many constituents, not to mention financial advisers, do not have. The industry is severely disadvantaged by the lack of such competence.

The economic importance was reinforced by a message that I received shortly before the debate from the Engineering Employers Federation, which pointed out that only 43 per cent. of people studying GCSEs achieve A to C grades. Importantly, that is the minimum qualification needed in maths and English to undertake a modern apprenticeship scheme. As most of that 43 per cent. go on to study A-levels, the number remaining to go into industrial work at a technical level is small and declining, and the federation is alarmed about that.

I shall now proceed to what Professor Smith said in his report. There are two key elements of the analysis: the first relates to the shortage of specialist teachers, and the second to deficiencies in the curriculum. I have already said that he considers the position disastrous in terms of specialist teachers. The disaster is manifested in both quantity and quality—the fewer the teachers, the more non-specialists are teaching and therefore the lower the quality. I shall provide a few stylised facts that illustrate the points that Professor Smith is making about the lack of quantity and quality. He points out that there is probably—it is difficult to be precise—a shortage of 3,400 maths teachers, which is 16 per cent. of all vacancies. There are also serious shortages in science and IT. In the long term, to fill that shortage, it would be necessary to recruit 40 per cent. of all maths graduates into teaching, which is unachievable given current market conditions and the alternatives available to those with maths degrees.

I acknowledge that the cup is half full as well as half empty, and progress is being made in teacher training recruitment. Last year's figures are encouraging and attempts have clearly been made to deal with the problem. However, I hope that the Government will acknowledge in an equally open spirit that they have failed to reach their targets every year. The figures from Professor Howson of Oxford Brookes university, who is one of the leading authorities on the matter, suggest that the Government will again fail to meet this year's recruitment targets.

Moreover, the problem in terms of the structure of the profession is getting worse rather than better. The age profile of maths teachers is old: 30 per cent. are over 50—a higher percentage than in any other subject—and only 15 per cent. are under 30, which is one of the smallest percentages. There are similar disproportions in science, and they are even worse in teacher training: half those involved in the training of maths teachers are over 50. There will thus be a replacement bulge in addition to the built-in problems of recruitment, which will affect quality as well as quantity.

The following are some of the examples given in the report and elsewhere of the qualitative problems associated with the lack of specialist teachers: 26 per cent. of all people teaching maths in schools do not have a qualification beyond A-level—the proportion was 20 per cent. seven years ago; the recent Ofsted analysis of key stage 3 teaching found that a third of all classes were seriously deficient; a third of entrants into science teaching have a third-class honours degree or lower; and many physics and chemistry teachers have not done maths beyond GCSE level, so the problem spreads to other subjects, too.

The most damning figures of all are in the table in the Smith report that contrasts the British situation with that of other OECD countries. The study shows that in terms of the proportion of schools that are currently suffering from a deficiency in the quantity or quality of maths teachers, 23 per cent. of British schools are affected in respect of science, as against 12 per cent. in the rest of the OECD, and 29 per cent. are affected by shortages in respect of maths, as against 12 per cent. in the rest of the OECD. One cannot make absolutely precise comparisons, but the figures in terms of competitiveness and relative comparisons are worrying.

Smith discussed the implications for the curriculum in schools and the cause-and-effect relationship. He said that the three-tier GCSE is "disastrous", and that we had completely lost the plot on GCSE. There are too few people at the top end and pupils are not being stretched sufficiently to go on to do A-levels, let alone further maths, and at the bottom level too few achieve even the minimum standard. Smith described curriculum 2000 as a disaster because of its effect on maths. In the first year, there were large numbers of failures, which in turn meant that in the following two years much smaller numbers took the course. That will feed through the pipeline of universities and teacher recruitment for years to come.

Most serious of all is the number of people taking maths and science at A-level. Since 1997–98, the period for which the Government are responsible, there has been a fall of 20 per cent. in the number of A-level maths students. It is true that in the last year that has recovered significantly, which is a positive countersign, but there is no relief in respect of chemistry and physics, where there has been a decline of 17 per cent. and 11 per cent. respectively, with no recovery.

David Taylor (North-West Leicestershire) (Lab/Co-op): I am grateful to the hon. Gentleman for giving way and I apologise for missing the first few minutes of his speech. Will he take this opportunity to correct his inadvertent comment that the majority of those who got grades A to C at GCSE—43 per cent.—would go on to A-level? In fact, the figures are much worse than that: of the 600,000 pupils who take GCSE maths, 90 per cent. drop the subject, leaving only 60,000 taking A-level. Some 90 per cent. of those drop the subject before university, leaving as few as 6,000 going on to maths degrees. Is that not the serious problem?

Dr. Cable: That was an extremely helpful intervention. Those are useful numbers, and I am sure that they are right. They reinforce the fact that the position is serious. I was trying to make a slightly different point. It is because of the small numbers getting GCSE, in addition to the limited numbers going on to academic work, that there is a shortage of people who are able to go into proper vocational training.

In conclusion, I should like to talk a little about where we go from here and what the policy implications are. It is probably useful to preface my comments by saying that there are clearly no easy answers. We are dealing

[Dr. Cable]

with a big and complex problem. Intervention at one precise point will not solve that problem. There is a sequence of difficulties. I shall touch on several of Professor Smith's conclusions and ask the Minister to tell us how the Government view them.

The first and most radical conclusion is Professor Smith's judgment that there has to be a much greater use of market forces in respect of mathematical teaching and, by implication, sciences. He acknowledges that the Government have gone some way down this road through golden hellos and teaching bursaries, which are attractive, but only to new entrants. They do nothing for those already in the profession. He raises the possibility that if market forces were operating in this area, maths teachers might be paid £10,000 more than their colleagues.

When that proposal was made in relation to science teachers in the Roberts report, the Government rejected the idea that there should be such disparities. I can see the obvious problems in terms of staff room morale, not to mention cost. None the less, there is clearly a problem here. I should be grateful for the Minister's reaction. Does he see the proposal as the direction in which recruitment should move? Should there be a greater use of incentives and should they apply to existing teachers as well as new teachers?

Secondly, there is a whole set of ideas for recruitment, some of which are quite challenging. The point is made that whereas there is a shortage of 3,400 maths teachers, there are 7,000 other maths teachers who are not teaching maths. Some of them are teaching subjects such as IT, and pulling them out of such subjects will create another shortage. That is not a magic cure, but how big a potential is there in that area? What can be done to steer that unused resource in a more productive direction?

The suggestion is also made that maths and physics undergraduates might be used in the classroom, presumably working as classroom assistants. Given the current reaction of the teachers' unions to classroom assistants, that might not be the most popular idea around. None the less, it is unconventional and interesting and I see no fundamental objection. It would be interesting to hear how the Government see it.

The report also makes a perhaps more practical suggestion about the importance of in-service training. It makes the point that if we are to get to a position where no child has to be taught by an unqualified teacher in a particular specialism, which is what we surely should achieve within a reasonable period of, say, three months, the only practical solution is to have a great deal of in-service training. People who may not be maths or science graduates should be able to train in post. Professor Smith makes the further suggestion that people should be qualified to teach at different levels. In other words, why not have teachers who can teach up to key stage 2 or 3, not necessarily to A-level, and have more variegated standards of training and certification? That seems eminently sensible.

A third set of recommendations relates to how to encourage students to do more in maths and science. It makes the radical suggestion that GCSE maths should count double and that A-level maths should count double for university admission. One can see the obvious problems if that were extended to many other subjects but it seems an obvious practical suggestion. I do not see the fundamental downside to it. Again, the Government might want to give their reaction.

David Taylor: I thank the hon. Gentleman for giving way again. There is nothing new in that suggestion. It represents a reversion to what was common in the 1960s, when I took A-level mathematics; one could take pure and applied maths together or separately. Many chose the latter option, which is an attractive way ahead.

Dr. Cable: I followed the same path as the hon. Gentleman; I remember it well, but I struggled with the more difficult maths. The key conceptual point that we have been asked to consider is that not all subjects are equal. The radical suggestion is that subjects should be valued differently for university admission.

The report makes some radical suggestions for creating what it calls centres of teacher excellence, costing £100 million or thereabouts. It builds on the existing model for science teaching, which at least in its early stages appears to be a well-conceived initiative. If people are being sharply party political, they might ask how it will be paid for. My answer would be that the Government spend an awful lot of money on trade and industry in industrial support and tax credits to encourage the private sector to do research and science that it would probably do anyway, and that diverting a small fraction of that sum into science and mathematics teaching would be a much more productive use of taxpayers' money.

2.21 pm

Mr. Robert Key (Salisbury) (Con): I congratulate the hon. Member for Twickenham (Dr. Cable) on his good fortune in acquiring today's debate, which is on an important subject. The hon. Gentleman is a distinguished mathematician; he was a professor at Nottingham university.

Dr. Cable: Of economics.

Mr. Key: Indeed. None the less, the hon. Gentleman is a distinguished mathematician. However, I bet that he is glad that he is no longer the chief economist of Shell, which is clearly short of mathematicians.

In following the hon. Gentleman's excellent remarks about mathematics, I must tell the House that I, too, have read the essential chapter 2 of Professor Adrian Smith's report. However, I do not agree with his conclusion, which was endorsed by the hon. Gentleman, of using market forces, with golden hellos and other inducements. As a former teacher, I believe that teaching is a vocation.

I spent 16 years at the chalkface, and my experience was that differential pay rates for subjects or responsibilities—perhaps for games or certain other subjects—gave rise to all sorts of petty jealousy in the staff room. That was human nature. I recall that one of the headmasters under whom I served conducted a survey and discovered that more than 90 per cent. of the teaching staff were receiving some sort of special payment. We had round-table discussions about that,

and we decided that it was unfair. We agreed to scrap nearly all the special payments and to increase all salaries by a sensible amount, which was much more motivating. The professor's suggestion is the equivalent of fiddling while Rome burns.

As a member of the Science and Technology Committee, I visited Culham last year. While going round a Particle Physics and Astronomy Research Council establishment, we met some brilliant teachers—except that they were not teachers. They were researchers, but they were so good at explaining the principles behind their advanced physics that I wished that they were working in the classroom and not at the cutting edge of science. That is one of the dilemmas facing those who care passionately about mathematics or science subjects; they are torn between the pursuit of academia or business and basic schooling and education.

One aspect of the subject has not yet been mentioned. I would like to know what the hon. Gentleman thinks of it, and the Minister may have something to say about it. I speak of the enormous scope in specialist science subjects and mathematics for distance learning and a greater use of the internet, which has become so much more sophisticated. The work of the Open university at undergraduate level suggests a huge potential for using the internet much earlier in the curriculum—let us say from the age of five.

I shall concentrate more on science. The day after tomorrow will be my birthday. I have always enjoyed birthdays. I wonder whether you, Mr. Deputy Speaker, remember the coelacanth. Fossils of that fish can be 400 million years old, predating dinosaurs by millions of years. A living specimen was caught off the coast of southern Africa in 1938, and another was hauled aboard a boat near Grahamstown in 1952, just in time for my seventh birthday. My father ordained that my birthday treat was to be coelacanth and chips all round, followed by my favourite BBC Home Service radio programme—there was no TV then of course—"Journey into Space".

Now, as then, most children of that age are excited, engaged and motivated by dinosaurs and space, and recent blockbuster movies and TV series on those themes prove my point. So why is it that most young talent deserts the world of the sciences when GCSEs and A-levels demand subject choices? The issue really matters and must be addressed if the United Kingdom is to make sound judgments on ethics and investment and to compete at the leading edge of world industry and wealth creation.

The quality of public debate about genetic modification, the sources, use and abuse of energy, therapeutic cloning, reproductive fertility and a host of other issues is truly abysmal. In the difficult world of science, self-serving pressure groups have become the refuge of politicians, journalists and voters alike.

Last December, the Science and Technology Committee took evidence on nanotechnology from Professor Sir Harry Kroto, the president of the Royal Society of Chemistry. I asked him whether the lack of people in science was down to the lack of science education, and he replied:

"Yes. I think it is the most dangerous thing we face at the present time is, the lack of science teachers of pre-16s. I think we have got a disaster of enormous proportions facing us. Of the number of physics teachers teaching pre-16s, 80% do not have a degree in physics and 50% do not have an A level in physics. If that is not staring a massive problem in the face in six years, I do not know what is."

Why does science lose its appeal after such a sparky embrace from our children? A glance at the website of the excellent Association for Science and Education at www.ase.org.uk reveals that science teachers are working their socks off to attract the best pupils. Is it just that science is hard and media studies are easy? That is true, but it is an insufficient excuse. That says something profound about the message that our science and maths teachers are able to pass on to pupils who they believe have the talent to move into science and mathematics at a higher level.

The Select Committee's report "Science Education from 14 to 19", which was endorsed by my hon. Friend the Member for Fareham (Mr. Hoban), a member of the Committee at that time, concluded:

"GCSE courses are overloaded with factual content, contain little contemporary science and have stultifying assessment arrangements. Coursework is boring and pointless. Teachers and students are frustrated by the lack of flexibility. Students lose any enthusiasm that they once had for science."

To add insult to injury, we also need at least 4,000 more technicians, given that practical science in schools depends on them. However, we will not recruit them unless their appalling pay and conditions are improved.

We need a serious five-point plan for science in schools. First, we should adopt a coherent approach to the current dysfunctional time scale for key stage strategies and examinations, which is much criticised by science teachers. Secondly, professional bodies continue to report a serious shortfall in qualified science teachers; the hon. Member for Twickenham referred to that. Reversing that trend should be a national priority, and there can surely be agreement on that across the political spectrum, and between employers and employees.

Next, we must sort out the plethora of standards for trainee teachers, newly qualified teachers, teachers passing the threshold, subject leaders and head teachers. Again, I disagree with the conclusions of Professor Adrian Smith's inquiry, which recommends that

"consideration be given to the introduction of new mathematics teacher certification schemes which award certification to teach mathematics only up to certain specified levels, eg Key Stage 3."

That is just adding to the plethora of suggestions that are neither appreciated nor approved of by those who try so hard to teach these subjects.

Fourthly, we need to recognise that science teachers need less pressure and fewer initiatives if we are not to stifle their passion for the subject. Passion for the subject is the key to raising standards in schools and attracting people to those subjects. Finally, without proper professional development opportunities for teachers, standards will not be raised. The future supply of scientists will be threatened and young people will live in ignorance of the world of science.

Those who make it through school to university and who can find a science department that is not being forced to close will encounter unsustainably low levels of clinical research. The first of two challenges is the dearth of experimental medicine—testing the validity and importance of new discoveries or treatments in patients or healthy volunteers. The second is the lack of large-scale clinical trials of all new forms of health care innovation.

[Mr. Key]

The Medical Research Council is now tackling that fact in partnership with the NHS and other funders, but it has many competitors for Treasury funds in the spending review process. I hope that the Minister will use all the power at his command to persuade the Treasury of the importance of that. We should all be backing him up and battling with the Treasury on that important national priority.

How seriously are the Government taking the crisis in science? In the Select Committee's recent scrutiny report on the Office of Science and Technology, which was published on 4 March, we expressed deep concern that the Science Minister is not fighting the corner of science and research at the Department for Education and Skills. There has also been poor integration of the OST's activity with that of the rest of Government—the Treasury and the DFES in particular.

Last year there were six reviews of science and research policy in government. All were conceived separately and without reference to each other. As the Chairman of the Select Committee said,

"The Government wants a knowledge-driven economy but all we get is a review-driven Government."

That will not do.

The problem is appreciated across the spectrum. Not long ago, Baroness Susan Greenfield invited some of us to a Royal Institution evening meeting on science education. Present were some 15 blue-chip chief executive officers, academics and politicians, to discuss what was wrong with science education. I thought that they would all come up with the answer that the problem was lack of postgraduate opportunity, lack of research facilities, lack of funding for PhDs and so on. Not a bit of it.

Whether it was the CEO of a big company like Siemens or the vice-chancellor of a university, the same conclusion was reached: what was wrong with British science was a lack of teaching in primary schools, and if we do not grasp the nettle of primary school teaching and take the long-term view—something that politicians are not normally credited with doing—we will do our country a disservice in the long run.

We all have little anecdotes about why we have suddenly become convinced on an issue. I was at a reception on the Terrace last summer for the brightest and best of our graduate scientists, who presumably all at least had first-class honours degrees, and some of whom probably had second degrees. I chatted away to three of those attractive, bright young people about—although I am not a mathematician—the measurement of things. They talked about the latest supercomputers and so on. I quietly asked if they had all used slide rules. They had all heard of them, but none had used one. Two of them had heard of log tables; none knew how they worked. Only one out of three had even heard of an abacus. I may be very old-fashioned and my birthday may be approaching rapidly, but I am happy about supercomputers, and believe very much in looking forwards, not back. However, it is perfectly clear to me, at the ripe old age of 58, pushing 59, that if we do not deal with the problem soon, we shall be letting down a whole generation of young people in this country.

2.34 pm

Mr. Tony McWalter (Hemel Hempstead) (Lab/Co-op): This afternoon I had intended not to speak but to listen to the wise words of others, in the expectation that the Liberal Democrats would have arranged for a rank of speakers to address us during the hour and a half of the debate. However, in the absence of any other speaker, I would hate there to be no contribution from the Labour Back Benches.

It is a pleasure to follow the hon. Member for Salisbury (Mr. Key), whose commitment and enthusiasm in this area are legendary, and I would like to reflect on some matters that he raised. I disagree with him on what is to be done about the Smith committee recommendation that thought should be given to differentials in teachers' remuneration. Like the report's other 43 recommendations, it should be taken very seriously.

We are considering a culture in which it is assumed not that all animals are equal but that all subjects are equal. However, some subjects connect with the human psyche differently from those with which we become familiar as young children; subjects such as mathematics make demands on our brains that others do not. I speak as one who undertook a mathematics degree but then realised, perhaps like the hon. Gentleman who opened the debate—let us call him the hon. Member for Teddington—that there are much easier ways to earn a living.

It is hard to put it over to people not only how difficult maths can be but how extraordinarily it can develop one's personality and understanding. We should consider what motivates students. I am the father of three children, the eldest of whom is at university studying American studies for the good reason that his degree course involves his spending a year in America. It was a wise choice, and I had an interesting discussion with him over Easter about which American university he would like to go to. The question of what job he will do has not arisen, but I suspect that there will be a significant market in this country for people with a considerable understanding of American history, culture, art and so on. In any event, such subjects are clearly tremendously attractive.

My daughters, aged 12 and nine, are both pretty good at maths, but I should be surprised if they went on to study it in depth. It is my pleasure to take them on a Saturday morning to an organisation called Theatre Train, where they sing, dance, act and have a wonderful time. If someone were to ask them to compare that pleasure, and the prospect of doing those things as fledgling adults and then as young adults, with doing a lot more of what they do in their maths classes at school, I have little doubt about what their answer would be.

It is extremely difficult to get an idea of how pleasurable mathematics can be. We have a system under which people are treated as though gaining a degree will qualify them for jobs in the City and elsewhere. So long as all subjects are equal, those that look more taxing will lose out. The stronger the range of subjects and the more exciting the opportunities—such as going to America, studying Burmese history or doing any of the other wonderful things that can now be done in education—the more they connect with people's motivations to study. It becomes progressively more

difficult for people to understand that there is another world beyond, of which they have little concept or experience.

David Taylor: It is difficult for those with a lifetime's love of mathematics, such as me, to understand why others do not share that affection and enjoyment. Does my hon. Friend agree with one of Professor Smith's other conclusions—that there is great potential for promoting mathematics through, for example, a national centre of excellence, regional centres of excellence and perhaps even local centres? That could encourage young people in the belief that there is huge enjoyment not in log tables and abacuses, but in modern mathematics.

Mr. McWalter: I am grateful to my hon. Friend. I sign up not only to the recommendations at the end of the report that he mentions, but to all of it. We could grab this problem by the scruff of the neck and do something about changing the culture. My children tell me that the current term is nerds—people who have an extraordinary interest in things that are deeply remote from the set of "EastEnders"—but nerds and nerdish concerns are increasingly marginalised in our education system. I am sometimes thought of as rather nerdish myself; yesterday, I had the opportunity to say some words to the parliamentary Labour party that were regarded as sufficiently abstract as to cause mirth.

We must find a way of getting people to understand that "education" is in many ways a misnomer. The word "educari"—to lead out from somebody their potential for learning—is only part of the process of education. Hon. Members may know that it comes from the model in "The Meno", one of Plato's dialogues, which portrays a slave boy with the potential to have an understanding of geometrical form led out from him. In truth, education is about not only pulling out from somebody what they are interested in and what they think, but getting them to understand the world—not just the material world, but the world of ideas and beliefs—and the powerful intellectual forces that have shaped the world we have inherited.

Mathematics is a powerful part of that, yet that side of the subject is often entirely ignored in what we call mathematical education. I share an enthusiasm with my hon. Friend the Member for North-West Leicestershire (David Taylor)—for such things as seeing scratched on a piece of paper six symbols associated with Gauss, $e^{i\pi} = -1$.

David Taylor: That's right.

Mr. McWalter: My hon. Friend knows the power of those symbols. That idea—one could have the exponential number, 2.78 et cetera, raised to the power of pi, which is the extraordinary number that reflects the ratio of the circumference of a circle to its diameter, and then multiplied by the square root of minus one, which somehow could equal minus one—is extraordinary. However, most people, if they looked at that series of symbols on a page, would just turn off and say, "What's that all about?" In my view, it is one of the most extraordinary achievements in the history of mathematics.

On the one hand we have a phenomenal achievement and on the other a complete absence of consciousness on the part of even the most educated people of what that achievement really means. As I have described it, of course, it is just a series of symbols. However, let me take only one portion of that idea of Gauss—the idea of the exponential number. That number plays a significant role, for instance, in understanding the processes of radioactive decay. The equation for radioactive decay involves that exponential function.

If one is to understand how radioactive particles decay or how we deal with radiation rising from natural or unnatural processes, it is a pretty good idea to have some grasp of the concept and to understand the equation governing the process. However, most people in this country have not a clue what the exponential function is. As a result, they cannot engage in debate on or claim to have an understanding of the process of radioactive decay. Again, we come to the idea that understanding how natural processes are to be quantified is hugely difficult for most of us to take on.

The hon. Member for Salisbury—I sometimes accidentally call him my hon. Friend, and perhaps I should do that—talked about some reports of the Science and Technology Committee. We have a report, not yet finalised, that deals with issues involving how we go about trying to help with acting on the agenda of the Johannesburg summit, where there was a particular emphasis on the need to get an effective water supply to some of the poorest countries in the world.

One of the issues that came up when we spoke to the chairman or chief executive—I cannot remember his precise title—of the Natural Environment Research Council was the fact that people had taken that agenda on board and sought to act on it, which is great. People want to drill wells to service the needs of villages in some of the poorest places in the world, but with no quantification and no thought given to the fact that if they drill at point A they might give people a water supply for 100 years, but if they drill at point B they might give people a water supply for six months.

Quantification, understanding the processes and working out the shapes, geology and the porousness of rocks are all mathematical processes, some of them governed by the same exponential function that I talked about. However, if people went into such things with good will and mathematical ignorance, they could do more damage than if they tried to do nothing at all. Mathematics is part of education and of action—it does not involve only referring back to a beautiful equation of the late 18th century—which gives us the power to understand how the world is and how we can influence and change it for the better.

David Taylor: Is not mathematics also important in politics? If Ministers in successive Governments had been more numerate, perhaps we would not have landed ourselves with the public relations disaster of an education grant settlement that left some schools less well funded than they were and with a private finance initiative that is prohibitive in cost, flawed in concept and intolerable in consequence, all of which could have been calculated and predicted merely by considering the

[David Taylor]

mathematics of the enterprise. Should we not be looking for improved numeracy and mathematical skills at high levels of government?

Mr. Deputy Speaker (Mr. Edward O'Hara): Order. It is fascinating to hear about the importance of mathematical concepts and their applications, but I remind hon. Members that we are talking about the supply of mathematics and science teachers.

Mr. McWalter: I am grateful to you for your guidance, Mr. Deputy Speaker. I strayed slightly, but I was trying to emphasise that we must give people an understanding of mathematics as a power to change the world for the good. Most young people whom I have met want to do things with their lives that will enhance the lives of others, so if people had that idea of mathematics and science we might begin to change motives. To do that, however, we must give people a motive to work through difficult or unnatural concepts.

It took 1,500 years for people to gain an understanding of how to begin to come up with a set of numbers that might describe the flow of liquids. None of those things is natural; they are huge achievements by our culture. We cannot just assume that now we have a way to produce some of those numbers, they will easily be latched on to by the average pupil aged 13 or even 23. Those cultural achievements are monumental and to change our world for the better we must find a way to communicate them and to empower people who have become the reliquaries of those achievements. If we could give people a much more positive sense of those things, we might not face shortfalls in teacher numbers such as some of those we face currently.

Mr. Key: I want to return for a moment to the example of the hon. Gentleman's family, as my younger daughter did exactly what his child is doing. She took an American studies course and went to the university of Texas, where her mind was broadened enormously, not least to the wealth of American universities and the money spent on science and maths education in such places. I want to give the hon. Gentleman some hope, following what he has said about doing the world some good. Would he care to comment on the fact that my late father studied mathematics at Cambridge and ended up a bishop?

Mr. McWalter: I cannot claim that studying mathematics always leads people to be useful to society; it simply gives them capacities that they may decide to implement. Of course I think that bishops do a good job as well; perish the thought that I would say otherwise.

I look forward to the Minister's reply to the debate. Obviously, I want to hear that he and the Department have taken the issue on board and will achieve a sea change in how we think of these matters. That would be immensely to the good of our children and their children. If we can begin to ensure that those capacities are cosseted and improved, we can enjoy the prospect of continuing to live in a successful country that not only innovates scientifically, but uses those ideas in powerful ways to improve our world.

2.55 pm

Mrs. Annette L. Brooke (Mid-Dorset and North Poole) (LD): I congratulate my hon. Friend the Member for Twickenham (Dr. Cable) on securing this timely debate. I had perhaps not anticipated the direction that it would take, but it has been of great interest. I intend to concentrate on the title, but, funnily enough, something flashed into my mind as the hon. Member for Hemel Hempstead (Mr. McWalter) was speaking. I recall that when I was studying for my maths A-level, which I loved and worked on at all hours, I strayed and read something that Bertrand Russell had written. He wrote that as a young man the only thing that stopped him committing suicide was his love of mathematics. I found that inspiring as an A-level student. However, I return to the topic.

We can quote all sorts of statistics. For instance, more than a quarter of secondary school maths lessons are even now taught by teachers without relevant post A-level qualifications. As has been said, we can go round and round, arguing whether the problem is to do with our uninterested pupils or a lack of inspirational teachers. An article in *The Independent* on 19 February succinctly illustrated the vicious circle that we face with two equations, which I rather liked. It said that

"unqualified maths teachers + uninterested students = a drop in the number of people taking A-level maths",

and

"fewer maths undergraduates = fewer qualified teachers."

I would add my own comment, albeit on a slightly different tack. The highest level of academic qualifications does not necessarily equal the highest level of teaching ability. We should bear that in my mind. I am sympathetic to Professor Smith's idea about mathematical qualifications at different levels. The inspiration that is needed at the primary school level may or may not come from people with PhDs in mathematics. I would not make a presumption in either direction.

My underlying premise is that all our children have a right to be taught by a teacher who is not only qualified, but qualified in the subject or area being taught. Equally, teachers have a right to professional development. They need to enhance expertise or subject knowledge. I find it scandalous that the most recent secondary schools curriculum and staffing survey took place after a six-year interval. Prior to 1966, such surveys were conducted at four-year intervals. Concern about the shortage of subject specialists is not new. If there is to be a timely, planned response, it is essential that decision making is based on the most up-to-date information and that clear responses are made to identify trends.

Professor Smith commented on that deficiency. He said that he regretted the fact that only preliminary findings on qualifications and age profile were available to him when he was working on his report. How can vital targets for teacher training be set without sound information, collected regularly? I understand that the most recent data are made up of responses from only about 200 schools, which account for fewer than 25 per cent. of those asked to participate.

We have heard reference throughout the debate to two important reports, one by Sir Gareth Roberts, primarily on science but covering other subjects too, and

another more recent one by Professor Smith. It is interesting that although they at times approached the problem from slightly different angles, they reached similar conclusions. That is certainly true of their views on centres of excellence, although the formats were slightly different. Both reports say that we seem to have an ageing population of science and mathematics teachers—I presume that the hon. Member for Salisbury (Mr. Key) was a science teacher.

Mr. Key: No.

Mrs. Brooke: I apologise.

The point has also been made that school children are not finding science or mathematics exciting. I agree with other hon. Members that it seems nonsense in this day and age that science is not exciting. With the pace of change and exciting developments, how can children be bored by science? We should question what is happening in our schools. I personally have always had a great love of mathematics, and I am not sure how we have managed to turn children off the subject.

It emerges from the findings of both the reports that we compare unfavourably with other countries in both science and mathematics. The curriculum content is vital. We heard from Professor Smith about the fiasco in 2001, which had a particularly bad effect on mathematics. It was bad that such a large number of students failed, particularly as they had already had a bad time with the AS-level. As far as mathematics is concerned, Professor Smith's recommendations to change GCSEs are quite exciting. The possibility of the double qualification that would emerge from those changes would be worth considering. There is a lot of scope for change in that area.

My hon. Friend the Member for Twickenham referred to mathematical literacy, which we all see as important. It is a basic life skill. I recall an incident in my local authority area. The weeds were growing at a great pace in the pavements, and a new EU regulation required those who were to apply the weedkiller to have a paper qualification. There was great difficulty in getting the workers through that qualification because they needed to know the proportions. If people can do such things instinctively but cannot translate them on to paper, it is nonsense that they should be required to do so. We should ask questions about our approach.

It is difficult to know how severe the shortage of teachers is. One of the surveys found that many of those teaching mathematics did not have a post A-level qualification in mathematics. However, many of those teachers may have had a degree similar to mathematics, which would mean that they would be adequately qualified. They might, for example, have a degree in physics or in economics. I have a degree in economics, and would consider myself qualified to teach up to key stage 3, although it would be helpful if I had continual development and courses to keep me up to date. We must think outside the box, and perhaps work on the fact that there are people available with degrees with a high level of mathematical content.

Mr. Key: The hon. Lady has just made a profound point. Professor Smith also pointed out in his report that 25 per cent. of mathematicians teaching in schools are not teaching mathematics, which is a huge untapped resource. Like her, I was an economics teacher.

Mrs. Brooke: I was going to refer later to the matter raised by the hon. Gentleman, but I shall do so now. I do not think that we need to worry about it too much, although research probably needs to be carried out. I know of a secondary school mathematics teacher who did not feel supported in dealing with behavioural problems in their school. The teacher then moved into a middle school and is now making an enormous contribution, not as a specialist mathematics teacher, but teaching mathematics, heading IT, and doing many other things with their skills—*[Interruption.]* I would give way under normal circumstances, because I enjoy talking about this subject, but I am really short of time.

Many people have identified the problems; we must now explore solutions and ensure that those solutions are the right ones. Top of my list—perhaps because of my teaching background—would be valuing teachers in general. Running teachers down and making false criticisms of them does nothing at all for the profession. I was unhappy about the recent statement made by the Secretary of State for Education to the General Teaching Council. He is quoted as saying:

> "It is almost hit and miss whether your classroom teacher is working rigorously and systematically to improve the classroom experience for every child."

That statement worried me in many ways, not least because it is damning of the teaching profession. I found some of Chris Woodhead's comments damning of the profession in general and not necessarily reflecting the experiences to which I could relate. If we want enthusiasm and teachers to give 300 per cent.—I think most of them give more than 100 per cent. now—we need to support them and provide training opportunities.

We have also to consider why teachers are leaving the profession, as the lack of retention is affecting the supply of teachers. A recent survey by the university of East Anglia reveals why new teachers choose to stay or leave. Administration and red tape was cited by 88 per cent. of trainees as what they liked least about teaching, and it certainly does not help inspirational teaching. Poor pupil behaviour is also mentioned and, although I am in favour of inclusion, it should also involve plenty of support, which is often lacking in schools. We know that the work load is too high, and I wonder whether the resources will exist for work-load reform. Currently, about 40 per cent. of trainees leave the profession within three years. Other studies talk about the degree of stress that teachers feel. We have to address all those issues in the wider sphere of teaching as well as homing in on particular subjects.

We could be much more innovative with continuous training and development. I have mentioned the idea of those without pure mathematics or pure science degrees having enhanced training, and that should take place in school or paid time. Will the Minister consider something like a mini-SCITT—school-centred initial teacher training—scheme, in which someone with a degree has to do only three months to bring them up to the required level? We need to consider that, and I endorse what Professor Smith said. Many qualifications could be considered, but the system would have to be simple.

[Mrs. Brooke]

Monetary incentives have been suggested, and I agree about salary differentials. If we are talking about higher salaries, they should be for all teachers. If they attract more teachers, it will be all to the good because there will be more choice and higher quality teachers in other subjects. At the moment, schools in some parts of the country have barely any choice after advertising a maths job. They are lucky if anyone applies, certainly in my part of the country, where house prices are high. That is true for other subjects as well.

The economics argument, which I had thought that my hon. Friend the Member for Twickenham might mention, is that we would be giving someone an economic surplus if we paid them more that we needed to attract them, but there is an overwhelming argument for increasing salaries generally for teachers. That will drive up the number of people applying for each job, and market forces could work effectively. I know from experience that having different salaries for the same job in a school leads to a lot of differentials and unhappiness.

We could also think of other ways to improve teacher recruitment. In the last general election manifesto—that is not to say that it will be in the next one—the Liberal Democrats proposed the policy of improving teacher recruitment by paying trainee teachers a full pro-rata salary during their training year. There are many points to consider, including parity for students on the four-year courses and degrees and education qualifications going together, but the idea of training salaries ties in with Professor Smith's thoughts about using the physics and mathematics students in the classroom and paying them. A lot of work could be done on that.

Overall, we are talking about the importance of getting it right at all ages. The emphasis on primary education has to be the most important because there is no chance of stimulating and interesting children if we have not captured them early. We need to appreciate that, although we need the highest level of mathematical skills, we also need basic skills for so many jobs. People cannot take on today's jobs without the fundamental mathematical numeracy and literacy skills.

This has been an important debate. There are many questions for the Minister to answer, and he has a challenge. He must do something about this very big problem.

3.10 pm

Mr. Mark Hoban (Fareham) (Con): I, too, congratulate the hon. Member for Twickenham (Dr. Cable) on securing the debate, and on his lucid introduction in which he set out some of the important issues that Professor Smith and others have raised about the teaching of mathematics and the shortage of maths and science teachers.

As we are all displaying our mathematical qualifications, or lack of them, in today's debate, I must say that I, too, have an economics degree, although I confess that I did the least possible number of mathematical options available to me at the London School of Economics. So unlike the hon. Member for Mid-Dorset and North Poole (Mrs. Brooke), I may not be considered suitable to teach up to key stage 3 in class.

The hon. Member for Twickenham was right to highlight the vicious circle of events that stem from the shortage of maths and science teachers, the poor quality teaching that our pupils will receive, the fact that GSCEs may not enable our pupils to realise their full potential, and the fact that fewer pupils will do A-levels and degrees, which will lead to fewer teachers and restart the whole cycle. He was also right to highlight the importance of numerical literacy to the wider economy. I, too, noted the article and the comments about the need for the mathematical training of nursing staff and those working on a range of topics, such as water exploration, which the hon. Member for Hemel Hempstead (Mr. McWalter) mentioned very appropriately. The hon. Member for North-West Leicestershire (David Taylor) was right to point out the need for numerical accuracy among politicians. He and I are two of the very few accountants in the House, so I have some sympathy with that point, although I may not agree with some of the contexts that he mentioned.

My hon. Friend the Member for Salisbury (Mr. Key) is certainly not a dinosaur, despite his approaching birthday. He is a lively specimen, and he was right to call for the simplification of the maths and science curriculum. When the hon. Member for Hemel Hempstead and I served on the Science and Technology Committee, it was clear to me that schools were faced with an overburdened curriculum and that young people lacked the time to study some of the more exciting but sadly neglected aspects of science, leading to a shortage of maths and science teachers in later years.

The hon. Gentleman reminded me of those days on the Select Committee when he vociferously pointed out the cultural reasons for the decline in the take-up of maths and science degrees. If we are to address the shortage of graduates and the consequent shortage of maths and science teachers, we must recognise that the cultural aspect is as important as the detailed recommendations of the Smith report.

It is clear from the figures that there is a shortage of maths teachers. In the 2003 teacher vacancy tables, out of 16 subjects, maths had the third highest vacancy rate of any subject and science had the eighth highest. The vacancy rates in maths and science have trebled since 1997, although they have declined significantly since 2001, when they peaked.

The number of non-degree specialists teaching maths is a problem. Some 52 per cent. of maths lessons are taught by those who have a maths degree. The situation in science is better: a high proportion of people who teach science have a science degree. From the work done by the Select Committee, however, I am well aware that there are people with biology degrees teaching physics and chemistry as well as biology in the double science award. It became very apparent during that investigation that a love of one's subject is important in passing on knowledge and information to students. If someone has a biology degree, they cannot pass on to their pupils the same love of physics and chemistry as they have of biology.

The hon. Member for Twickenham was right to highlight the fact that science teachers are older than other teachers. The age profile of maths teachers has deteriorated since 1996 and the previous census of teachers.

Given the shortage of maths teachers, what are schools doing? Part of their solution is to use non-specialists to teach, which is a problem for communicating knowledge and encouraging people to do more detailed work in maths and attain higher qualifications. The table in the Smith report which caught my eye dealt with what schools are doing to fill the vacancies for maths teachers. The report stated that 56 per cent. of vacancies were filled by either good or satisfactory appointments. In almost 11 per cent. of cases, the appointee needed support, and in just under 11 per cent. of cases, the appointee was unsatisfactory—head teachers are forced to appoint staff that they believe to be unsatisfactory to fill important maths vacancies. In 21 per cent. of cases, staff were moved to fill a vacancy for a maths teacher and no appointment was made. I suspect that those were non-specialists moving to teach maths, which is another worrying factor.

The problem goes deeper than that. There has been a recent improvement in recruiting maths teachers but there is still a disappointing failure to convert applicants for postgraduate certificate of education courses in maths into accepted trainees. The conversion rate for maths is well below that for subjects such as design and technology and religious education. The level of qualification for those being brought in to teach maths also causes concern. The Smith report states that the proportion of trainee teachers with a 2:1 and above has remained broadly constant—between 33 and 38 per cent. of the total intake. However, a lower proportion of the best graduates go into teaching maths than into IT, modern foreign languages, science, PE, geography, RE, history and English.

Why do maths and science graduates not go into teaching? In his presidential address to the Association for Science Education, Sir Peter Williams highlighted relatively low pay compared with other professions as a reason. However, the National Union of Teachers pointed out that there are other aspects, such as discipline in classrooms, to which the hon. Member for Mid-Dorset and North Poole referred. Further reasons include the continued interference in what goes on in the classroom through Government initiatives and the high work load that teachers experience.

There is no consensus on the question whether to recruit more maths and science teachers by increasing pay. Dr. John Dunford, the general secretary of the Secondary Heads Association, argued against that when the Smith report was published, although I must say that the NUT recognises that part of the reason for the shortage of maths teachers is the difference in pay rates compared with the outside world. We need consensus among teachers unions before politicians have to reach consensus.

The Smith report raised important issues about methods of increasing recruitment, but the problem also lies in the retention of teachers—it is a matter not only of getting teachers through the door and on to the training course, but of ensuring that they remain in the profession. Important changes have to be made on discipline, and to the work load and the wave of initiatives. That would make the job of teaching more attractive and encourage people to remain in the profession. The Minister has many questions to answer, one of which is when the Government will give their response to the Smith report.

3.19 pm

The Parliamentary Under-Secretary of State for Education and Skills (Mr. Stephen Twigg): I join other hon. Members in congratulating the hon. Member for Twickenham (Dr. Cable) on securing this important debate. We have had a thoughtful debate on both sides of the Chamber, and the issues have been fully aired. I pretty much concur with everything that has been said about the scale of the challenge that we face with science and mathematics in our schools. Since his appointment 18 months ago, my right hon. Friend the Secretary of State has sought to place much greater emphasis on subject specialism. I very much agree with the hon. Member for Salisbury (Mr. Key) that one thing that really enthuses teachers in their work is a passion for their subject. Whether that subject is science, mathematics or from another part of the curriculum, colleagues on both sides of the Chamber will welcome the greater focus on subject specialism.

Although I am responding to the debate, the importance of science and mathematics is demonstrated by the fact that my right hon. Friend has taken direct responsibility for leading our work in the DFES on mathematics and science. I tread with care in responding to the debate, because I am, I think, the only non-mathematician, non-economist and non-accountant in the debate. Indeed, I must confess that I gave up my maths A-level after a year. I decided to do pure maths and managed to get an additional O-level in it, but I was persuaded by my economics teacher to focus on applying to do philosophy, politics and economics at Oxford rather than on doing my fourth A-level in mathematics. I regret that because, like other hon. Members, I found mathematics exciting at school.

I have a short time in which to respond, and if I do not manage to take up all the points that have been raised, I shall write to hon. Members. In opening the debate, the hon. Member for Twickenham noted that it was timely, given the recent publication of the Smith report. He rightly emphasised the educational and economic importance of the focus on mathematics and science.

The hon. Gentleman raised the interesting issue of mathematical literacy. That is one of the issues that we must address in the maths curriculum, but it is also linked to other parts of the curriculum, such as personal and social health education and citizenship, as well as to questions of financial literacy. He gave the example of compound interest, and there are many other positive examples. He also emphasised the scale of the challenge that we face, and I in no way underestimate it. Towards the end of my speech, I shall say a bit more about that.

The hon. Member for Salisbury made an interesting speech. He started by making a powerful case against market forces, which was interesting. It was also interesting to hear my hon. Friends and, indeed, the Liberal Democrats make the case for market forces. We live in interesting times. However, the hon. Gentleman also made an important point about distance learning and about the opportunities that new technology gives us to share good practice between schools and colleges, and possibly internationally—a point that I would like to take away with me.

The hon. Gentleman set out a five-point plan, which I would like to consider after the debate. I undertake to come back to him about it.

[Mr. Stephen Twigg]

Perhaps the hon. Gentleman's most important point was about the critical importance of getting our approach right in primary schools. Almost a year ago, we published our primary strategy document "Excellence and Enjoyment", which seeks not only to reaffirm the central importance of literacy and numeracy in our primary schools but to celebrate the broader curriculum. The science element of that broader curriculum is critical to getting things right.

That brings me to my hon. Friend the Member for Hemel Hempstead (Mr. McWalter), who challenged us to make science and maths attractive not only to nerds—his expression, not mine. He is right. As he said, there is a notion that all subjects should be treated equally, and there is a really tough balance for us to strike. As the Minister with responsibility for primary schools, I am used to the opposite criticism—that we put too much focus on numeracy and literacy. People ask, "What about the rest of the curriculum?" We must all think about how to advance the basics—I would include science along with literacy and numeracy—in the context of the broader, richer curriculum. I see no reason why we cannot achieve that, but I very much accept, for all the reasons that have been set out in the debate, that we are nowhere near doing so at this stage.

My hon. Friend made a powerful, emotional case for seeing maths as a force for good in the broader social and economic context. That is one way in which we can start to address the question of how to make such subjects more attractive to children and young people of all ages.

I want to share a few statistics with hon. Members. I do not like to fill my speeches with statistics, but a few have been mentioned, and it is only fair that I give some of the good news to balance the perfectly reasonable points that were made earlier. Good progress is being made with the number of children who leave primary school having achieved the expected level, or better, in mathematics at age 11. It is still not good enough, but 73 per cent. of pupils achieve level 4 or better at age 11, which is a 14 percentage point improvement since 1998. That investment in, and support for, numeracy skills at the youngest possible age is very important, as several colleagues have pointed out.

At key stage 3, last year, 71 per cent. of pupils achieved level 5 or better—up four points from the previous year. At GCSE—to correct the hon. Member for Twickenham, who quoted a figure of 43 per cent.—I understand that the latest figure is that 48 per cent. of pupils achieved grades of A* to C. I accept that those figures are not good enough, but they represent progress in the number of 15 and 16-year-olds achieving the level that we would all expect them to reach in mathematics.

I will say a few words about teacher training and recruitment before I finish by talking about the Smith report and taking up the challenge of the hon. Member for Fareham (Mr. Hoban) about the Government's response to that. There are some encouraging signs, which have been referred to by Members on both sides of the Chamber, that the position of teacher vacancies generally, and specifically in science and mathematics, is improving. I accept that we still have a long way to go to make it right, but vacancy rates in science and mathematics teaching have fallen.

In initial teacher training, the position that we inherited in 1997 was that there had been a decline in recruitment. We have sought to put much more emphasis on recruiting people into teacher training generally, and particularly in shortage subjects. There has been a large increase in those going into initial teacher training and specialising in maths—about a 50 per cent. rise in just four years. There has been a more modest improvement with science places, with a 20 per cent. rise over the comparable period. It is a big challenge, as hon. Members have said, but we are at least beginning to meet that challenge with support for, and investment in, initial teacher training.

There are also employment-based routes into teaching, and there have been significant increases in the numbers going into teaching through routes such as the graduate teacher programme—again, with particular focus on mathematics and science. I am sure that that will be welcomed.

We have also created a number of incentives for maths and science teachers, several of which were mentioned during the debate—golden hellos, for example—so I will not go into them again. We are looking at ways in which we can assist with student debt for graduates who go into teaching shortage subjects such as mathematics and science. That is of critical importance. Finally, we have the undergraduate ambassador scheme, which operates alongside the student associate scheme to enable students to get degree credit for their classroom activities in line with what Professor Smith was talking about, and upon which we have the opportunity to build. That scheme aims to recruit about 1,000 maths and physics students by 2005–06.

There has been progress, but I accept that we still have some way to go to get it completely right. We now have Professor Smith's report "Making Mathematics Count," which we welcome, as do all Members in the debate. We, as a Department, are taking it seriously and are actively considering all 44 of its recommendations, particularly how best to take those recommendations forward with key stakeholders, including subject specialist associations, and in the context of the work of Mike Tomlinson's group on 14-to-19 reform.

If we are to learn all the lessons to which hon. Members have referred, it is vital that we introduce a set of changes that can be sustained long term, so that we can ensure that maths and science are attractive subjects in our schools, and that we are able to recruit and retain the highest quality maths and science teachers for the future. I welcome the contribution that today's debate has made to taking that forward.

European School, Culham

3.30 pm

Mr. David Cameron (Witney) (Con): I am delighted to have this opportunity to speak about an excellent school. The debate is very much a two-handed affair: the European school at Culham is in the constituency of my hon. Friend the Member for Henley (Mr. Johnson), but is attended by the children of a number of my constituents in west Oxfordshire and of constituents throughout Oxfordshire. My hon. Friend and I had a pact to apply for an Adjournment debate in the hope that one of us would be successful, and it fell to me. We want to put on record the role of this school and our concerns about its future, and we want some quality time with the Minister, whom I am glad to see in her place.

A lot of debates in Westminster Hall bring forward problems, but we like to think that we are bringing forward an opportunity for Oxfordshire and the country at large. Culham is an excellent school—a little gem. All we are asking is that everyone who has a stake in the school—the local education authority, the European Commission, the Government and the teachers, parents and board of governors—play a constructive role in trying to secure its future. That is what today's debate is about: an invitation to the Minister to consider the school and to do what she can to help.

Let me rewind and put on record some facts about the European school at Culham: what it is, what it does, who goes there, why it is facing some difficulties, why it is worth keeping, what needs to be done about it and how the Minister can help. My hon. Friend the Member for Henley will then bring it all to life in his inimitable way, as he is himself the product of a European school. He spent some of his formative years at one in Brussels, which goes to show that although such schools have a European ethos, the children can develop into Europeans in the broadest possible sense of the word.

The network of European schools around the European Union was first set up some 50 years ago for the children of those working for European institutions. There are 12 of them, and Culham was opened in 1978. They teach in many different European languages and specifically teach the European baccalaureate. The European school at Culham serves 900 pupils. Some 40 per cent. of them are British or of mixed British and other EU nationalities, and the rest come from other EU countries. The school has five language sections: French, English, German, Dutch and Italian. Danish, Irish and Spanish are also taught.

There are three different types of pupil. First, there are the children of those who work for European institutions, who at Culham tend to be the children of scientists and others working at the Fusion project at Culham. They account for about 5 per cent. of the total, including the children of teachers. They are category 1 pupils, and pay no fees. Secondly, there are the children of parents working for other continental European companies or organisations that contract with the school. BMW, for example, which is now booming in Oxford and producing the very fashionable Minis that race around our roads, has an agreement with the school. These are category 2 pupils and the agreements cover the costs of the places that they take so, again, no fees change hands. Thirdly, there are the children whose parents are attracted to the school and its ethos, its emphasis on language and its good record. Those parents pay fees, which are low compared with those of most private schools.

Currently, the fees are some £1,500 for primary pupils and £2,500 for secondary pupils. Rises of 20 per cent. or more are planned for the next two years, but the Minister will agree that those are very low figures, which make the school accessible for many parents in Oxfordshire. However, costs at the school are high because of the structures that it needs, such as teachers of all the language sections. The cumbersome and top-heavy structure leaves some room for cost-cutting, which I shall come on to.

The facilities at the school are not particularly special or privileged. I have been to the school and looked at the buildings, and there is nothing particularly magnificent about them. The school has an ethos as a state school. It is, as it were, a European state school, open for all. Crucially, the results are excellent. In most years, everyone obtains the European baccalaureate, and the EB is testing. Another indication of results is that pupils get into good universities, at which they tend to do well in lots of different subjects, not just languages.

The school is important to Oxfordshire, and all the Oxfordshire MPs have met and discussed it. It makes it possible to attract and retain highly qualified individuals in industry, research and the universities who might not otherwise come to Oxfordshire. It therefore provides a significant contribution to the economy of Oxfordshire and the UK. In Oxfordshire, there is the United Kingdom Atomic Energy Authority at Harwell, the Rutherford Appleton Laboratory and the Culham JET—Joint European Torus—project, and many other science-based and start-up businesses in my constituency have grown out of Oxford university. They value such schools, which will provide them with the scientists and bright people of the future, as well as places for their children to go to school.

I have recounted what the school is, who goes to it and what it does, but I now want to explain why it is in some difficulties. Funding is fairly standard across all the European schools. More than 50 per cent. comes from the European Commission, and the rest comes from the UK Government and other EU member states. In addition, as I said, there is funding from the contract partners such as BMW and the parents.

The funding problem comes from the fact that the European Commission wants to reduce its funding. That is not, I admit, unreasonable, as the employees of the European institutions make up quite a small proportion of the total. Also, as the EU enlarges, it will not be possible to set up such schools everywhere. The expense of all the different language sections that would be required to ensure that schools covered all the new nations of the EU would be very great.

The European Commission has, however, also proposed to exclude pupils whose parents do not work for the Commission or the diplomatic service, to eliminate certain language sections and to increase fees. Those latest proposals are exacerbating the problem. They threaten schools such as Culham with

[Mr. David Cameron]

strangulation at a time when they desperately need a breathing space to find a solution. The briefing note that the parents have helpfully drawn up for us states:

"Hasty action would destroy the school".

I hope that the Minister will think about that.

What is the answer, and what do we ask for today? The answer flows from the fact that the school is a good one, and worth saving. All of us who want excellence in schools, want languages to be well taught in them and want choice in provision should want the school to survive and thrive, not only to provide the benefits to Oxfordshire that I spoke of, but for the broader economy and our education system.

The answer lies in all those with an interest in the school straining every sinew to find an answer. Those with an interest include the European companies that employ people locally; the development agencies that would like to attract more such companies to our shores and to south-east England; the science, research and development facilities of the Oxfordshire region—particularly taking into account the likely expansion around Rutherford and Harwell—and the European Commission, which retains a responsibility to the schools and must see them right. The list continues with the local education authority, which could and should, in my view, work with Culham as a language school. The authority could benefit hugely, as could the Government, who already provide some funding, because of the way in which the teachers are funded, and who apparently have a desire, which I share, for a blossoming of choice in our education system.

We want the Minister, first, to oppose any hasty moves in Brussels to change things—in particular to ramp up fees, reduce the number of sections or restrict access. We need to make sure that there is breathing space. That is the key phrase in today's debate. Secondly, we want the Government to vote in favour of a period of gradual transition, to give the school the chance that it needs to draw up its own business plan and to succeed. Thirdly, we want the Minister, who is, I know, very busy, and her officials to work with the school and the other partners to try to find a solution.

I admit that I, in my modest office at Westminster, do not have the solution at my fingertips. However, would it be too hard to imagine something along the following lines? I am thinking of a school that specialises in languages, that still receives some money from the Commission for the work that it does with the European institutions and that has special arrangements with businesses that want to fund it, such as BMW, but which is part of the mainstream British education system, with a mix of pupils. Is it hard to imagine some of those pupils being funded by the LEA, some paying fees and some having scholarships? That is the sort of mixed system that we should be looking for in this country. The European schools, and particularly the one at Culham, provide an opportunity in that respect.

What I have outlined may not be neat and tidy. It may require a lot of work and quite a bit of planning. However, our message to the Minister today is that it would be well worth making the effort. I look forward to hearing what she has to say.

3.39 pm

Mr. Boris Johnson (Henley) (Con): I congratulate my hon. Friend the Member for Witney (Mr. Cameron) on securing the debate and putting the case as succinctly and comprehensively as he could have done. We are trying to stop a very good school being closed. That is the sad event that we face. It is particularly sad, but not only because the school is a good one—I have been round it and seen lots of chirpy children babbling away in many European languages—and a wonderful institution. I speak rather sentimentally because, as my hon. Friend has indicated, I am the beneficiary of that kind of European education. As he reports, I was educated at the European school at Uccle in Brussels, and it did me proud. I remember fondly my days under the august headmastership of Mr. Mittler—Herr Mittler as he was known—a genial and charming man with curious leather gloves, and our bus driver Vendredi. I do not know why he was called that; perhaps that was when he turned up.

Funnily enough, the playground in that school was very much like the Council of Ministers, which I later came to know well as a reporter in Brussels. I know that some here today are closely connected with the school in Culham, so I shall do my best not to tread on their corns. However, in my day, it was striking that the Danes and the Dutch tended to team up with the Brits to bash up the French and the Italians. Perhaps it does not work like that any more—I sincerely hope that it does not—but that was what happened back in Uccle. It was a wonderful time; there was an ethos of European integration. Inscribed on some great stone at that school are the words of Jean Monnet that informed that ethos. This is how he rhapsodised in 1958 about what he hoped for from the school:

"Educated side by side, untroubled from infancy by divisive prejudices, acquainted with all that is great and good in the different cultures, it will be borne in upon them as they mature that they belong together . . . Without ceasing to look upon their own lands with love and pride, they will become in mind Europeans, schooled and ready to complete and consolidate the work of their fathers before them, to bring into being a united and thriving Europe."

That was the ethos, and a good thing it was too. As my hon. Friend has pointed out, it does not produce identikit Europeans. Many of us, including my brothers and sisters and other alumni, are testimony to the diversity of the pupils who were turned out by the European school. It produces people who have, to the great benefit of this country, an instinctive familiarity with other cultures and civilisations. It would be sad if that were lost. The problem, as he has well illustrated, is that it is a Community institution; it is funded by the European taxpayer, n'est ce pas? Oui. Si. It is hard to see why the European taxpayer should continue to do that when, as Neil Kinnock has pointed out, only 13 out of 883 pupils are what is called category 1 pupils. I was the son of a commissionaire fonctionnaire, but by no means everybody at Culham now comes into that category; 85 per cent. are category 3 pupils—the children of parents who have come to some kind of arrangement with the board of governors so that they can attend the school even though they have no direct association with the EU institutions. I still think that it is a good system, and it is wonderful to encourage it. It is fantastic that we should do so. Those parents pay fees, albeit that, as my hon. Friend has pointed out, they do not cover the real cost.

They might pay £2,500 for a secondary level place at Culham that costs £9,000, the difference being met by the European taxpayer.

It is obvious from Neil Kinnock's letter that, given that considerable subsidy and the proportion of pupils who are the children of Commission officials to those who are not, he is moving against the school. Unless we can find an imaginative solution that will keep it going, it will die a slow death. My hon. Friend set out very well the options that we should pursue—not just the Government, the local education authorities and so on, but, above all, the parents themselves. The parents and the governors must seize their destiny with their own hands, develop a business plan to save the school and present it to Ministers for their consideration. He mentioned some of the obvious options: going to BMW, for example, and other local and international businesses and saying, "Come on, this is a fantastic institution. Let's support it." I know that parents have already explored the option of charging for boarding, which is permissible under the terms of the relevant legislation.

Parents and governors rightly say that they want to maintain the state-school ethos. As someone who uses state education in Islington, in spite of everything that the Minister managed to do to the set up when she was in charge of it, I can see their point; I can see its advantages. I admire the state-school ethos and I can understand why they want to keep it. However, I cannot but agree with Ministers and with the Secretary of State for Education, who said, repeatedly, that the parents and governors cannot realistically expect Her Majesty's Government to step in and pick up the tab if and when the Commission withdraws. Everybody, including the parents and governors, accepts that. They also accept my hon. Friend's point about the teachers' pay scales, which are out of whack with the set-up in the rest of the country. It would be difficult for the taxpayer to bear the cost.

What the school needs above all from the Government and from all the other institutions involved is time. As my hon. Friend said, it needs breathing space and a commitment—a confirmation that it is valued and appreciated for three reasons. First, it offers a unique form of education that could be rolled out across the country; its model of education might prove very popular. I do not say that I am a shining exemplar of the benefits of this style of education, but it is a wonderful thing that we would be rash to throw away. Secondly, however one looks at it, there will be a cost to the taxpayers in south Oxfordshire if the school is closed, which is a legitimate matter of concern for the Department for Education and Skills and for Oxfordshire.

Thirdly, as my hon. Friend said, there are considerable strategic advantages to the country in having a school that can cater for the children of distinguished scientists and business folk of all kinds, from all over the world, who want to send their children to an international school with an international ethos of the kind that Culham provides. He has already mentioned the Rutherford-Appleton laboratory and the Joint European Torus project in Culham. It is possible that as the school evolves it might have to move away from the strict federalist ethos of Jean Monnet, becoming in mind European, to a more international solution, which would not necessarily be a bad thing.

I hope that the Minister will agree that Culham school is a good institution, and that in the name of diversity, choice and excellence, it falls to her as much as to anybody to try to keep it going. It would be sad and paradoxical if in a career that I have spent trying to close down various European Union institutions, the first one with which I had any direct relationship, and which I particularly like, admire and value, were to be closed in my constituency.

3.49 pm

The Minister for Children (Margaret Hodge): I congratulate the hon. Members for Witney (Mr. Cameron) and for Henley (Mr. Johnson) on securing the debate. On the day that the Prime Minister was going to—

Mr. Cameron: U-turn.

Margaret Hodge: I was going to talk about the hon. Gentlemen's possible conflict of interest, but on the day that the Prime Minister told us that there will be a far-reaching debate on our position in the context of Europe, it is a joy that two members of Her Majesty's Opposition should give a stunningly wonderful endorsement of the best of European culture. I hope that they take that forward. Indeed, I hope that the education that the hon. Member for Henley enjoyed at that European school bred a good European member of the Conservative party.

By the age of five I had learned four European languages. Although I never learned to read and write them—one is Italian, Mr. Deputy Speaker, which we share—I have found them invaluable. That knowledge has helped me to develop a strong European sense of being and an international persona, which have been invaluable in my work and in my attitude to others. I strongly support the concept of the European schools, including the European school at Culham.

Conservative Members have asked for three things. Knowing how such debates go, let me say immediately that all three requests are reasonable. The first is that we should seek a breathing space in which to find an imaginative solution. To an extent, that has already been achieved as a report is being compiled, which will delay a decision until well into the autumn. That gives us six months to work with the various organisations mentioned by the hon. Member for Witney—the local education authority, private sector companies and the Commission—and to see whether the Government can play a role in putting a package together. That gives us the breathing space that was requested.

The second request is for a gradual transition. I give the assurance that if the closure of the European school at Culham were proposed, we would insist on a suitable phasing-out period. That would enable not only pupils to complete their education, particularly those who are getting close to their baccalaureate exams, but the putting in place of other transitional arrangements.

The third request is for the Government to work with the school in an attempt to find a solution. Again, we give a commitment that we will do our best. However, as both hon. Members understand, it would be inappropriate to expect the Government readily and easily to invest money in the school's future, especially

[Margaret Hodge]

as the costs would far outweigh what is invested per pupil in the state secondary school system. We are trying to be fair in our use of funds, so it would be difficult to justify expenditure two or three times higher per pupil, which is the cost of educating children at Culham.

The Secretary of State and I strongly endorse the concept of the European school. It is an institution in which pupils can enjoy a unique form of education and it helps to build a better understanding across European states, which is essential if the European project is to be effective. However, I am sure that hon. Members are aware that there are problems. When Culham was established, it was one of a network of 12 European schools. It was set up on the basis that it served in particular the people who worked locally at the Joint European Torus project. Given that very few people employed directly through the Commission use the school, it is difficult to see how we can find a mixture of funding that will keep the ethos of the school going without having recourse to public funds, which are not readily available.

Mr. Cameron: I seek one assurance. My understanding is that the Government own the buildings, provide some funding for the teaching staff and pay some money to the Commission that ends up back at the school. They are involved in investing already, so I hope that they do not get too hung up on the money issue. The answer is to try to find a solution.

Margaret Hodge: Clearly, we need to find a solution, but our commitment to funding the institution arises from our commitment to funding institutions partly supported through the European Commission for the purposes of funding institutions that can educate the children of people employed by the Commission or organisations associated with it. We must remember the origins of the funding to justify its continuation, which will present some future difficulties for the Government. Nevertheless, I give the commitment that, together with the governors and those responsible for the school, we shall use all our imagination to try to ensure that it has a future.

As hon. Members probably know, at a meeting in January 2004 the European schools international governing body took a provisional decision to close seven language sections in the four small European schools. Those language sections include the Dutch and Italian sections at Culham, which are regarded as non-viable in terms of entitled student numbers. It is interesting that at Culham neither the Dutch nor the Italian language section has a single pupil who is the child of an EU employee. That is quite surprising given the international investment, particularly by Dutch companies, in the UK. We can perhaps think of partnerships that could be established with multinational companies to see whether they might contribute to funding children in the institution.

I understand that the uncertainty over the future of the European school at Culham is not only an issue of principle. It matters a lot to parents of pupils, but it is not a state school. It is run by the European school board of governors, so the issue is their responsibility. However, if proposals for closure have to be made, it is critical that the interests of pupils be protected and that their educational future is promoted.

In the light of this morning's statement to the House by my right hon. Friend the Prime Minister, I hope that Conservative Members recognise that EU enlargement will mean increased demand for the European schools system as a whole, so it is totally proper for the European Commission to consider whether the location of schools in the area is appropriate. I hope I have given the reassurances that hon. Members seek and that they ease the minds of the constituents of the hon. Member for Witney whose children attend the European school at Culham.

Mr. John Tero

4 pm

Ms Sally Keeble (Northampton, North) (Lab): I am grateful to have secured this Adjournment debate on the treatment in prison of the late Mr. John Tero, who was my constituent. It is the second Adjournment debate about him that I have initiated. Since the previous one, which was held last July, Mr. Tero has sadly died. He spent a year in prison before his conviction was quashed in December 2001. Sadly, he finally succumbed to the cancer that he developed and that went untreated while he was in prison. He was 72 when he went into prison and 74 when he died. Although progress has been made in clarifying his treatment in prison, there are still some outstanding issues. In particular, there is the quite appalling delay in getting the case resolved. I am grateful for this opportunity to deal with some of those issues. The case also raises wider issues involving prison medical services, and it is right to take the opportunity afforded by an Adjournment debate to consider some of those too.

First, I welcome the prison ombudsman's report on the case and the fact that the two prison governors have apologised for different aspects of the administration of Mr. Tero's appeal and release. I also welcome the changes that have been made as part of the independent clinical review, and I am glad that my hon. Friend the Minister set it up. The recommendations are substantial. Each prison should have and use the current guidelines for treatment of suspected cancer. I suspect that there is quite a long way to go to ensure that those are in place and that people know how to use them properly.

Other recommendations are that each prison should have regular clinical effectiveness meetings and that changes should be made in referral systems and record keeping. Greater accountability on getting prisoners to hospital appointments is needed. It is important that these changes are fully implemented as they will go some way towards preventing some problems that my constituent so sadly experienced. More changes are needed, however, and I will set them out.

One of the biggest issues for me in dealing with this case, and for the family as well, has been the time it is has taken to get even the most basic information. Moreover, some of that information is wrong or misleading. I will give two examples. One of the first things that my constituent raised with me was his weight loss in prison, which he rightly attributed to his illness, yet I received three letters—two from my hon. Friend's predecessor and one from the director-general of the Prison Service—giving his only recorded weight as 77.5 kg, 75 kg or 77.8 kg. I repeatedly asked what explanation the Prison Service had for John Tero weighing only 66 kg when he arrived at Northampton general hospital on 8 January 2002, which was about 10 days after he left prison.

The letter from my hon. Friend's predecessor stated that Mr. Tero's weight

"remained fairly stable throughout the period in question".

Phil Wheatley, the director-general, wrote to me on 27 March 2003 saying that Mr. Tero's weight had increased slightly, adding that

"his records show no requirement to weigh him more often."

When I got a copy of his prison medical records earlier this year—as a result of the ombudsman's reports and findings, not in response to my requests—I discovered that those statements are not accurate. There was a clear entry on the inmate medical record in October of John Tero's weight falling to 73 kg and a further clear entry on 14 December stating, "BW 68 kg". I take that to mean body weight 68 kg.

It is clear that the Prison Service knew how much weight Mr. Tero had lost. There was no need for a review or an inquiry. All that was needed was someone being honest about what was in the prison medical records and providing the obvious explanation for it, which is that my constituent had developed a serious illness. Just yesterday—this is an example of how frustrating the case has been—I received a letter from Preston hospital with John Tero's medical records. I had asked for them some months ago. They list under his indications for an endoscopy

"reflux symptoms and weight loss".

It was clearly known that he had been losing weight.

Furthermore, John Tero complained of being sick and unable to eat. Mr. Wheatley's letter said that there was no reference in the records to the fact that he was

"declining food at this period, the only complaint recorded was one of gastric reflux."

However, the records show an entry for 15 October of

"vomiting after meals x 3/12".

I take that to mean vomiting after meals for three months. The same note is repeated in the information that I received yesterday. Those are just three examples, and there are others. They have been profoundly damaging in the months after Mr. Tero's death as we have tried to take the family through what happened to their husband and father.

Reading the inmate medical record gives a sad picture of an elderly man trying to attract attention to his steadily fading health. A steady catalogue of complaints starts on 26 April and ends when he was finally found to have cancer—on 17 December, the day before he won his appeal against conviction and two days before he went home. This is a completely different picture from that painted in the three Home Office letters that came in response to my early inquiries.

This place relies on Members being told the truth—the whole truth. It is impossible for us to represent our constituents properly and to take up issues with the Government on their behalf if we do not get full and honest answers. What makes this particularly galling is the fact that if that information had been provided with those explanations—as it should have been—on the basis of an exchange of letters 17 months ago, my constituent would have probably got what he wanted, which was an apology before he died.

The issue of access to information is a big one. People have a right to information about themselves, and Departments and other agencies must respect that. On a more practical level, if prisoners are to be able to manage their health, they need access to their medical files and they need the ability to complain—as they will have the right to do—and to get improvements in their care. A closed medical system inside a closed institution

[Ms Sally Keeble]

will leave vulnerable the most frail and elderly prisoners. My constituent was a pensioner when he was sent to prison.

Another issue about which I am very concerned is a muddle in the record keeping. There appears to be little consistency about what is recorded and in how much detail. There is certainly enough detail in John Tero's medical records to see after the event how my constituent's health deteriorated, but I am not sure that there was enough for the doctors treating him at the time.

There are also failures in how the notes were recorded. I have spoken to my hon. Friend about that, and I think that he observed the same thing. Some entries, to put it politely, did not withstand being photocopied. For example, there is still a dispute over the date on which John Tero first reported his stomach problems. My photocopy shows 26 April; Dr. Blackburn's photocopy, which was of worse quality, showed 17 July. That is a small point, but I have requested revised copies of some pages and I would be grateful for those. The family still cannot see exactly what happened because we have not had a fair copy of some pages of the records. I will give my hon. Friend a note of those pages later.

Dr. Blackburn's review deals with many of those issues, and I certainly welcome the changes that he proposes on record keeping, but it does not deal with some of the muddle that is the reality that lies behind the records. For example, I understand that there is a procedure for getting to see someone at some prison health care units. Prisoners do not get to see a medical officer on demand; there is some gate keeping or referral by prison officers. I am not clear whether John Tero's repeat visits to the health care unit represent all his requests for medical treatment or whether he spoke to prison officers several times without a referral note going through.

It is also not clear from the records exactly who John saw when he visited the prison health care unit, whether they were doctors or nurses and what authority their notes carried. For the protection of the staff and prisoners, there must be clear, standardised procedures to allow prisoners to see health care staff, with the requests recorded. There also needs to be some clarity as to who the prisoner should see and whether they should be a nurse or a doctor. I assume that the rights of prisoners in that regard should be the same as for people outside prison in wider society. The records also show how John Tero very nearly got access to the treatment that he needed and how his hopes were cruelly dashed—not just once, but twice—because of weaknesses in the administration of the prison system.

Bizarrely, John did not get to see the more specialist doctor the first time because in the six days or so between the referral and the appointment he was declared medically fit to be moved. On the very day he was supposed to see the doctor, he was transferred to a prison almost at the other end of the country. We must ask why prisoners are transferred when they have appointments and such outstanding medical difficulties. There is a problem with churning in the prison system, which I am sure the Minister is aware of. The repeated moving of prisoners disrupts education and other programmes. Why a person who has been referred for medical treatment should be moved before they are due to receive that treatment is quite incomprehensible. It should not happen.

John Tero did not get access to a specialist doctor for a second time because a hospital appointment was cancelled owing to the lack of a prison escort. That is also completely unacceptable. It did not help that, when he finally got to the hospital, the request form for the appointment was only partially completed. I am sure that we could dispute how much priority he should have received, but it is a fact that he was not given high priority and he did not receive an urgent appointment.

I want to raise issues involving Dr. Blackburn's reports and what happens when things go wrong. It is of course helpful to have a review and I am grateful to my hon. Friend for that. However, a closed investigation of a closed institution will not persuade the outside world, much less a grieving family. The ability to have an open and transparent review when things go wrong would help to build confidence and it is also consistent with our obligations under various human rights legislation. That ability would also help to avoid some basic mistakes that have, to an extent, marred the Blackburn review for some members of John Tero's family.

One result of the decision to wait until after the report had been written to open up the review and allow the family to speak, question and give their own evidence is that now, some 17 months after John first came to see me, some basic facts are still unclear, including the date on which he first complained about stomach problems. The sequence of his complaints is also unclear, because of mix-ups involving the dates in some prison medical records. I hope that my hon. Friend understands that having to haggle over the most basic facts at this late stage continues the hardship that Mrs. Lilian Tero and her family have suffered when they need to put some of the sadness behind them. It is quite incredibly and needlessly cruel.

Therefore, I ask my hon. Friend to do the following—quickly, but of course properly. He should ensure that Dr Blackburn agrees with the family the correct sequence of events during John Tero's period in Woodhill and Wymott prisons. The various evidence from the prison medical records, the prescription records, evidence from Northampton general hospital and Preston primary care trust, the information from the ombudsman's investigations and the original records—not the poor photocopies—should all be compared. My hon. Friend should deal with the outstanding request for compensation that I first made in November 2002. He should provide assurances on how the recommendations of the Blackburn review will be implemented and monitored, so that the rest of the Tero family and prison reform groups can be certain either that such cases will not happen again or that there will be proper means to deal with them if they do. I am sure that my hon. Friend has come across other cases where the family want to know not only that recommendations have been made, but that they have been implemented.

My hon. Friend would also do well to consider some wider implications of the case. What does it say about the provision of information by the Home Office and the Prison Service? How can prisoners better access health care services and, in particular, how can older and more vulnerable prisoners be protected? The problems of the

prison medical service have been well documented by the chief inspector of prisons and by prison lobby groups, in particular the Prison Reform Trust. The chairman of the British Medical Association civil service committee has described the prison medical service as a "crisis waiting to break". That was in 2001, but many of those criticisms still hold true. With an ageing prison population and serious levels of mental illness among prisoners, the demands on the service are huge and growing. It needs to be able to meet those needs in a professional manner that provides proper medical care and respects the humanity and dignity of the prisoner.

It will not do to say that John had a terrible form of cancer and that the outcome would sadly have been the same, because that is not the point. He could have been spared much physical suffering and mental anguish, including that of dying with a burning sense of injustice over the treatment he received. My constituent wanted other people to be spared what he suffered, and I hope that that is the final outcome of this very sad case.

4.16 pm

The Parliamentary Under-Secretary of State for the Home Department (Paul Goggins): I congratulate my hon. Friend the Member for Northampton, North (Ms Keeble) on securing this debate. Once again, she has rightly brought to the attention of the House in a fair and balanced way her concerns about the health care and medical treatment that was given to her late constituent, Mr. John Tero, when he was in prison.

My hon. Friend first raised this issue in correspondence with my predecessor at the Home Office and subsequently raised it in a debate in the House on 14 July last year. As she mentioned, Mr. Tero sadly died on 22 September last year. Even at this late stage, I join her in expressing my condolences to Mrs. Tero and other members of her family.

I listened carefully to the points made by my hon. Friend, and I have had the opportunity to discuss the matter with her several times outside the Chamber. I pay tribute to the tenacity with which she sought to get at the facts of the case. It is clear that if she had not done so, some of the information that we now have would have remained unclear or even unknown. I hope that she will find it helpful if I respond initially by setting out some of the background.

Mr. Tero was first received into Woodhill prison on 15 December 2000. In May 2001, he successfully underwent surgery for a condition that had been diagnosed before he went to prison. At around the same time—I shall return to this issue later in my speech—he began to report symptoms of what turned out to be a different condition. During the next few months, he was seen several times by the NHS general practitioners working at Woodhill, who prescribed medication for him.

Mr. Tero was transferred to Wymott prison on 9 October 2001. During the routine reception health screening, his continuing health problem was again identified and recorded. On 15 October 2001, he consulted a doctor at Wymott with more symptoms. In view of that development, he was referred to a local NHS hospital for special investigation. Regrettably, the first appointment made for him for 20 November was cancelled at short notice. A new one was arranged for 12 December. When the investigation eventually took place, it revealed a serious condition—cancer of the oesophagus—that merited further intervention. The hospital made another appointment for him on 19 December. As my hon. Friend explained, however, he was released from Wymott on that day, and subsequently underwent treatment for his condition from the NHS in his home town of Northampton.

Mr. Tero's weight remained largely stable until October 2001, but it dropped significantly when he was released from prison because of the development of his illness. On 1 April, I wrote to my hon. Friend to apologise for the erroneous information provided in earlier letters from the Prison Service and the Home Office about his weight loss. It is clear from Mr. Tero's medical records that between 4 October and 14 December 2001, his weight fell from 77 kg to 68 kg. It is regrettable that this was not confirmed earlier to my hon. Friend. The letters were written in good faith, but they fell short of the standard that should be expected. Again, I apologise.

Last July in the House, my hon. Friend voiced several serious concerns about Mr. Tero's treatment in prison, which she felt merited at the very least a full apology for the suffering and hardship that he had experienced. I said in my response that I would be the first to offer such an apology on behalf of the Home Office and the Prison Service if one was merited. To enable me to make a proper judgment, I asked the director of prison health to arrange for an independent clinical review of Mr. Tero's care and treatment in prison. In turn, he commissioned Dr. Joseph Blackburn, a general practitioner and clinical governance lead for North Surrey primary care trust, to conduct that review. I welcome the welcome that my hon. Friend gave to that clinical audit.

Dr. Blackburn submitted the report of his review on 25 November, but was then asked, at my hon. Friend's suggestion, to take into account Mr. Tero's own notes, which he had passed to her. She also asked that Dr. Blackburn interview Mr. Tero's family before completing his report. However, although there was sympathy for the family's position, it was not readily apparent that asking Dr. Blackburn to interview them was likely to add anything of substance to what was intended to be a tightly focused clinical review of Mr. Tero's care and treatment in prison.

One recommendation in Dr. Blackburn's report was that an NHS consultant oncologist should be asked for a specialist opinion on whether an earlier diagnosis might have increased Mr. Tero's chances of being cured of his oesophageal cancer by treatment. That recommendation was accepted, and Dr. Blackburn commissioned Dr. Daniel Hochhauser, the Kathleen Ferrier reader and consultant in medical oncology at the Royal Free and University College medical school in London, to provide that report.

After Christmas, I wrote to Mrs. Tero to offer her the opportunity of a meeting with officials at which the contents, conclusions and recommendations of Dr. Blackburn's report could be disclosed to her together with the Prison Service's response, including any appropriate apology. Dr. Hochhauser completed his report on 27 February. That enabled me to send copies of both reports to Mrs. Tero in good time for that

[Paul Goggins]

meeting, which took place in the House on 15 March. I am very grateful to my hon. Friend for helping to arrange that.

In my covering letter to Mrs. Tero, I gave an indication of both doctors' principal conclusions. I also offered her my sincere apologies for the failures that Dr. Blackburn had identified in the medical treatment afforded to her husband at both prisons. Dr. Blackburn's principal findings, which we accept entirely, were that Mr. Tero should have been referred for specialist opinion at an earlier stage during the time that he was in Woodhill prison, and through the urgent cancer referral guidelines. If that had been done, it is clear that we would not have transferred Mr. Tero to Wymott prison in October 2001. In addition, Dr. Blackburn concluded that the appointment for the endoscopy made for Mr. Tero while he was at Wymott should not have been delayed owing to a lack of escort staff.

I should add for completeness that we have also accepted two findings of the prisons and probations ombudsman, whom my hon. Friend asked to look into other aspects of Mr. Tero's treatment. Those findings were that there was maladministration at Woodhill prison in his appeal paperwork and that the Prison Service should have taken more care when releasing him and in helping him to travel home.

At the meeting on 15 March, my hon. Friend raised several questions about the documentation used by Dr. Blackburn that it had not been not possible to resolve at that time. One significant issue was that copies of entries in Mr. Tero's medical record, of which she had obtained a copy, suggested that he had complained about a stomach problem some time earlier than was indicated in Dr. Blackburn's report. It appeared that Dr. Blackburn's conclusions were based on an incomplete copy of Mr. Tero's medical record. It was therefore agreed that the prison health team would obtain and check my hon. Friend's assertion against Mr. Tero's original inmate medical record. Dr. Blackburn would then, as a matter of urgency, consider whether the points made by my hon. Friend affected his report and revise it if appropriate.

It was agreed that Dr. Blackburn and Dr. Howells, the medical director in the prison health team, who was also present at the meeting, would then meet Mrs. Tero and her son again, this time in Northampton, to discuss the outcome of the further work. Dr. Howells went on to offer Mrs. Tero and her son a personal apology for the failures in the care and treatment afforded to Mr. Tero. He also explained the specific actions that were being taken to ensure that the lessons of his experience were fully learned at both local and national level. I am sure that my hon. Friend and the House will want me to set out some of those this afternoon.

First, the prison health team will ensure that all prison health care managers are reminded of the referral guidelines for suspected cancer that were issued to all general practitioners in health service circular 2000/13.

Secondly, managers will also be asked to ensure that those guidelines are considered at local clinical effectiveness meetings as part of their local clinical governance systems. I assure my hon. Friend that appropriate action on both issues is already being taken at the two establishments most immediately concerned.

Thirdly, the prison health team will seek to ensure that every prison establishment has a system in place for identifying priority out-patient referrals to hospital and managing them appropriately. They will do so by including appropriate material in proposed prison service orders, both on improving continuity of care and governors' responsibilities.

Fourthly, the prison health team will produce guidance on the special circumstances of discharging prisoners who are physically ill, which will also be included in the new Prison Service order on improving continuity of care. When the new prisoners' clinical record comes into use later this year, it will be accompanied by guidance to staff on the proper completion of medical entries. That point was made by my hon. Friend and I assure her that issues such as the sort of pen that should be used when making notes will be important, particularly with reference to the medical record to which she referred.

Finally, to ensure that issues raised about the performance of NHS organisations outside prison are also reviewed, the prison health team will send copies of the reports from Dr. Blackburn and Dr. Hochhauser to the clinical governance leads at the relevant NHS trust.

Dr. Howells concluded the meeting with Mrs. Tero and her family by explaining the general background of the changes now under way to the organisation and delivery of health services to prisoners, which will culminate in primary care trusts assuming full commissioning responsibility for prison health services by 2006. He agreed to set that out fully in writing to Mrs. Tero and her son after the meeting in Northampton. With regard to the powerful point that my hon. Friend made towards the end of her speech, with that move to commissioning in 2006—it has already begun, but it will be complete by 2006—there will be proper NHS oversight of the health care that is available in all our prisons. That will lead to higher standards.

A number of outstanding issues remain in this case and I believe that the best way to resolve them is, in the first instance at least, to proceed along the lines agreed with my hon. Friend, Mrs. Tero and her son at the conclusion of the meeting on 15 March. In addition, my right hon. Friend the Home Secretary agreed to meet my hon. Friend, Mrs. Tero and her family in an attempt to bring this sad experience to a conclusion.

With regard to the request for compensation in the form of an ex gratia payment to Mr. Tero's family, I will establish immediately a process for giving careful consideration to this matter. It will not, of course, be possible to reach a final conclusion until Dr. Blackburn has concluded his further work.

I will continue to liaise with my hon. Friend as matters progress towards a conclusion. Nothing can put right the errors that have been made and nothing can bring Mr. Tero back, but I shall not be happy until Mrs. Tero and my hon. Friend are happy that they are in full possession of all the facts and that all the appropriate action has been taken.

It being half-past Four o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 21 April 2004

[MR. FRANK COOK *in the Chair*]

Iraq

Motion made, and Question proposed, That the sitting be now adjourned.—*[Gillian Merron.]*

9.30 am

Sir John Stanley (Tonbridge and Malling) (Con): Mr. Deputy Speaker, I am very glad that we have the opportunity, at some point in the House this week, to debate the all-important subject of Iraq. Although this debate provides the only opportunity to do so, I am grateful to the Minister and all hon. Members who are attending. I will come to the current situation in Iraq, the severity of which has been all too tragically highlighted by the appalling multiple bombing in Basra this morning, with terrible loss of life, including children, but I want to start with what prompted me to request this debate—the lessons to be learned from the circumstances in which we originally went to war in Iraq last year.

I make no apology for repeating what I have said before, which is that those circumstances were wholly unique. They bear no relation to the circumstances under which Britain has become involved in other wars in living memory, going back to the first world war. There was no incontrovertible, observable, factual event on the ground that constituted the trigger for war in Iraq. There was no invasion, such as the one that precipitated the first Gulf war, no looming humanitarian disaster, such as precipitated the war in Kosovo, and no appalling act of terrorism, such as what happened on 9/11, which precipitated the war in Afghanistan. Quite uniquely, the war in Iraq rested fundamentally on an intelligence assessment that Saddam Hussein had weapons of mass destruction on a large scale, that some of those weapons were at 45 minutes' readiness, and that some represented a current threat to vital British interests, most conspicuously the sovereign base areas in Cyprus and the facilities associated with them.

I understand that Ministers have a considerable degree of nervousness about associating the decision to go to war with the issue of the intelligence assessment of weapons of mass destruction. Indeed, listening to the Prime Minister, one might be forgiven for thinking that the only reason we went to war in Iraq was to change the regime. However, that conveniently ignores the fact that the Prime Minister, on 18 March last year, in making the case to go to war, specifically stated that it would be illegal to go to war in Iraq to change the regime. He said:

> "I have never put the justification for action as regime change. We have to act within the terms set out in resolution 1441—that is our legal base."—[*Official Report*, 18 March 2003; Vol. 401, c. 772.]

Equally, listening to the Foreign Secretary, one might also be forgiven for thinking that the trigger for going to war was nothing to do with weapons of mass destruction, but was simply to do with Saddam Hussein's violation of UN resolutions. That conveniently ignores the fact that the UN resolutions in question, not least 1441, are all about Saddam Hussein's supposed weapons of mass destruction, and the need for him to disarm and give the necessary access to the UN weapons inspectors.

The trigger for the war was undoubtedly WMD. The documentary evidence that makes that conclusively clear is the Government's own paper entitled "Iraq: Military Campaign Objectives", which the Government placed in the Library just before the war started. The opening paragraph states:

> "The prime objective remains to rid Iraq of its weapons of mass destruction and their associated programmes and means of delivery, including prohibited ballistic missiles, as set out in relevant United Nations Security Council Resolutions."

As we went to war uniquely on the basis of an intelligence assessment, it was, of course, incumbent on the key senior Ministers involved—specifically the Prime Minister, the Foreign Secretary and the Defence Secretary—to subject that intelligence assessment to the closest scrutiny and to ask the key questions about it. Also, if that intelligence assessment was materially in error in respect of its portrayal in the public domain and to Parliament, Ministers should have produced the necessary corrections. One has to ask whether that degree of ministerial scrutiny applied; I fear that it did not.

I want to make it clear that I do not consider Ministers personally blameworthy for the fact that weapons of mass destruction have not so far been found. I accept, of course, that the buck finally stops with Ministers, but they had clear advice from the intelligence professionals that there were weapons of mass destruction, and in my view they were entitled to rely on that advice. That poses important questions for the intelligence services on both sides of the Atlantic, and those are obviously the subject of inquiry and scrutiny.

However, there was a clear responsibility on Ministers to ask the key questions to ensure that they understood clearly what the intelligence assessment meant, particularly in relation to claims based on that assessment that were put into the public domain. There was also a clear obligation on Ministers to produce corrections. Of no claim is that truer than the one that Saddam Hussein had weapons of mass destruction within 45 minutes' readiness to deploy. That was a claim to which the Government gave extensive publicity. It appeared four times in the September dossier, and was used by the Prime Minister in his 24 September speech to the House of Commons. It was also used by the Foreign Secretary, a matter of weeks before the war started, in his speech of 21 February at Chatham house.

With the benefit of hindsight, there is no question but that Ministers were ill advised ever to allow the 45-minute claim to appear in the September dossier. Hindsight aside, it was clearly central to Ministers' responsibilities to ask themselves the key questions about that claim. Especially before the war began, Ministers should have asked, and should have had the answers to, one question that was more important than any other—that is, to which weapons was the 45-minute claim related?

Mr. Tam Dalyell (Linlithgow) (Lab): All of us have made mistakes, but I was cartooned in *The Times* as asking why the dossier was not nominated to be on the shortlist for the Booker prize for fiction. Many of us challenged the dossier at the time.

Sir John Stanley: I do not take the view that the whole September dossier was fiction. Some of it has, to a degree, been corroborated by the results of the Iraq survey group. However, I agree that key elements in that dossier, particularly in relation to the immediacy of the specific threat to British interests, appear so far to have rested on uncertain, and possibly dubious, intelligence.

Of the three Ministers concerned, it appears, from the written answer that he gave me on 23 February—which can be found at column 2W in the *Official Report* for that date—that only the Defence Secretary asked the key question about which weapons of mass destruction the 45-minute claim related to. The Defence Secretary knew that the answer was simply battlefield weapons, and he knew that shortly after the publication of the September dossier, months before the war began. Extraordinarily, the Foreign Secretary went into the war without asking that question or getting the answer to it. He found out that the 45-minute claim related solely to battlefield weapons only in June last year, well after the war had ended.

Perhaps most reprehensibly of all, the Prime Minister, who was leading the Government and taking the country into a war for which he sought the approval of the House of Commons, did not know until after the war which Iraqi weapons systems the 45-minute claim related to. In the answer that he gave to me on 10 February—it can be found at column 1346W in the *Official Report* for that date—he said that he did not know until the Intelligence and Security Committee had examined the issue. That Committee's inquiry did not commence until May, which was after the war had ended.

It is an issue of serious and culpable negligence as far as the Prime Minister is concerned. The Leader of the Opposition, my right hon. and learned Friend the Member for Folkestone and Hythe (Mr. Howard), was justified in calling for the Prime Minister's resignation on that particular key issue. It was no small matter, because on the answer to that question rested the issue of whether or not the high-readiness Iraqi weapons of mass destruction represented a threat to vital British interests. If the 45-minute claim related only to battlefield weapons, there was no threat to British interests. Only if it related to Iraq's supposed longer-range al-Hussein missiles, which were capable of reaching the sovereign base areas in Cyprus, could the idea of the 45-minute claim affecting British interests be valid. It was a fundamental question and, sadly, it was not asked by key Ministers.

In addition, Ministers failed to make the necessary corrections and they have tried to blame the media, both in the House and elsewhere. In particular, they have blamed *The Sun* for running a story, under the headline "Brits 45 minutes from doom", which referred to British service men, and British tourists, in Cyprus. Along with other sections of the British media, *The Sun* was entirely justified in drawing precisely that conclusion from the wording of the September 2002 dossier. Whether or not it was justified in drawing that conclusion—and in my view it was—there is no question but that it was incumbent on Ministers to correct that very serious misapprehension. Ministers knew that it was in the public domain and they failed to correct it. Most of all, it was incumbent on the Prime Minister, before he asked the House of Commons to approve his motion to go to war on 18 March last year, to put that key correction before Parliament and the public. That was not done.

It may be said, and perhaps the Minister will want to do so in his reply, that that is all just a matter of history. Well, we would all be relieved if it were just a matter of history and this country was not going to face the dilemma of whether to carry out military operations of one sort or another based on an intelligence assessment. However, given the way that the world is going—and given everything that we are told about the extent of terrorism, the proliferation of WMD and the clear intentions of certain terrorist organisations to try to get access to them—it will be a near miracle if we get through the next five or 10 years without finding ourselves in a situation similar to the one that we faced last year. That is, our Government might very well obtain intelligence information to the effect that a very dangerous terrorist organisation, or other group, has WMD capability and that it might at some point be on its way to this country, or be directed against British interests.

If that happens, the Government will have to come to Parliament and to the country again and, on the basis of an intelligence assessment, ask for support for a military operation that may have taken place already, or which may take place in the future. In those circumstances, it will be of critical importance for the Government that the British public and Members of Parliament are confident that what the Government say about the intelligence assessment is as accurate as possible.

Sadly, I believe that the Government's mishandling of the public dimension of parts of the intelligence assessment made before the war in Iraq has seriously damaged their credibility. The Government must decide how to restore that credibility, but I shall offer one suggestion. I read the recent press reports of Dr. Condoleezza Rice's eventual public appearance before the 9/11 investigation commission in Washington. The day after her performance, it was reported that Dr. Rice, along with senior members of the Bush Administration, had carefully avoided using what I call the "M-word". The Blair Administration also seem careful to avoid using that word, which in this case is "mistake". The Government would be well advised to come clean and acknowledge mistakes that were made, including at ministerial level, in their presentation of the intelligence assessment that led to us going to war in Iraq last year.

The security situation in Iraq has undoubtedly deteriorated alarmingly over the past few weeks, and the practical terms of what will happen when the transfer of sovereignty takes place on 30 June are a huge unknown. There must be increasing worries about whether the critically important reconstruction programme can be fulfilled in the current alarming climate of poor security and kidnappings.

I regret to say that it appears to me and to plenty of other commentators that a huge political misjudgment has been made by the American-led coalition provisional authority. How many of us had ever heard of Moqtada al-Sadr—I certainly had not—or of his small circulation newspaper, al-Hawza? There is no doubt that the decision of Mr. Paul Bremer, the civilian administrator, to close down that newspaper and arrest one of al-Sadr's aides has had profoundly disadvantageous consequences for the coalition. The publicity that al-Sadr has received has been of a saturation order, both in Iraq and worldwide, and it is in danger of enabling him, as an extreme militant, to outflank the more moderate Shi'a leadership. There is plenty of evidence that the events of the past few weeks are bringing the Sunnis and the Shi'ites closer together against the coalition forces. That is exceptionally dangerous.

The security consequences have meant that during the past few weeks more than 100 members of the US armed forces, and now nearly 1,000 Iraqis, have been killed. It is against that background that we must consider the right approach for the future.

As far as I am concerned—and I hope that this is the position of most hon. Members—there can be no question of quitting and running. That would be totally disastrous. It would have the most profound and damaging effects, in the middle east and worldwide, on our attempts to deal with the security threat from terrorism. However, we must view the security position in Iraq with a greater degree of realism than some people have shown.

Although it may be unpalatable to say so, the security reality is that, however unreasonably and unfairly, the coalition forces in most of Iraq are, at best, tolerated and, at worst, hated. There are unlimited numbers of terrorist targets, both physical and human, and in security terms we are spread pretty thinly in that vast country. Moreover, the past few weeks have demonstrated unarguably that Iraq is a security tinderbox.

The key security requirement is to avoid political and military decisions that end up making the security situation very much worse than it was before. If we are to have an orderly exit from Iraq, and if we are to improve the security position, it is crucial that we and the Americans demonstrate the requisite sophistication, astuteness and realism in making those key political and military decisions.

The British representatives in the CPA, both on the civilian and military side, have a full awareness of that necessity. I am afraid that I am much less convinced that that is the case among US civilians or military personnel. I would be interested to know whether the Minister shares that analysis. If so, what steps will the British Government take to try to impress on our American allies and friends the need for the greater sensitivity and awareness to which I have referred?

Finally, I move on to the political situation in Iraq. I welcome and fully support the decision made by the British and American Governments not to delay the date of handover. To have done so would simply have played straight into the hands of those in Iraq who want to misrepresent us as occupying powers determined to stay in Iraq for as long as possible and to deny the Iraqis their sovereignty. I am sure that that was the right decision. However, the worrying feature at the moment is that we have just 10 weeks to go until 30 June, and absolutely key questions remain unanswered.

I read in the press that a few short days ago that Mr. Paul Bremer, when asked by a journalist about who would be handed the keys in Iraq on 30 June, replied that that was "a good question". It is indeed, and I suggest that it needs a good answer, given the shortage of time. In his statement in the House on Monday, the Prime Minister was not able to shed any light on the answer. I do not know whether the Minister can do so today, but I urge him to. In his statement, the Prime Minister outlined the institutional arrangements for Iraqi government, and then said, "That is the vision." With 10 weeks to go, we do not want to be in visionary country.

I hope that the Minister can put some flesh and bones on the arrangements, and indeed tell us some names. In particular, can he shed any light on who will be the new President and two vice-presidents of Iraq? Who will be the Prime Minister? Will members of the existing Iraqi interim governing council continue in post, and will they be added to? Most particularly, can the Minister tell us whether the Americans will effectively approve appointments to the key political leadership of the new sovereign Iraq that takes over the reins of power on 1 July? If it appears that the key new political figures are American appointees, I doubt very much that that will be a basis on which they will be able to command authority and respect over a large section of the Iraqi population.

Mr. Dalyell: The last people to whom key positions ought to be given are certain Iraqi émigrés and exiles who have given us such bad advice for a long time, and who are hated by many people in Iraq. I am thinking of Mr. Chalabi, in particular.

Sir John Stanley: I broadly agree: there are those with a previous history outside Iraq who are not well regarded inside the country.

Lastly, I hope that the Minister can tell us what role the British Government will play in these crucial 10 weeks during the formation of the new sovereign Government of Iraq.

In conclusion, whatever the rights and wrongs of our decision to go to war in Iraq last year, the inescapable reality is that the British and American Governments, under the relevant international conventions, have legal and moral duties to the people of Iraq. Those duties are inescapable, and those responsibilities must be discharged. I trust that both the American and the British Governments fully understand the scale of the task that they face in discharging those responsibilities, the difficulty of doing so, and the need for the resources and the determination to see the matter through to success.

Several hon. Members *rose—*

Mr. Deputy Speaker (Mr. Frank Cook): Order. I remind the Chamber that it is customary to start the first of the three winding-up speeches 30 minutes before the conclusion of the debate. We therefore have only 33 minutes left for Back-Bench contributions.

9.58 am

Mr. Tam Dalyell (Linlithgow) (Lab): I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on his extremely thoughtful speech. In one basic matter, however, I must be candid and say that I disagree. I am one of those people, albeit a minority, who thinks that we have no alternative but to withdraw the troops—embarrassing though it might be in causing red faces.

If I mention that I was on television this morning expressing these views, I do so for a reason that will become apparent. I argued that the very presence of coalition forces, far from curtailing violence and terrorism, acts as an incentive for terrorism. We now have a war of liberation, and I fear that we are the enemy. Let us be clear about the fact that it is not only former pro-Saddam people attacking us. We believe that there are many who hated Saddam, and to whom Saddam was extremely cruel, and—all right—for traditional reasons of nationalism they are taking up arms against coalition forces. The situation is appalling.

I said that I was on television this morning because I was immediately followed by Julian Manyon, the veteran reporter in Baghdad, who started by saying, "Tam Dalyell is absolutely right." I had not expected Julian Manyon to say that, but for him to endorse my view brings home the reality.

You have asked us to be quick, Mr. Deputy Speaker, so I shall be. I have only one other matter to raise, which is the question of al-Sadr. I am told that there are many al-Sadr posters; the difficulty is that this man, who has been created by some very foolish things that the west has done, is now seen as a symbol of the Shi'a.

Those are minority opinions, but in my defence I should say that I was in Iraq in 1993 and 1998. That is partly why I challenged intelligence throughout our debates. Apart from anything else, I did not know how it was possible to be an intelligence agent in the Saddam society—by God, one would have been risking one's life. I doubted intelligence because of that.

Here we are, however, in this mess. I fear that, shamefacedly though we may have to do it, the correct decision is for the west now to withdraw. There may be enormous bloodshed, but I think it more likely that Shi'a and Sunni, who were never as divided as was made out in the west, will come together and that by some alchemy an Iraqi state will be born.

10.2 am

Mr. Edward Leigh (Gainsborough) (Con): We should be grateful to my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) for ensuring that we are having the debate, although it is a pity that we are not having a major debate in the main Chamber, as this is a matter of supreme importance. However, we are grateful to him, particularly for the moderate and informed way in which he opened the debate.

I shall not repeat my right hon. Friend's points, but it is important that we do not allow the Government to move on from the arguments about weapons of mass destruction. There is a tendency now for the Prime Minister to say, in the very charming style that he uses, that there was a difference of opinion and that he understands our point of view but we must move on and talk about reconstruction. I am sorry, but this is a crucial matter that must be referred to again and again. We need answers from the Government.

Issues of peace and war, especially declaring war, are the most solemn duties placed on a Government. This country has a record unequalled by that of any other, at least in the 20th century, for going to war for only the most solemn reasons—if attacked or to protect our vital interests and our allies. That was not the case with the Iraq war, so the issue must be referred to again and again. We want answers from Ministers.

We now hear in the latest revelations from Washington that the CIA had fewer than five agents on the ground in Iraq, that its intelligence on Iraq was woefully lacking and that in recent history there were no weapons of mass destruction that posed any threat to this country. The reason for the war was spurious, and we have to nail the Government for that.

All that was foretellable and it was indeed foretold by those of us who voted against the war; that was our first reason for doing so. The second reason, which we also referred to continually, was that invading a Muslim country would make terrorism worse rather than better. That is precisely what has happened. We have provided an excuse for extremely unpleasant fanatics in the Muslim world to convey the impression to gullible masses throughout the Arab world that the invasion was part of a western plot to undermine Muslim and Arab culture. We played into their hands.

The Prime Minister repeatedly says that his reason for going to war was to break the links between rogue states, terrorism and weapons of mass destruction. There has never been any evidence that Saddam Hussein either had weapons of mass destruction that were a threat to us or our allies or was responsible for the events of 11 September. That is the second thing that was foretellable and foretold—the war has made terrorism worse.

The third point that we made again and again was that Iraq was ungovernable. We referred back the British experience in 1920 and to the wise actions of the elder President Bush in 1991 when he realised the difficulties of breaking up the Iraqi state and did not go further than liberating Kuwait. Those three factors were foretold and we must remind the Government of them again and again.

What is so sad, and disastrous, is that since the mistaken decision was taken to invade a Muslim country, the American Government have made matters so much worse by disbanding the Iraqi army and spurning the offer by France and Germany, shortly after the war, to come in under UN auspices. The American regime wants to go it alone and is over-confident of its ability to hold down Iraq with so few troops. Eric Shinseki, the US army chief of staff, gave evidence to Congress that, in his view, 500,000 troops would be necessary to ensure peace and security in Iraq. I am told that it is generally accepted that holding down a country after occupation following war requires 20 security personnel for every 1,000 inhabitants.

At one time, there were 60 small US army units scattered throughout Baghdad, but the US army has retreated into eight camps around Baghdad. It has a laager mentality and simply drives through Baghdad in

armoured convoys making itself a target. As my right hon. Friend said, at best it is tolerated and at worst hated. Again and again, decisions have been taken that have made things much worse. What about the offers of Grand Ayatollah Sistani and his advice? He is a modern influence in the Shi'a world and the Americans should have listened to him, but his offers were spurned. What about his calls for genuine democracy? Again, they were spurned.

We are where we are, however, and that is the trouble with this debate. Those of us who voted against the war are constantly told that that is in the past and asked for our solutions to the problem. The hon. Member for Linlithgow (Mr. Dalyell) says that we should leave Iraq immediately. I believe that general opinion is that we simply cannot do what the Spaniards are doing and scuttle out, but we must have an exit plan. I hope that the Minister, instead of reading out a Foreign Office brief, tries to respond to the debate and tell the Members of Parliament gathered in this Chamber exactly what exit plan the Government have and how they will ensure that our troops leave safely.

In the Defence Committee yesterday, General Jackson implied that there is friction between the different approaches of the British Army and the American army to peacekeeping operations. We should all pay great tribute to our troops who, because of their huge skill and experience in Northern Ireland, have managed to keep a lid on the situation in southern Iraq, but can we rely on that continuing for weeks or months? As my right hon. Friend the Member for Tonbridge and Malling said, we demand answers from the Government now on exactly what their plan is for the handover of power. We hear that the UN envoy, Mr. Brahimi, proposes the concept of a Prime Minister and presidential council of three. As my right hon. Friend asked, who will be appointed? Will they be seen to be appointees of the American Government? Will they be stooges? Will that make the situation far worse?

Mr. Dalyell: The hon. Gentleman rejects the idea of an immediate exit, and I understand why, but did he see Brigadier Nick Carter in Basra saying that if there was pressure at Najaf and if things got worse, he would have 150,000 Shi'a at the gates of his barracks? What would we do then?

Mr. Leigh: That is a pertinent point and it is deeply worrying for our armed forces, who are under-resourced and are holding down southern Iraq with pitiably few personnel. What will happen if the Shi'a are incited to rise up against them? We would have to retreat, just as we did in 1920. I am afraid that, in one sense, the hon. Gentleman is quite right. There must be an exit strategy—not one of scuffling out in the next few weeks, although we must know precisely what our plans are.

We will never solve the problems of the middle east unless we detach moderate Arab opinion from extremists, and we will not do that until we make some effort to resolve the Palestinian dispute. What were the American Government doing—in this week of all weeks—allowing the Israeli Prime Minister three huge settlements in the middle of the west bank? What does that say to moderate Arab opinion throughout the region? Only the Americans can put pressure on the Israelis; nobody else can. The American Government sustain Israel. I support the state of Israel; we all do in this Room. We all believe, after the dreadful horrors inflicted on the Jewish people in the 20th century, that they have a right to their state, but the Palestinian people also have a right to justice. That is what the American Government must address. This is a sad and disastrous decision. The debate is timely, and I hope that the Minister gives us some good answers today.

10.11 am

Mr. David Chidgey (Eastleigh) (LD): I thoroughly endorse the comments made by other hon. Members, and I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on securing the debate and on making the points that he made. I want to refer to issues concerning the role of the United Nations, the transitional process and the reconstruction of Iraq.

On 19 April, the Prime Minister said in his statement:

> "We will hold absolutely to the 30 June timetable for the handover of sovereignty . . . The UN should have a central role, and it should be developed still further once the occupation ends".

I welcome his sudden recognition of the importance of the UN's role in these affairs, although it is a little belated. However, it is important to consider the mechanics of the UN's current involvement, comparing it with the disastrous events of a few weeks ago, when Kofi Annan's deputy was murdered in Baghdad. I am concerned to know how the UN's new involvement will be handled. Who will provide the security for UN personnel, given the recent disastrous attack on their headquarters? What guarantee will be provided to UN personnel and what discussions have been held with the UN in New York or anywhere else? When I last had the opportunity to discuss these matters a few weeks ago, it was made clear that the UN would not be releasing personnel to go to Iraq until they have a guarantee of security. We have yet to see that.

Returning to the Prime Minister's statement, he said:

> "The vast majority of Iraqis want a . . . stable, democratic Iraq . . . That is exactly what the coalition want."—[*Official Report*, 19 April 2004; Vol. 420, c. 21–2.]

We must ask, on what form of democracy will a democratic Iraq be based? Clearly, not on the Westminster model, or the US model. The agreement on the political process between the Iraqi governing council and the coalition provisional authority makes that abundantly clear. The key area, however, is the adoption of a permanent constitution prepared by the constitutional convention, elected from and by the Iraqi people. That should happen no later than 15 March 2005, but we already know that opposition is arising from certain quarters—Shi'a clerics, for example.

We must address the risk of attempts by fundamentalists to fill the present democratic vacuum with Islamists, whose constitutional aims are underpinned by sharia law. That is not what I understood to be the reason for being in Iraq, if we are to create a great democratic republic in the region. Has the coalition set out its red lines on what changes to the administrative law and the constitution would be acceptable?

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): I apologise for intervening, but I need to clarify what the hon. Gentleman said. Did he say that during the transitional administrative period sharia law would be the code?

Mr. Chidgey: No, I did not say that. That was not my intention, but I am trying to speed things up. I am concerned that we shall end up with a constitution underpinned by sharia law. Got that, Minister? Good.

Clearly, this is a key issue not only for us, but for the US. Senior US politicians have made clear their view that should the constitution for Iraq result in an Islamist republic, there would be no way that the US could keep its forces in Iraq a moment longer; that would be politically unacceptable. I want to know from the Minister the United Kingdom's view. Do we take the same position? Have the Government made such an assessment? What would happen next should that development unfortunately occur?

We are all aware of the vast sums that the US has allocated for reconstruction in Iraq and that that is tied fundamentally to US business. We are also aware of charges that have been levelled about how such contracts have been awarded. They were supposedly negotiated, but there are claims of a different means of allocation—for example, that Halliburton, the company once led by the US Vice-President, has been found to have vastly overcharged its client for the services that it supposedly provided. Even worse are the recent reports of corruption and bribery on top of the cronyism with which we have become familiar. I raise that point with the Minister.

UK taxpayers are contributing quite a large amount of money to the reconstruction process in Iraq. Perhaps the sum is not as big as that being contributed by the US, but it is certainly significant in our terms. I am sad to say, however, that UK firms appear to have been generally sidelined in their attempts to win contracts from the Americans in the effort to reconstruct Iraq. I think the expression used in Iraq is that the UK process for awarding contracts was "stupidly fair" compared with the way in which the Americans are tying their reconstruction budget to their own firms.

Can the Minister confirm that such is the desperate situation with regard to UK firms' inability to win any projects in Iraq that a trade Minister recently sent out this message, which was quoted in *The Guardian*:

"All ministers in the government who are in frequent touch with their US opposite numbers"

need

"to ensure that the US administration are in no doubt about the political importance we attach to UK firms being seen to contribute actively to the reconstruction process"?

The result, however, has been an absolute no—a big fat zero—which is of great concern.

Finally, I want to pick up on the concerns about corruption. Those of us who read *The Sunday Times* will be aware that, last weekend, some rather startling and far-reaching allegations were made that the CPA had been awarding contracts "improperly" on the basis of receiving bribes from companies, which then fail to deliver the project. The allegations are quite horrifying. Such behaviour is, I believe, illegal in British industry, as I am sure it is in US industry, whether it occurs in our own country or overseas. I want to hear from the Minister whether he has picked up on that point and what our Government are doing to ensure that the reconstruction of Iraq, which is based to a degree on UK taxpayers' money, is kept free of corruption.

10.18 am

Tony Baldry (Banbury) (Con): My right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley) has done the House a service by initiating the debate. However, it may not have escaped the Minister's attention that, with the exception of the Father of the House, not a single Labour Member has seen fit to take part. I suspect that that is because there is large and growing embarrassment on the Labour Benches. Had they known then what they know now, many Labour Members would never have trooped into the Division Lobby with the Minister and his colleagues. The fact that not a single Labour Member apart from the Father of the House dares to show his face in this Chamber today is effective testament to that.

I agree with everything that my hon. Friend the Member for Gainsborough (Mr. Leigh) said in his excellent speech. The House should also appreciate that the effects of the war have spread far beyond Iraq. I chair the Select Committee on International Development. Many millions of people live on less than $1 a day in central and Latin America. However, as a consequence of the war and the need to divert funds to Iraq, the Department for International Development has withdrawn all aid from the whole of central and Latin America. Every DFID office in places such as Peru is being closed. The House did not fully take that on board. It happened when the new Secretary of State was taking over from Baroness Amos. We have now completely abandoned Latin America.

When Baroness Amos was Secretary of State she appeared before the International Development Committee. It is clear that no assumption made by the Government or the coalition before the invasion of Iraq has come good. She said that

"there was preparation, there was preparation for a range of possible crises, ranging from prolonged urban warfare through large population movements and widespread disruption of essential infrastructure. As it happened what we did see was widespread looting and a breakdown in law and order, which had not been anticipated and which led to serious problems."

With some understatement, she continued by saying that

"we planned for very specific scenarios which did not occur . . . I think where mistakes were made were in anticipation of what we thought the problems were going to be."

That is like a statement from a general confession; the coalition prepared for eventualities that did not happen and made absolutely no preparation for those that did.

Hoshyar Zabary, the Iraqi Foreign Minister, recently observed that the coalition's greatest error was to assume in international law the role of an "occupying power." Reference has been made to United Nations

Security Council resolution 1483. The Iraqi Foreign Minister is a Kurd. The coalition is putting its trust in him. He has said:

"I reminded Tony Blair that we have pleaded with his senior officials that this language would be catastrophic. The concept of occupation instead of liberation would change the minds of the people . . . everything we proposed was rejected. They did not have faith in the Iraqis."

We have a coalition that fails to get United Nations support; when it does get that support, it is simply to assert the US and UK military as occupiers. The coalition rejected all the advice it received, even that which came from Iraqis whom it was purporting to trust and to put into positions of responsibility.

A year after the downfall of Saddam Hussein, it is difficult to credit how little sensitivity there is towards the Iraqis among some US soldiers. Over Easter, American soldiers who had arrested some Iraqis and bound their hands in plastic restraints were quoted as saying:

"We picked up these guys for wearing black . . . we are under orders to arrest anyone dressed in black."

My experience in Islamic countries is that Muslim pilgrims frequently wear black. In Iraq, Shi'ite pilgrims wear black. It may have escaped the attention of the coalition commanding officers that hundreds of thousands of Shi'ite Muslims were converging on Iraq's twin holy cities of Najaf and Karbala for the Shi'ite festival of Arba-Een.

Such cultural insensitivity and heavy-handedness is part of the reason why, for the first time, the coalition is facing the twin threats of Sunni insurgents and Sadr's Shi'ite gunmen. No wonder on Good Friday, the Foreign Secretary was obliged to observe on "The World at One" that

"there is no doubt that the situation is very serious and it is the most serious that we have faced."

Ministers in the Foreign Office would have done well to take heed of the remarks of my right hon. Friend Lord Hurd of Westwell, a distinguished Foreign Secretary under whom I was privileged to serve when he held that office. He said:

"You really don't win hearts and minds by filling hospitals and mortuaries."

Haifa Sangana, an Iraqi novelist and a former political prisoner of the Ba'ath regime observed that

"ordinary Iraqi people are appalled at the way in which the coalition Provisional Council have seemingly been watching in silence while Iraqis have been killed ".

About 10,000 Iraqi civilians have been killed since the start of the conflict, and although most of the governing council's members were once victims of Saddam's regimes they now seem to turn a blind eye to the violation of human rights by occupying troops.

One of the first things that the coalition provisional authority did was to issue a memorandum to remove the jurisdiction of Iraqi courts over any coalition personnel in both civil and criminal matters. Amnesty International recently produced a report. There was a time when Labour Members used to quote what that organisation said, but they no longer do. That report states:

"Coalition forces appear in many cases to be using the climate of violence to justify violating the very human rights standards they are supposed to be upholding. They have shot Iraqis dead during demos, tortured and ill treated prisoners, arrested people arbitrarily and held them indefinitely, demolished houses in acts of revenge and collective punishment."

Senator Kerry described the June deadline for a handover of sovereignty to an interim Iraqi Government as a fiction; he said that it was an arbitrary decision that had

"almost certainly been affected by the elections schedule."

Those of us who voted against the war on the grounds that it did not have the authority of the United Nations can only sadly observe that far from striking a blow against terrorism, the invasion of Iraq seems to have unleashed the very forces of extremism that it was supposed to destroy.

During the Easter recess, we watched sadly as the situation in Iraq became blacker by the day, and often by the hour. Dozens of Iraqis have been killed or injured, lives of coalition troops have been lost, foreigners have been kidnapped and any scintilla of a suggestion of coalition forces being peacekeepers has been blown away; they are now clearly occupiers.

Did I dream that President Bush, some months ago, stood on the deck of US warship Abraham Lincoln to announce the end of all major military operations, beneath a banner claiming, "Mission accomplished"? Bizarrely, whatever the body count, the situation seems continuously to be one of "mission accomplished." On Good Friday, US General Sanchez, the No. 2 US military commander in Iraq, observed that

"a new dawn is approaching."

That is what US military commanders were telling us exactly a year ago.

When it suited the United States and, sadly, the United Kingdom, they ignored the United Nations. Now, apparently, Washington is lobbying countries to commit troops to protect UN personnel in the hope of convincing the UN to return to Baghdad to help organise elections and to finalise the constitution after the transfer of sovereignty to the Iraqi Government. Not surprisingly, neither Kofi Annan, who withdrew his staff from Iraq last October after an attack on UN headquarters had killed 22 people, including his representative, Sergio de Mello, nor individual member states are now rushing forward to endorse that suggestion. One cannot simply pick and choose when one seeks the help of the UN.

A year after coalition troops entered Baghdad, there are only 12 hours of electricity a day and there is more sewage in the streets. Why have the coalition forces failed to restore the basic necessities of life, such as power and water, for the people of Iraq? After 30 years of disastrous wars and the brutality of Saddam Hussein, the vast majority of Iraqis simply wanted to get back to normal life. All the US and the UK had to do was to get the relatively efficient Iraqi administration up and running again, and they have not done that. Few in Iraq will necessarily have been celebrating the anniversary of the overthrow of Saddam Hussein on 9 April, because what, in reality, have they to celebrate?

[Tony Baldry]

The Economist endorsed President Bush in the 2000 election and unequivocally supported the war against Iraq. Yet it was obliged to observe on 1 April that

"the war was one of choice not necessity. Given that, it was foolish to exaggerate Saddam's weaponry, downright misleading to imply a link between the Iraqi leader and Al Qaeda and hubristic to do so little to prepare for post war reconstruction . . . mistakes soon piled up: handing the running of the country to the Pentagon; letting looters rip out the infrastructure; disbanding the Iraqi army and dismissing outside efforts to help."

Iraq was invaded by a coalition of willing countries. However, it was not a coalition of willing countries acting with the authority of the UN. The invasion has always lacked legitimacy, and that lack of legitimacy has been a tragic flaw.

Commenting on the first Gulf war, Douglas Hurd, in his book "The Search for Peace" observes that after the invasion of Kuwait:

"There was a good deal of argument about the best means of ensuring legitimacy. Article 51 of the UN Charter provides an absolute right of self defence. International lawyers argue convincingly that this right extended to allies trying to rescue Kuwait, as well as to Kuwait itself."

Douglas Hurd notes, however, that the American Secretary of State, James Baker, argued, with his strong support, that "this was not enough." In their view they needed specific authorisation of their efforts by the Security Council. As Douglas Hurd observes:

"There were hazards in this course; there was the danger of Russian or Chinese vetoes, but more subtle was the danger of fudge and obscure wording in a Security Council Resolution which might prevent our Commanders in the field from doing what was necessary."

However, he concludes:

"We managed through firm diplomacy in New York and in capitals to avoid these dangers. The specific approval of the Security Council was a necessary condition of allied success."

What a pity that President Bush Jr. did not follow the foreign policy lead of his father.

Later this summer, the inquiry led by Lord Butler of Brockwell will report, following its review of the intelligence on weapons of mass destruction that was used by Ministers as a justification for war. At that point, the House will undoubtedly need to revisit the legal case for the war, because it seems clear that Ministers at the very least misunderstood the vocabulary, language and ambiguities of the intelligence that they sought to rely on.

10.30 am

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): This has been a most impressive and powerful debate. In particular, I pay tribute to the right hon. Member for Tonbridge and Malling (Sir John Stanley), who opened with a powerful analysis of the reasons why we went to war and cogent arguments against the Government's actions then, and since. With great expertise, the right hon. Gentleman covered a lot of that ground, which does not need repetition from me, and there have been serious contributions from other hon. Members, to which we should pay tribute.

This morning's bombings in Basra set the awful scene for the debate. More innocents—children as well as adults—are dead and British forces have been stoned as they try to assist the wounded. It is a truly grisly and awful situation. The bombings are the latest indication of the worsening security situation in Iraq. There is ever-stronger resistance in the so-called Sunni triangle and rising militancy among the Shi'as. Deaths and injuries to Iraqis are on the rise across the country and hostage taking and deaths among the international community are increasingly prevalent. The casualties to coalition forces are increasing every day. The coalition has been weakened by the withdrawal of troops by Spain and other countries and, sadly, trained Iraqi forces have proved unreliable recently.

The deteriorating security conditions make an already difficult political situation much worse. Ten weeks from today, power is due to be transferred to the interim Iraqi Government. At this late stage, it remains unclear how those new arrangements will work. The interim constitution has not found favour with the Shi'a community in particular and the detailed planning remains obscure.

Liberal Democrats firmly opposed the war in Iraq and believe that many of the current difficulties arise from the way in which it was prosecuted and the developments since. We believe equally firmly that we have a duty to continue to play a major role in the transition of Iraq to a new democracy, but there are serious hurdles to overcome in achieving that goal.

We are increasingly concerned about the way in which the US military is handling the response to insurgency. The events of Fallujah suggest that any concept of proportionate response is in danger of being junked by the Americans. We condemn the attacks on US civilians and soldiers, as we do those against the nationals of any other country, but the scale of the civilian casualties has shocked everybody and it looks more and more as if the coalition is returning to a full-scale war footing. That is not the way to win hearts and minds or to prepare for the first meaningful steps towards a sovereign, democratic Iraq. In all dealings with the United States, the British must urge restraint.

The coalition faces both opportunity and necessity to open up the process in Iraq to broader international support. We have argued since the declaration of the end of the war that the United Nations should have a leading role in the transition process. Mr. Brahimi's efforts to find a way through to a sustainable political situation in Iraq need all the support they can get. He urgently needs a security resolution that will promote the timetable of the constitutional process, underpin the legitimacy of the current proposals and provide ways to monitor the implementation of the timetable.

The transition must be credible in Iraq and internationally if there is to be any prospect of a successful conclusion. That means that, in Iraq, they must believe that there will be a transfer of power to the Iraqi people, and not just a regime providing cover for a continued occupation. It also means that other countries will be able to see the prospect of real change legitimised by the international community and will increase the prospect of sharing the security burdens with many more countries.

Clearly, there will be a requirement for a substantial military presence in Iraq for some time to come. We expect that the existing coalition partners will continue to have the largest role in the security set-up. However,

there must be a clear status of forces agreement with the new transitional authority and clear aims for the military operations. It must be stated that the forces are there to promote the rule of law and facilitate the construction and development of democratic institutions. It must be made clear how the UK will discharge its obligations after 30 June. Currently, we are being asked to take the situation on trust. That is no longer enough.

We have a huge responsibility in that country and to its people. We have a massive responsibility to our armed forces. However, we appear to be back at the edge of a precipice. Unless a credible, sustainable plan is endorsed by the United Nations with some urgency, the increasingly dire security situation will deteriorate further. What is that plan?

10.36 am

Mr. Gary Streeter (South-West Devon) (Con): I begin by paying tribute to my right hon. Friend the Member for Tonbridge and Malling (Sir John Stanley), who made such a powerful speech with such expertise and set out the background to our reasons for going to war. I shall touch on that in a moment and then deal with some of the political and security issues on the ground.

The Liberal Democrat spokesman, the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore), made an admirably brief contribution. I will do the same, because the Minister has been asked a lot of questions and I want to give him plenty of time to deal with them, particularly as powerful speeches have been made by my hon. Friends the Members for Gainsborough (Mr. Leigh) and for Banbury (Tony Baldry), which, together with the opening speech, covered much of the ground that needs to be covered.

I want to make five points, and I hope to make them in five minutes flat. The reasons why we went to war must not be allowed to drift away. It is not just Labour Members who have the right to have a grievance about how we were taken into this battle. I voted for the war; therefore, I voted to send many of my constituents, including Royal Marines and Navy personnel, to war. I voted to send my son-in-law to war three months after he married my daughter. I did so for one primary reason: I believed the Prime Minister. I say to the House today that I will not make that mistake again.

First, it is not just a question of what I believed at the time. As the Archbishop of Canterbury warned in his speech yesterday, there is now an issue of trust and confidence. As my right hon. Friend the Member for Tonbridge and Malling said, this will happen again. We need to deal with this matter. It will not drift away. There will come a time when either this Prime Minister, or a successor to him, will ask the British people and the House to vote to send our troops to war. We need to deal with the issues arising out of the reasons for doing so in this instance. We hope that the Butler inquiry will get to the bottom of this, although we are not that confident that it will. The Minister must understand the strength of feeling about this issue.

Secondly, the Conservative party supported this military action. We still do. I part company from the hon. Member for Linlithgow (Mr. Dalyell)—although we all respect him as Father of the House—in saying that it would be madness to withdraw. We have to see this though; there is no plan B. We must help Iraq to attain a pluralistic, peaceful and prosperous democracy. The Conservative party remains committed to that enterprise.

Mr. Dalyell: Might it not also be madness to stay?

Mr. Streeter: There is no question but that it is difficult to stay. However, I believe that to withdraw would create chaos and carnage. We cannot seriously contemplate that. We must see it through.

Thirdly, it is one thing for the US Administration to be lashed by the usual suspects and its perpetual critics. However, this Government need to know—as does the Minister—and the US Administration must recognise that there are growing concerns, even from its friends, about US tactics on the ground in Iraq. My right hon. Friend the Member for Tonbridge and Malling mentioned the tactics in the early days in Fallujah and Najaf coupled with the sense that there is a disproportionate use of force and cultural insensitivity. There is a sense that these things are not helping. We need to know from the Minister the extent to which the British Government are being candid friends to the Bush Administration. Are we saying those things to them loud and clear?

I was interested to hear Sir Michael Jackson's comments yesterday to the Defence Committee. He went as far as he could in suggesting that there was a real difference of approach on the ground in Iraq between US and British troops. We need to know that the Government are being a candid friend and raising those issues with the US Administration. I speak as a pro-American friend of America. If we are not careful, we will store up a huge problem for the future.

Fourthly, as many have said, we are now 10 weeks away from the handover arrangements. We need to know much more about them. Can the Minister give an update on the Brahimi report? Can we build on the outline that we have been given? We need to know that proposals for the selection of the new Government are well in hand, and that there will be adequate consultation. I would like to know whether the Government will be consulted about the Brahimi plan before it is implemented. We need the handover to succeed.

In the hope that we can get through the current security problems and get beyond the handover to put in place an administration that can lead Iraq towards a proper election in late 2005, we need institutions and buildings to start to take shape in Iraq. What role does Britain intend to play, either through the global opportunities fund or the Westminster Foundation for Democracy, in building long-term capacity in Iraq to ensure a move towards democracy, a strong, civil society, and institutions that can support Iraq?

That takes us back to the most serious charge of all, which many have rightly made; that there was a complete absence of a proper, post-conflict reconstruction plan for Iraq. That is now freely admitted by the outgoing Secretary of State for International Development. Is it not clear that, in the past 12 months, the US-UK coalition has made it up as it went along? Does not that amount to a serious failure by the Government in respect of British foreign policy, and should not they rightly be held to account?

10.42 am

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Bill Rammell): First, I thank my opposite numbers on the Front Bench for being sufficiently brief to enable me to answer the many points made in this wide-ranging debate. I congratulate the right hon. Member for Tonbridge and Malling (Sir John Stanley) on raising what remain exceedingly important issues, which should concern all of us.

I am not convinced that any of us who came to this debate will change our views by the time we leave it; that is the nature of this historic conflict, and I think that that will continue to be the case. Nevertheless, it is important that we discuss the issues, and it is right that the actions of the Government and the coalition be properly scrutinised.

However, I start by expressing my deep condolences to those affected by the appalling attack in Basra yesterday; an estimated 50 Iraqi civilians died. Those attacks were clearly undertaken by people opposed to democracy. I hope that there is no division of view on that issue. It is the first time that an attack on that scale has taken place in Basra. I am confident that the vast majority of Iraqis in Basra do not support those actions, and there is evidence for that in what happened after a suicide bombing attack last month. A crowd that witnessed the incident went mad—for want of a better phrase—and took the law into its own hands against the perpetrator. Both that and the opinion poll evidence, which I will come to later, fundamentally demonstrate that, whatever the actions and views of a minority in Iraq, the overwhelming majority support the moves towards democracy, stability and reconstruction.

It is a reality that, despite continuing terrorist attacks, and notwithstanding the difficult security situation in parts of Iraq, we have made significant progress. The political process of transition remains on course. As the right hon. Member for Tonbridge and Malling acknowledges and supports, the coalition is committed to the handover of power to an Iraqi interim Government on 30 June. Elections will be held by January 2005. The terrorists will continue to do what they do, but I do not believe that they will succeed.

The increased role being taken by the United Nations will help significantly and we support the Iraqi governing council's request for the UN to help to build consensus in Iraq during the transitional period and to provide technical assistance. As was made clear in America last week by President Bush and the Prime Minister, we are open to the idea of a new UN Security Council resolution supporting the new authority. Key elements of that resolution would be to welcome the new political arrangements, clarify and support the UN's role and modify the mandate of the multinational force.

One hon. Member—I forget which—said that they hoped that in summing up I would not read from a Foreign Office brief but would answer the questions; that is what I will attempt to do. I shall start with the comments made by the right hon. Member for Tonbridge and Malling. He started by saying that this conflict with Iraq was unique because no event on the ground constituted an invasion and that there was nothing like the invasion that took place in advance of the first Gulf war. By implication, that comment omits the fact that the UN resolutions adopted unanimously by the Security Council at the end of the first Gulf war involved commitments that Iraq had to undertake to conclude that war. For 12 years, Iraq transparently defied the will of the UN and the international community by failing to respond to those resolutions.

I shall come on to the question of our intelligence material, but rather than looking at what this Government or the American Government said, we should look at Hans Blix's 173-page dossier, which was presented to the Security Council in March 2003. Saddam and his regime wilfully failed to respond to those 173 pages of unanswered questions, and that was the reason, after the unanimous adoption of resolution 1441, for deciding to go to war. The resolutions were there and the Iraqi authorities wilfully failed to make the necessary commitments; that was why we went to war.

The right hon. Gentleman made much of the 45-minute claim in the September 2002 dossier and there is no single issue in recent times on which there has been more rewriting of history subsequent to the events. To listen to the right hon. Gentleman and to other commentators, one would believe that the 45-minute claim was the central and most compelling reason for deciding to go to war. Let us look at the facts. That piece of intelligence was mentioned by the Prime Minister once in his statement to the House on 28 September and was not mentioned by him again in any statement or debate in the House. It was mentioned by no one in the crucial debate on the decision to go to war on 18 March 2003. Between 24 September and 29 May 2003, it was raised only twice in almost 40,000 written questions in the House of Commons and not once in almost 5,000 oral questions.

Sir John Stanley: I find this line of argument ridiculous. Surely, the reason why nobody mentioned this matter is that people believed the 45-minute claim because it came from the Prime Minister. When the Prime Minister makes such a claim, who are we on the Back Benches to dispute it?

Mr. Rammell: With the greatest respect, and for want of a better phrase, do me a favour. If that claim was such a compelling argument and the key reason for going to war, and given that there was so much opposition from all parties, do hon. Members not think that there would have been repeated questions about it? There was no such questioning because that claim was not the compelling reason for going to war. The reason for that decision was the unanimously adopted UN resolution 1441, which gave Saddam a last chance to comply. He and his regime failed to do so.

I also listened carefully to what the right hon. Member for Tonbridge and Malling said about our motivation for taking the decision to go to war, and he stopped just short of questioning our integrity. All I will say to hon. Members who take that view is that three separate, independent inquiries have looked at the issues, the evidence and the key allegation that either dishonestly or in some other way we misled people about the nature of the intelligence information. Those three separate inquiries, held by the all-party Foreign Affairs and Intelligence and Security Committees and by Lord Hutton, concluded that we took reasonable decisions based on the evidence in front of us.

Nevertheless, there are questions about the intelligence that need to be addressed. As the Prime Minister made clear, there is a genuine debate to be had about weapons of mass destruction and the intelligence. That is why we agreed to establish the Butler inquiry to review and consider the intelligence information that we received. I believe that that was the right decision and we should await the outcome of those deliberations.

The right hon. Member for Tonbridge and Malling raised several matters relating to the situation on the ground in Iraq. He started by saying that there was a huge political misjudgement by the coalition authority in arresting one of Mr. al-Sadr's aides. However, the facts and the evidence of what has happened in recent weeks show that the right hon. Gentleman has made a fundamental misjudgement. Iraqi prosecutors pursuing the case of the murder of Ayatollah Abdul Majid al-Khoei, the moderate Shi'a cleric, in April 2003, have rightly pushed for the arrest of a number of suspects, including al-Sadr himself.

Mustafa al-Yaqoubi, one of al-Sadr's deputies, was picked up by members of the multinational force on 3 April. That act was one of the excuses that al-Sadr used to spark off widespread violence and illegal acts across Iraq. I ask the right hon. Gentleman, what was the coalition provisional authority to do in such circumstances? Ignore the evidence before it? Ignore the fact that the Iraqi authorities, on behalf of Iraqi people, were seeking a prosecution? It would have been completely untenable to act in that way and the coalition provisional authority was right to undertake those actions in the circumstances.

Al-Sadr has been edging towards confrontation for some time; his supporters, especially his illegal militia, the Mehdi army, have been intimidating the local population of several cities—illegally occupying public buildings, abusing women at universities and attacking shopkeepers—but I am not aware that such issues have been referred to in debates or reported in the media coverage of the events in recent weeks. Although we face a difficult situation, al-Sadr's support, while vocal and violent, is limited and the vast majority of the Shi'a population oppose his actions and consider him an insignificant, low-ranking religious rabble-rouser.

Mr. Jon Owen Jones (Cardiff, Central) (Lab/Co-op): If that gentleman is insignificant and has so little support, why has he not been arrested?

Mr. Rammell: Because we are trying to act responsibly in the circumstances and to ensure that the situation is not inflamed. We recognise that military action alone is not a solution and we are sensitive to the risks of a backlash against military action. We therefore need a twin-track approach, which is what the coalition authorities are rightly pursuing, but political negotiations, backed up with reconstruction efforts, will succeed only if all parties are committed to a peaceful solution. That is what we are trying to pursue.

The right hon. Member for Tonbridge and Malling said that the CPA is at best tolerated and at worst hated by Iraqis. I fundamentally reject that allegation. Do not listen to Ministers who have been to Iraq and had direct contact with Iraqis; look at the evidence of a series of opinion polls, which verify the views of ordinary Iraqis. In the most recent poll, more than 50 per cent. said that their lives have improved since a year ago and almost 70 per cent. said that they expect their lives to get better. Other opinion polls show majority support for the CPA's actions in liberating Iraq and a clear majority who want the CPA to remain while the security situation is resolved.

That independent, verifiable evidence of the views of ordinary Iraqis is completely inconsistent with the right hon. Gentleman's accusation that the CPA is at best tolerated and at worst hated. I am sure that the CPA is hated by a small minority who do not want Iraq to move towards democracy, but that is not the view of the majority of Iraqis. Nevertheless, I accept that we have to do everything in our power to convince all Iraqis of the integrity of our actions. That is something that we are very much determined to do.

I respect the integrity, passion and commitment shown by the Father of the House, my hon. Friend the Member for Linlithgow (Mr. Dalyell), on this and other issues, but I sometimes disagree with his judgment. When he calls for a withdrawal of CPA forces at this stage I fundamentally disagree with him, as that would allow an extreme minority in Iraq to prevail. Such action would be unethical, irresponsible and lacking in credibility, and it would give a boost to extremists and violently aggressive regimes around the world.

Let me deal with the comments made by the hon. Member for Gainsborough (Mr. Leigh) on the interim administration and what will happen post-30 June. The Iraqi governing council wrote to the UN inviting it to advise on the form of the interim caretaker Government and on preparations for elections. There are two UN teams on the ground in Iraq. Mr. Brahimi is leading on the political process, and Ms Perelli on elections. In many senses, the key event is not 30 June for the caretaker Government, but the January elections. We need to remember that the caretaker Government are only temporary for seven months. All that was set out in Mr. Brahimi's report and statement of 14 April. The IGC will confirm the shape of the caretaker Government in an annexe to the transitional administrative law following the UN's advice.

On who will vet and approve the process, it will be up to Iraqis and the UN to determine the individuals. It is clear that the Iraqis want a technocratic council of ministers, and the IGC as a body will dissolve on 30 June, although some members may serve in a different function in the caretaker Government. We will put our views forward. We will urge a more representative structure, administrative certainty and a clear change from 30 June. Mr. Brahimi is in New York briefing the Secretary-General. There will be a further report in May, which I am confident will be in full time to enable the change to take place on 30 June.

The hon. Member for Eastleigh (Mr. Chidgey) welcomed what he called our belated conversion to the UN. Whatever view hon. Members take of this Government and our Prime Minister, we have gone out of our way from the beginning of the conflict to try to involve the UN at every turn, both in the run-up to conflict and in subsequent actions. The hon. Gentleman also referred to sharia law. Islam will be the official state religion and it is to be considered a source of legislation, but not the sole one. Significantly, the IGC recently

[Mr. Rammell]

specifically reversed IGC order 137, which had given a much more important and supreme role to sharia law. He should take some comfort from that.

Finally, the hon. Member for Banbury (Tony Baldry) castigated the Government for our actions in taking this country to war. It may or may not be the case that we were justified in taking the action that we did, but I happen to believe fundamentally that we were justified. He offered his critique,'but will he ponder on the role and responsibility of the official Opposition in these circumstances? If he reads in *Hansard* all the debates that took place in the run-up to the conflict, he will see that in no sense did the official Opposition act as a brake on or scrutinise the Government's actions. In fact, they urged the Government to move sooner, further and faster on the decision to go to war.

Tony Baldry: Will the Minister give way?

Mr. Rammell: No, I do not have time. The hon. Gentleman and his colleagues bear some responsibility for that decision to go to war.

Tony Baldry: The person who led us in no longer leads us.

Mr. Rammell: That is a convenient view, but that person's statements and actions were supported by the vast majority of Conservative MPs. Progress is being made. We need to remain committed and ensure that we achieve an Iraq that is free, democratic and fair for the vast majority of Iraqis.

Tuberculosis

11 am

John Barrett (Edinburgh, West) (LD): For many people in this country, tuberculosis is something from the past. Many young people do not know what it is. It is something that people used to suffer from in this country. Many older people often remember when it was a problem and are glad that it is now only a bad memory. However, while we might not be seeing too much sign of TB at first hand in this country, what is happening elsewhere in the world, and also here in the UK, deserves much greater attention. I am glad to have initiated this debate, and I am delighted to see that the Secretary of State is present to respond to it. I know that he shares my concerns.

During the early 20th century, TB was the leading cause of death from infectious disease in the UK. The same was true in much of Europe and the USA. As social conditions improved, it became increasingly rare. Although it is commonly associated with poverty and overcrowding, it can affect anyone. The world has witnessed an increase in the problem, and over the past 10 years we have seen it return in the UK. There were over 7,000 cases in 2002, and in some parts of London cases have risen by 80 per cent. It is hard to believe that one area of London has a TB rate that is higher than China's.

As I walked into the building this morning, I met my hon. Friend the Member for Mid-Dorset and North Poole (Mrs. Brooke). She told me of her own experience of suffering from TB, and of her horror when she discovered that her children would not be able to get the BCG vaccination because of a shortage in her area a few years ago. Although that does not provide 100 per cent. protection, it is still seen by many as the best way of minimising risk in the UK. She said that few people thought that the issue of the global control of TB related to the UK, but when friends and family have suffered or are suffering it brings it home that we are part of that global community. Members on both sides of the House have gone public about having suffered from TB in the past.

The British Medical Association has pointed out that although a high incidence of TB is linked to areas with high numbers of immigrants, it is the poverty and overcrowding suffered by many of them after their arrival rather than their physical health that causes the problem. Surprisingly, the health of many of them worsens after they enter the UK. The problem of TB is back, and it is right here on our doorstep. Another issue that we will have to deal with is that some doctors also think that TB is a problem of the past, and misdiagnosis is easy. One famous case in the USA was when Eleanor Roosevelt fell ill and went to Massachusetts general hospital where she died, undiagnosed, of TB. What we are seeing in the UK is a tiny tip of a very large iceberg. Worldwide, that iceberg sinks the equivalent of three or four Titanics every single day.

What is TB? Anyone who is breathing can get tuberculosis. All it takes for bacteria to be released into the air is for someone with TB to sneeze, cough or even just talk. Those bacteria can hang around for up to six hours and anyone can breathe in that air, allowing the

rod-shaped bacteria to travel down into the lung. The body reacts and white blood cells surround the bacteria.

When the bacteria are contained inside microscopic lesions, the individual has inactive—or latent—TB and cannot give it to anyone else. It is estimated that 2 billion people—a third of the world's population—are latently infected. HIV multiplies by a hundredfold the likelihood that a person with latent TB will develop the active disease. If I have time, I will talk about the increased problems of HIV and TB.

If the immune system is compromised—if the sufferer is HIV-positive or is weaker in some other way—more bacteria are produced and thousands of bacteria can spread throughout the lungs. That is active TB. Everyone around the infected person can then be infected, and it can spread to other parts of the body such as the spine.

Without any treatment, TB will take its time to kill a patient. The victim will lose weight, find it impossible to breathe, suffer night sweats, cough up lots of blood and in the end will either suffocate or drown in their own blood. That is a gruesome end. Left untreated, 50 per cent. of TB patients will die within five years. The most tragic aspect of the matter is that so many are suffering when it is so easy to cure. There are tried and tested methods, and the drugs cost only about $11 per patient.

I have touched on the situation in the UK; I should like to place on record the scale of the problem worldwide before I go on to consider what can be done about it. Every year, TB kills about 2 million people in the developing world. Some 7 to 8 million people become sick with TB every year. Some 3 million TB cases occur in south-east Asia. More than 250,000 TB cases per year occur in eastern Europe, and 8 million people develop active TB every year. Each of those active cases can affect between 10 and 15 people just by breathing.

Almost everyone could have and should have been cured. The best way to prevent TB is to treat and cure those who already have it. TB kills 5,000 people a day, equivalent to 15 jumbo jets crashing. More people die every day of TB than died on 11 September in the attack on the World Trade Centre.

As I said earlier, the problem can be cured and the approach known as the DOTS strategy was found to be the best way forward. That is the directly observed treatment short course, and on a recent trip to India, the hon. Member for Leicester, East (Keith Vaz) and I saw first hand how the strategy was put into place and how effective it was; I will touch on that later.

The World Health Organisation has reported that more than 10 million people have been successfully treated since 1994. DOTS works by making patients take their medication under supervision and by co-ordinating Government health workers' and patients' fight against the disease. Five elements make up the DOTS strategy. One is political commitment, which means not only obtaining funding from Government and local authorities, but involving key decision makers nationally and locally. Everyone has a stake in the project and everyone benefits from its success.

Case detection is carried out by sputum smear microscopy, SSM. The hon. Member for Leicester, East and I can now both identify active TB under a microscope. We feel suitably qualified as participants in the course. We have been able to identify the small, red, active TB viruses. What follows detection is the standard drug regime, which has now been proved successful. The drugs have been identified, and if patients take them regularly and are observed taking them, they can take the full course lasting six months.

That can mean chasing up people who have started the course. If a person does not turn up, somebody is sent out to track down the patient and make sure that they take their prescribed drugs. If they do not take them, or if they feel better halfway through the course, other problems can develop. Most patients are expected to come in on a Monday, Wednesday and Friday to take their course. The drugs come in small bubble packs. It is vital that there should be no missed doses.

It costs only $11 for a six-month dose, but if people break off their course they can develop drug-resistant TB, which can cost much more to treat. There also has to be a regular supply of drugs, the lack of which was a problem in the past. Before the DOTS strategy was implemented, people were given the prescription for a certain amount of the drugs. However, when they were halfway through their course, they would go back to the chemist and find that there were no drugs available to complete the course.

The DOTS scheme identifies sufficient drugs for one patient, which are placed in a cardboard box with the patient's name on it, so that when the patient goes to the clinic, the box can be opened; they then know that when they start the course there are enough drugs to complete it. They are then more inclined to finish a complete course because they know that it is unlikely to fall apart halfway through.

TB quickly becomes resistant to drugs if treatment is inadequate; for example, if the drugs are interrupted or run out. It is then almost certain that patients will develop multi-drug-resistant TB. Treatment for MDR TB costs more than 100 times as much as the initial treatment, and the drugs have to be taken for four times longer. If I have time, I hope to say something about MDR TB, which is a growing problem in eastern Europe, particularly in some of the EU accession states.

The fifth and final aspect of the DOTS programme is the recording and reporting system that must be put in place. Health workers and observers who watch their patients take their drugs develop a system that stops people slipping through the net. It is relatively easy to quantify the success of DOTS, unlike the fight against many diseases. It is easy to provide the statistics that say how successful the fight against TB has been. The DOTS strategy is a huge success, and the Department for International Development must be congratulated on playing its part.

Along with the hon. Member for Leicester, East, I was at a recent meeting with the Secretary of State and the Minister regarding the funding of the DFID India programme and the possible ending of a very successful project in Andhra Pradesh. Hopefully the Secretary of State will be able to say something today about plans for the future of the funding of the programme in India, especially as there is one project that has given hope to so many and could be replicated elsewhere. It would be sad to see that project come to an end, especially when there is money that has been allocated but is as yet

[John Barrett]

unspent. It might be that if slightly more time were given in which to spend the money, it could last for longer. As I said, DFID must be congratulated on committing more than £20 million between 2000 and 2005. The concern in Andhra Pradesh is that the excellent programme that they have should be built on and that it should not come to an end.

The situation in India is generally stark. It has the world's highest number of TB cases, involving more than 4.5 million people. Foreign aid and debt relief also have a major part to play in the fight against TB; the disease is intimately linked to poverty. Again, credit where it is due, the Government are moving in the right direction on the issue.

The recording of the success of the DOTS strategy is relatively easy, because the statistics are recorded in each hospital or medical centre. The WHO targets for 2005 are 70 per cent. case detection and for 85 per cent. of those cases to be cured. There is a long way to go; only 32 per cent. of TB patients worldwide are being treated by the DOTS programme, or at least that was the case in 2001. In some countries coverage is rising fast. For example, in Brazil it has increased from a low base of 7 per cent. to 32 per cent. in only four years.

It is easier to list the countries where TB is not an issue than those in which it is. Nowhere can ignore the problem. North America, Europe, Australia and Japan constitute most of the world that has a low incidence of TB, but the USA and Italy have had problems and outbreaks, as we have had in the United Kingdom. The increased number of people who travel by plane means that TB crops up everywhere. We all have a vested interest in its global control. For those who ask why we are so interested in what is happening elsewhere, we answer that as well as reducing the suffering abroad we can prevent it at home.

A quick run through some of the countries where infectious cases are being treated using DOTS is contained in the report card that was produced by the WHO. It covers countries such as Vietnam, South Africa, the Philippines, Congo, Kenya, Uganda, Mozambique, India, Bangladesh, China, Ethiopia, Pakistan, Nigeria, Brazil, Russia and many others. Twenty-two of the world's poorest countries account for 80 per cent. of its TB cases. DFID's work is rightly poverty-focused, and few diseases are more poverty-focused than TB.

While there is good news, it is worrying that in some countries the problem is worsening. I mentioned the problem of drug-resistant TB and the possible threat to the EU. Drug-resistant TB presents one of the most difficult challenges, but with funding from the Bill and Melinda Gates Foundation, along with the Harvard medical school and the WHO, the fightback has started.

In the largest ever study of drug-resistant TB, the WHO examined 63 countries and more than 60,000 patients worldwide. MDR TB rates were 10 times the average in Latvia, Lithuania and Estonia, which are all countries from which we expect increased migration to the UK from 1 May. The only way to deal with the issue is through investment in global TB prevention.

There are positive indicators. There is an increased flow of funding through the global fund to fight AIDS, tuberculosis and malaria, a flow of anti-TB drugs through the global drug facility and a decreased TB incidence rate in the American, Mediterranean and south-east Asia regions. I urge the Department for International Development to play its part in helping to develop new vaccines, which are needed now but will more desperately be required in years to come. The problem is well documented, and the solution is tried and tested. I look forward to hearing from the Secretary of State about the part that his Department can play in the war against tuberculosis.

11.15 am

The Secretary of State for International Development (Hilary Benn): I begin by thanking the hon. Member for Edinburgh, West (John Barrett) for initiating this important and timely debate. I know, from the discussions that he referred to during his speech, that he has a personal interest in this matter, as does my hon. Friend the Member for Leicester, East (Keith Vaz). Both of them recently visited India and saw an excellent programme that my Department is helping to support. I should like to take this opportunity to congratulate them on their newly found microscopic skills, which show how the talents of Members of this House spread far and wide.

I shall begin with the programme that we discussed when we met recently. As the hon. Member for Edinburgh, West will remember, my hon. Friend the Under-Secretary of State for International Development and I undertook to reflect on the points that were made. We have not yet made a decision about what will happen when the current project comes to an end, and we need to talk to the Indian Government about that. We have promised that we will respond to the hon. Gentleman and to my hon. Friend the Member for Leicester, East, and we shall do so. I am grateful for the comments about the quality of that programme, which is an example of the contribution that DFID is making to tackle the problem of TB around the world.

As we have heard, 2 million people a year die of TB. It disproportionately attacks poor people: it is a disease of poverty that is made worse by poverty. Some 92 per cent. of cases and deaths occur in developing countries, and infection transmits more readily in the conditions of poverty, where people face overcrowding, inadequate ventilation and not having enough food to eat. Once they are infected, poor people are more vulnerable to economic effects, because if they cannot work, they cannot get an income. They therefore have less to spend on food, treatment and supporting their families. It is a vicious cycle that affects all parts of their lives.

I learned more about the problem of TB and the challenges of trying to treat it from the first visit that I paid to Africa as a DFID Minister in November 2001, when I was Under-Secretary of State. I got off the plane in Lilongwe and went straight to what is known locally as the Bottom hospital to visit its TB treatment centre. In the course of that morning, and during a visit to the slums of Lilongwe, I learned exactly what can be done to treat TB. I also learned about the problems that people with the disease face.

The treatment centre had recently moved to the DOTS—directly observed treatment short course—system. As I recall, the TB ward had six or seven beds. The doctor said that if I had come three months before,

I would have seen 30 people in the room—seven in the beds and the rest sleeping on corners or the floor. However, the centre had moved to the DOTS programme, which means that patients can be treated at home.

I also learned that people wanting to go to the hospital for testing had to give up a day's pay and find the bus fare to get them there. Despite their low incomes, they had to repeat the whole process to return for the results of the sputum sample and the microscopy that had been undertaken, and they then had to find a friend or family member who was prepared to observe the treatment.

For those able to do all that, the system works, and the hon. Member for Edinburgh, West was right about the benefits of that approach. However, when I went to the slum area, I found that, for many people who could not afford to make the journey to the Bottom hospital, the alternative was a private provider who had set up in that part of Lilongwe. For those who could not afford the cost of seeing the private provider, the alternative was to go to the local kiosk and buy a cough sweet. At the bottom of the chain of "treatment" was the act of buying something simple to deal with the symptoms without treating the TB itself.

That crash-course lesson in the economics of health care choice—or, to be more accurate, in the lack of such choice—for people living in poverty in Lilongwe in Malawi opened my eyes to the scale of the problem and to the practical difficulties that poor people can face in accessing treatment.

John Barrett: When I visited that hospital, I was struck by the optimism there, but I was also aware that the health service workers themselves suffered from TB and HIV. Could the Secretary of State say anything about the impact that we have on these countries when we recruit their staff?

Hilary Benn: The hon. Gentleman will be aware of the code of practice that the Department of Health has drawn up, which makes it clear that the NHS will not recruit directly from poor countries and further reduce the capacity of their health service staff. Malawi is probably the most pressing example because of TB, but particularly because of HIV/AIDS. It lacks the capacity in many areas to carry on with the job of providing services and running the Government because so many nurses, doctors, police officers, members of the armed forces, teachers and civil servants are dying of AIDS. We need to address that major capacity problem in Malawi.

As we discussed in Select Committee yesterday afternoon, the fundamental problem for health service workers is the push factor that leads people to leave developing countries and take their professional knowledge and skills to earn a better living elsewhere, in much better conditions. Those issues have to be addressed in the long term, if we are going to make a difference. That is why the considerable investment of resources that DFID has put in to support better health services—£1.5 billion since 1997—is the best long-term contribution that we can make to help developing country Governments tackle the problem that the hon. Member for Edinburgh, West has rightly identified.

The World Health Organisation estimates that, between 2002 and 2020, approximately 1 billion people will be newly infected with TB. It says that more than 150 million people will get sick, and that 36 million will die of the disease if we cannot make better progress in tackling the epidemic. In 1993, the organisation declared TB a global emergency. It is an emergency that affects a small number of countries in particular: 22 countries account for 80 per cent. of the global TB burden.

It is a problem that is getting worse. One of the reasons is HIV/AIDS. The hon. Member for Edinburgh, West talked about the interrelationship between HIV/AIDS and the growth of TB. The other reason—the second point to which he referred—is the growth of multi-drug-resistant TB. That arises either because patients do not complete their treatment programmes or because the drugs themselves are not of a sufficient standard. It is a particular problem in the former Soviet Union, especially among the prisoner population, where infection rates for multi-drug-resistant TB are extremely high.

One challenge that we will have to face together is the cost of treating TB, as it is so expensive. The hon. Gentleman may be interested to know that in the early 1990s the United States spent $1 billion on treating an outbreak of multi-drug-resistant TB in New York. That is a lot of money in the context of the scale of the epidemic that we are talking about. It is important that we should respond.

A certain amount of progress has been made towards the targets for 2005 set by the World Health Assembly for global TB control efforts—to detect 70 per cent. of TB cases and to treat successfully 85 per cent. of detected cases—but much remains to be done if we are to achieve those common goals.

In 2002, an estimated 37 per cent. of new smear-positive cases were notified under the DOTS programme, an increase from 27 per cent. in 2001 and halfway towards the 2005 target. In other words, progress is being made, especially in some high-burden countries such as India, which the hon. Member for Edinburgh, West recently visited. However, even with those encouraging recent trends, we expect the case detection rate to be only 50 per cent. by 2005. In other words, the target will be missed. That is another reason why we must intensify our efforts to deal with the problem.

The Stop TB partnership aims to do precisely that by encouraging social and political action to stop the spread of TB around the world. The independent external evaluation of the partnership that was undertaken in 2003 found that there had been real achievements, including sustaining a broad network of partners that commands support. Under the elements of the DOTS programme, the hon. Member for Edinburgh, West spoke about the importance of political leadership, and he is right. Whether we are talking about TB, HIV/AIDS or the other problems that developing countries face, political leadership above all else is required to find the means and the will to tackle the problem. The partnership also achieved heightened political commitment and support for the global plan to stop TB, and has done work to highlight developments in new diagnostics, drugs and vaccines. It is important that we build on that.

[Hilary Benn]

We have seen the development of global partnerships and have put a great deal of effort into supporting them. I have talked about Stop TB, and the Global Fund to Fight AIDS, Tuberculosis and Malaria has also been established. So far, DFID has committed itself to contributing $280 million to the fund up to 2008. About 17 per cent. of the resources disbursed from the fund so far have been in response to proposals to fight TB. We have put in £2 million to support the work of the Stop TB partnership, and to help its co-ordination efforts. That is alongside the other funding that we have put in, but more will undoubtedly be required—a big challenge for the international community. One reason why we are strongly encouraging other donor partners to consider the international finance facility—the proposal made by my right hon. Friend the Chancellor of the Exchequer to give us the potential as a world to double development aid over the next few years—is that this is one issue that requires additional financing to enable real progress to be made.

The action that needs to be taken in order to make a real difference in tackling the scourge of TB is now reasonably clear, but we need to get on and make it happen. We need to increase funding levels and strengthen public health services, because if a village or community does not have such a service, the DOTS programme cannot be administered and drugs cannot be provided to tackle multi-drug-resistant TB. More staff resources are needed: although money is a constraint, the sheer lack of staff is also an issue. Inadequate health facilities are real obstacles to progress, and we need to fund and investigate further new technologies and treatments.

We know, from our experience in London, of the problems of TB control, and we need a concerted international effort, working across borders, if we are to make progress. DFID will remain committed to that goal, but it is above all the responsibility of the international community collectively to ensure that we will the means, the resources and the political commitment to make progress in tackling this terrible disease.

11.29 am

Sitting suspended until Two o'clock.

Privilege (Correspondence)

2 pm

Mr. Andrew Dismore (Hendon) (Lab): This debate has an intriguing title, and a few people have asked me what it is about. I hope that as my remarks progress people will understand what my concerns are and the implications not only for correspondence with local authorities but more generally.

My original worries arose from the fact that all my correspondence with Barnet council officers, no matter how senior or junior, is copied to council "cabinet members", as they call themselves, for the relevant department. When I started to investigate the issue, I found that that practice commenced soon after the Conservatives gained control of Barnet at the local elections two years ago, but that it now happens more systematically, with every letter copied. The introduction of those arrangements coincided—perhaps it was a coincidence, perhaps not—with the Conservative Barnet council establishing its new "cabinet office".

Barnet council's cabinet office was established last year and has two "non-political" members of staff—a full-time cabinet adviser and a part-time cabinet secretary. The part-time cabinet secretary is truly non-political, but the cabinet adviser is Dr. David O'Brien, former Conservative political assistant at Surrey, Swindon and Carlisle, whose doctoral thesis was entitled, "Interpreting New Labour". There is little chance of finding out exactly what they do, but they admit to being responsible for keeping cabinet members' diaries, responding to correspondence, dealing with casework, writing to all petition signatories, speech writing, and providing overall guidance to the cabinet on policy and direction. The borough treasurer gives the cost of the cabinet office service as £50,000, and I question whether that is a good use of money given the significant cuts that Barnet has introduced.

I have no objections in principle to the unit or to it carrying out the activities that I have described—as long as that is all that it does—except for the fact that Dr. O'Brien's post should not be classed as non-political. What concerns me is the extent of the unit's role in monitoring correspondence between the council and Members of Parliament and between councillors, especially opposition councillors, and officers, on behalf of cabinet members.

You may ask, Mr. Deputy Speaker, why we should worry. Like most active hon. Members, I am regularly out and about meeting constituents who raise complaints and problems with me and I receive vast amounts of correspondence. An increasing number of the issues raised, especially since Barnet went Conservative, concern problems with local authority services. Constituents expect me to raise those issues fearlessly with the local authority. Of course, if the subject were highly political, such as the high level of council tax under Barnet Conservatives or the appalling cuts in support for the elderly or the disabled, I would naturally write either directly to the cabinet member councillor concerned, the director of service, or the chief executive. In that event, I would expect the letter to be seen by the relevant politicians.

We are on opposite sides of a political world, and on a political issue I would expect a political reply approved or written by the relevant council cabinet member. However, I fail to understand why cabinet members need to see every letter that I send, for example complaining of a broken pavement or a pothole, requesting traffic calming for a residential street, raising a housing repair, or the need for somebody to move house, or the poor standard of street cleaning, or asking for information about or objecting to a minor planning application. More important, why do they need to see every reply that a council officer, no matter how junior, sends to me? There are no obvious policy implications in the correspondence. Council policy is well set out on those issues. They are straightforward operational questions that do not require any political input.

Before I came to this House, I was leader of the Labour group on Westminster city council. I was a member of that council for most of the reign of terror of the gerrymandering Dame Shirley Porter. Even in those days, our correspondence as opposition councillors was not monitored to this degree.

My experience of those difficult years as the leader of an opposition group leads me to be extremely suspicious of what is going on in Barnet council. I believe that it is developing Dame Shirley Porter-style control-freakery at its worst. It is adopting her methods. They were designed to keep officers in line and under control, and to influence the way in which they approached correspondence—and perhaps to look at it a little less sympathetically if it came from opposition people. They were also designed to ensure that officers gave a political line on issues that were not really Political with a big P. Usually, they would attempt to find a way of blaming others for the council's failings—or was the motivation to enable cabinet members to piggy-back on work done by Labour MPs and councillors by responding to residents direct or taking over the casework?

I know of a couple of examples of that happening. Councillor Brian Coleman is the cabinet member with responsibility for the environment, the deputy leader, a Greater London authority member, and the spokesman for the Tory party on fire service issues. He holds about half a dozen other jobs. He is up for re-election in June, and he will probably be defeated. I am concerned that he is using correspondence from the opposition. I do not believe that he is doing so because he is a nosey-parker or a gossip, although I think that he is those things. I think that he knows what he is doing—he is using that correspondence for political ends. He is the Tory group's ideologue and he is trying to achieve political advantage unfairly from casework raised by Members of Parliament. I believe that he is behind attempts to create a Dame Shirley Porter-style regime, which was branded at the time by the district auditor in Westminster as creating a climate of fear.

I do not say that idly. Councillor Coleman has form with regard to riding roughshod over correct democratic procedures. He has a reputation for failing to consult and to listen to people. One of his early acts was to re-open a road in my constituency—Partingdale lane. He did so against the wishes of local residents. He was criticised by a judge for not consulting properly, and the review against the council succeeded.

The leader of the council has had to disown Councillor Coleman on a number of occasions as a semi-detached member of the Conservative group, most recently over his attack on Middlesex university, which he branded as a four-letter word beginning with C. I cannot repeat it because it is an unparliamentary word. His comment was immediately disowned by the leader of the council, who pointed out that the council sent staff to Middlesex university for training. Apparently, Councillor Coleman's main criticism of Middlesex university was that it takes too many foreign students.

I raised my concerns over the treatment of my correspondence with Barnet council's chief executive. A few weeks later, I received a reply from Mr. Geoff Lustig, the borough's solicitor. He stated:

"The copyright in a letter (and by corollary an e-mail) belongs to the sender not to the receiver. Whilst the receiver of the letter/e-mail may not copy it without the consent of the sender, he may communicate the information obtained from reading it, unless the letter/e-mail is of a private and confidential character.

Therefore, you are acting within your general legal rights to ask that your e-mails are not copied. However, you cannot prevent the information gleaned from those communications from being passed on, unless private and confidential.

The next point to consider is whether we, as Council employees, can agree generally not to pass on to the elected Members of the Council information gleaned from or copies of letters/e-mails received from a third party.

The answer to that question has, I believe, to be "no". We are employed by the Council and the sovereign decision making body of the Council is the assembly of 63 elected councillors (Cabinet for executive matters)."

The political reality is that the sovereign decision-making body is the executive cabinet.

"Those councillors, additionally, have the right both legally and constitutionally to require disclosure of information which is relevant to their role as councillors. Neither members of the public nor Members of Parliament write to a council employee in his/her individual capacity, but rather write to him/her as a servant of the council. Exceptionally, particular correspondence will be of a nature that makes it inappropriate for the recipient Officer to share other than to a select few specified individuals e.g. whistleblowing allegations. However, in the main, where correspondence is sent to an individual Officer, acting in the course of his duties, in my opinion, it is sent to the Council corporately. Therefore, there is neither breach of copyright nor of confidentiality if the letter is passed on within the Council."

He goes on to the final bullet point:

"There does, of course, have to be some judgement on the part of Officers concerning what needs to be shared and what doesn't. It is not the Officers role to let Cabinet Members know what their political opponents are raising queries about, unless it can reasonably be said to fall within a policy area for which the Cabinet Member is responsible and he/she can reasonably be said to have a need to be consulted or informed of a proposed response."

If that is what is happening—if discretion is being exercised, and some thought is being given to what needs to be copied and what does not—I will not make such a fuss, but, unfortunately, that is not happening. Every single item is routinely copied. Cabinet members

[Mr. Andrew Dismore]

know what we political opponents are asking about. There is no consideration of whether correspondence should be copied.

Mrs. Angela Browning (Tiverton and Honiton) (Con): Will the hon. Gentleman clarify whether he uses the wording recommended by the House authorities in respect of data protection on all his correspondence?

Mr. Dismore: The hon. Lady raises the question of data protection, which I am coming to now.

The problem to which I referred raises issues of confidentiality, not only in general, but in the context of the Data Protection Act 1998. I am grateful to the Library for its brief on the issue, which refers to the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002. That change in the law came about due to the concerns of hon. Members that their casework correspondence was not exempt from the strict requirements of the 1998 Act except when they had the explicit authority of the constituent. It was recognised that it was often difficult to get that explicit consent.

The order makes use of the power under schedule 3 of the 1998 Act enabling the Lord Chancellor to add to the list of circumstances in which the processing of sensitive personal information is allowed. The order applies to Members of Parliament and various other elected representatives, including elected members of local authorities.

Two main functions of the order apply. The first gives the relevant person, or someone acting with their authority, the authorisation necessary under the 1998 Act to process sensitive personal information without having to establish the explicit consent normally required by the Act. Secondly, the order gives others—for example, agencies or organisations that are contacted by the elected representative, such as local authorities—the authority to disclose sensitive personal information, without having to obtain the explicit consent of the individual concerned, to the Member or councillor where that is necessary to help them with its functions.

I am worried that what is happening with my correspondence is a routine breach of confidentiality. It is not geared towards helping with either my functions or those of the local authority, and is therefore probably a breach of the requirements of the order. That raises the question of why the council is copying on the correspondence. I simply do not believe that it is to help with their functions.

The Library brief says that the exemptions for elected members to enable the processing of data do not give Members of Parliament carte blanche to process constituents' personal details in a way that impinges on their rights and freedoms. Elected representatives still have to abide by the eight data protection principles in section 1 of the 1998 Act, including the duty to process data fairly and lawfully. By extension, of course, the same rules apply to the council.

I believe that the council is interfering with the rights and freedoms of my constituents, including their right to confidentiality. It cannot be said that what the council is doing is fair or lawful under the overriding eight data protection principles. In other words, I do not believe that the council is exempt under the exemption provisions.

I raised the issue with the House authorities and I am particularly grateful to Mr. William Proctor, the Clerk of the Journals, for his help and advice. Mr. Proctor also informed me that, in recent months, a significant number of hon. Members have raised with him similar, varying concerns about aspects of constituency correspondence. Although I refer to Barnet council, the debate has a much wider application—it goes beyond local authorities into aspects of Government, too. The issue stretches beyond the political concerns that I have outlined and has serious legal implications for the privilege of correspondence, to which I will refer shortly, contempt of the House and freedom of information rules.

Many of the problems that I have described have been exacerbated by the progressive shift from the traditional, committee-based structure of local government towards a cabinet system. Although I am not opposed to that, it has complicated the relations between Members of this place and local officials and back-bench councillors. The problem highlights a further serious obstacle to our freedom as Members of the national legislature to do our job properly in serving our neighbourhoods. We need to be able to correspond with the council officers at the sharp end of delivering council services if we are to be able to assist our constituents in getting at the truth and finding solutions to their own, often personal and intimate problems. We must be able to correspond with them and our constituents with complete frankness and openness, without any fear that the local political executive will be checking not only what our correspondents and officers say, but what we say. We must be able to carry out what is now a vital function of the local Member of Parliament—probably the most important from our constituents' point of view—and be confident that we will not find ourselves hauled before the courts for merely doing our jobs.

If there is a constant danger that our correspondence may be revealed or transmitted to the local council cabinet, there is a much greater risk of its contents being more widely disclosed, possibly for partisan reasons. It is in the nature of many of our communications with constituents that they make allegations against individuals and we are bound to retell those allegations in correspondence if we are to obtain a proper explanation.

Some allegations that are made by constituents may be true and may easily be substantiated but often a constituent may have misunderstood the circumstances, attributed improper motives where there were none, or occasionally merely vented their anger in forceful and inappropriate terms. I am sure that all of us have had rude letters of that sort from time to time. If there is a danger that any of that may be revealed to the outside world—and what Barnet council is doing means that there is—our ability to deal completely openly with councils to ascertain the truth of a case is already compromised. It is a question not just of the gossipy councillor but of whether, if the correspondence is spread more widely, it will become public information.

What happens in sensitive cases—there are many of them, as all hon. Members are all too well aware—if our correspondence on behalf of our constituents is revealed in the local media? Can we claim that correspondence is part and parcel of our job as Members of the sovereign legislature and therefore protected from action for libel or defamation by the privilege that is properly claimed by this place? In short, we cannot. We cannot rely at all on the protection of parliamentary privilege from defamation in an important and often sensitive area of our work—we can do so only if correspondence on constituency cases is specifically conducted in preparation for a formal proceeding of the House or a Committee of the House.

As some colleagues will be aware—although I suspect not many will—the much prized freedom of speech accorded under article 9 of the Bill of Rights 1689 extends only and exclusively to the proceedings of the House and its formally constituted Committees. We have the protection of privilege against defamation neither in our correspondence with constituents, nor in correspondence with our local authorities and agencies, or Ministers of the Crown. Of course, there is a way around that. We could, when writing to these people, say, "We are asking for this information preparatory to tabling a parliamentary question or early-day motion", in which case it would fall within the privilege afforded by the Bill of Rights. However, that defeats the object, because by putting it in those terms, we may, if it comes to tabling a parliamentary question or early-day motion, be breaching the confidentiality that we are trying to protect.

Similarly, there is no absolute protection for those who write to us. I do not believe that it would be proper, desirable or sensible to allow individuals to use the cloak of parliamentary privilege to defame or to libel their fellows with impunity. Hon. Members should be aware that those who provide us with information are not protected from intimidation, molestation or punishment as a result of anything that they may tell us. If they gave formal evidence to a Committee of the House, they would enjoy such privileges.

The Select Committee on Standards and Privileges, of which I am proud to be a member, has just had a painstaking and thorough examination of the pressure that was alleged to have been put on a single witness before a Select Committee. We were able to return a verdict of guilty of contempt on a number of people, including no less a personage than the Lord Chancellor—that was the Wilaminsky case. In that circumstance, the individual concerned was a member of a public body. All the members of that body were asked to resign. She believed that she was put under a detriment because she had given evidence to the Select Committee. In fact, there was no detriment, in that she would have been treated the same. However, the correspondence and behaviour of those involved gave the appearance of her being subjected to a detriment, which led to the findings of contempt.

If an individual, whether a constituent or anybody within the jurisdiction, communicates with their constituency Member or any individual Member, they are not protected by those rules. The 22nd edition of "Erskine May", on page 129 puts it simply:

"protection is not afforded to informants, including constituents of Members of the House . . . who voluntarily and in their personal capacity provide information to Members, the question whether such information is subsequently used in proceedings in Parliament being immaterial."

Of course, the same applies to any council officer, particularly, unfortunately, if the officer is looking over his shoulder all the time knowing that his correspondence is being monitored. I could obtain protection from a council for such a council officer by using the process of saying that I want the information for my work on a Select Committee, for a parliamentary question or for an early-day motion. If such a person were to provide the information in response to a request that was along those lines, I suspect that they would have the protection afforded by parliamentary privilege and that, if their correspondence were interfered with or if they felt that they were under some sort of pressure to respond in a particular way, Barnet Council and its officers and members, for example, could possibly be guilty of contempt of Parliament. I think that it is using a sledgehammer to crack a walnut if I have to preface every one of my letters to the council with the comment that I am asking for information for those purposes in connection with parliamentary proceedings. If I were to do that, it might stop the council from taking action.

I could easily envisage a situation where council officers were put in such a position, if I were seeking information from the council on that basis. Then if the officer feels under pressure to reply in a particular way, or that he has been subject to disadvantage after providing information to me, even if that were not the case and he were just to feel it to be so, the chief executive, the leader or cabinet members of the council could find themselves unwittingly in contempt of Parliament. I say "unwittingly" because that was the position in relation to the Lord Chancellor.

While I would like nothing better than to see Councillor Coleman hauled up on a privilege charge before the Select Committee on Standards and Privileges, so that I had to recuse myself from hearing the case, that is hardly a sensible way forward. Equally, the council officer transmitting the defamatory correspondence could be at risk of a personal libel action and they would not be protected by their role as a council officer.

Returning to the theme of defamation, Parliament must examine the extent of its privileges in the light of the modern reality of the work of a Member of this House. I acknowledge that on occasion the courts have regarded the informants of Members as enjoying qualified privilege of law. Normally, the courts would accept a similar defence in defamation proceedings against a Member. However, what does "qualified privilege" mean? Certainly it does not mean that we are protected from actions in the courts, but merely that, according to paragraph 110 of a report by the Joint Committee on Parliamentary Privilege in 1999:

"a member has a good defence to defamation proceedings so long as he acted without malice, that is, without some dishonest or improper motive."

That is all well and good, but if a case arises, it still has to be defended. Even though I understand that the House now operates an insurance scheme to provide some limited defence costs, that does not remove the worry, irritation and threat to the reputation of the

[Mr. Dismore]

Member concerned. If any Member of the House were to talk to colleagues from almost any national Parliament in Europe about parliamentary privilege, most of them would be amazed at the lack of protection that is afforded to Members of the United Kingdom Parliament. The general rule in other national Parliaments and in the European Parliament is that Members have absolute protection from civil suit and, in some cases, from criminal prosecution in relation to all their activities arising from their membership of that Parliament.

Of course, that could go too far, as occasional instances of parliamentarians or even members of Government hiding behind privilege from criminal law demonstrate only too well. However, we have gone too far in the other direction, or have not progressed, by failing to provide any statutory protection for ourselves or our informants in the area of work that takes up the bulk of the time of most MPs.

We do not run what amounts to a combined ombudsman scheme, citizens advice bureau and counselling service as private individuals. We do so only because we represent our local communities, and those communities expect us to do that work as an important part of the job that they send us to Westminster to do. It is not a peripheral part of our job; in any job description for an MP, it would be included as one of our core functions.

In the past, the question of protection for Members' correspondence has been considered on several occasions by privileges committees and inquiries. In 1967 and 1977, the Privileges Committee agreed that at least Members' correspondence with Ministers should be covered by absolute privilege. In 1970, the Joint Committee on the Publication of Proceedings in Parliament recommended a new statutory definition of proceedings, which would have specifically included correspondence between Members, and between Members and Ministers

"for the purpose of enabling any Member . . . to carry out his functions as such."

Such a definition would not have covered the case of correspondence with local authorities and, in any case, would not have gone far enough. However, it would have provided greater certainty of protection against libel and defamation proceedings arising from the discussion of constituency cases with Ministers.

Nothing was done in response to any of those or similar reports. In 1999, the Joint Committee on Parliamentary Privilege considered the matter again, and dismissed out of hand not only the wider extension of protection, which I believe is needed, but the more modest proposals of its predecessors.

Paragraphs 103 to 112 of that report are worth reading. They appear to reflect the interests and concerns not of the average Member of Parliament or their constituents, but of the Law Lord, Lord Nicholls of Birkenhead, who chaired the Committee. The report acknowledged that there was a problem, but argued that there was "insufficient evidence of difficulty". If absolute privilege were to be extended to all correspondence with Ministers, it asks, where would it all end?

The report accepts that the distinction between a Member's letter, which enjoys no absolute protection, and a Member's speech or parliamentary question, which does, "can be somewhat arbitrary". It takes comfort from the fact that the defence of qualified privilege

"seems to have enabled members of both Houses to carry out their functions satisfactorily"

but admits that qualified privilege is "less effective."

Most important, the members of the 1999 Joint Committee decided not to recommend the extension of absolute privilege either to communications with Ministers, or to Members' correspondence more generally, because

"this exceptional protection should remain confined to the core activities of Parliament, unless a pressing need is shown for an extension."

That is precisely my case—constituency work is, in practice, and should be recognised as one of the "core activities of Parliament", and one that is growing exponentially. We in this House all know that that is the case—most of their Lordships have no experience or understanding of the matter, or of the real nature of our jobs. Moreover, things have moved on since those reports were prepared. For example, the Data Protection Act did not exist at the time. Nor did the question of freedom of information. I believe that, as things stand under the present legislation on freedom of information, busybodies can ask for documentation that may be very personal to our constituents, while probing into central Government or local authority activities.

In November 2003, an interesting report was published by the Legislative Assembly of Queensland in Australia, to which I believe the Government of Queensland are due to respond soon. It is a weighty tome, and contains a good analysis of the problem facing today's politicians. Reading the report, my impression is that the problems facing Members of the Queensland legislature are similar to some of those that I have mentioned in my contribution this afternoon. As modern politicians, we should examine some of the recommendations that that report makes. It proposes a series of protections believed to be essential

"if members of the community are to communicate frankly and freely with their parliamentary representatives about matters of significant public or private concern."

The report states that the protections

"should achieve two main goals. Firstly, they should provide an appropriate level of immunity for disclosures to parliamentarians by members of the community, and action taken by members in response to those disclosures. Secondly,"—

and equally important—

"they should preserve the confidentiality of constituency communications."

There are a lot of worthwhile recommendations that the Government would do well to consider in that report.

I know that the Government are still considering what, if anything, to do about the 1999 Joint Committee. Some are calling for the full implementation of its recommendations and the introduction of a new privilege Bill. I urge my hon.

Friend the Minister and his ministerial colleagues to do one thing at least: not to take at face value what seems to me to be the over-complacent approach, of several years ago, to a matter that deserves the full consideration of Members of this House alone.

An inquiry into the question by a Committee would, I suggest, produce a very different answer. However, any such inquiry should consider wider concerns, too. It should consider all the issues that I have raised, legal and political, to ensure that we can do our job properly and effectively; that we can protect our constituents' privacy; that, equally important, we can ensure that those with whom we deal are themselves protected from undue influence and interference; and that we are able to respond to our constituents' problems fairly and openly, whether that involves correspondence with local authorities or local government departments. I raise those concerns not for my own protection, but to ensure that my constituents' cases are dealt with properly, effectively and fairly. I believe that that should be the objective of us all in this House.

Several hon. Members *rose—*

Mr. Deputy Speaker: Order. Perhaps I should remind the House that it is common practice to start the first of the three winding-up speeches 30 minutes before completion. We have 29 minutes remaining.

2.31 pm

Sir Sydney Chapman (Chipping Barnet) (Con): Mr. Deputy Speaker, I am very grateful for that advice.

I must confess that I was intrigued—and that is the correct word—when I discovered from the Order Paper that the hon. Member for Hendon (Mr. Dismore) had secured this debate. I saw the hon. Gentleman in the Corridor before our proceedings started. I had not intended to speak, but he mentioned a borough that contains both our constituencies. We are neighbours: he is the hon. Member for Hendon and I am the hon. Member for Chipping Barnet. I feel impelled to intervene.

At the outset, I should say that the hon. Gentleman is a lawyer, while I certainly am not. He is a former leader of the opposition on Westminster city council, whereas I have never been a councillor in any tier of local authority. The hon. Gentleman has politicised the important issue that he has raised, and I do not blame him for that. I am sure that he mentioned Councillor Brian Coleman, who is not only a councillor on Barnet council—he is cabinet member for the environment—but the directly elected member for Barnet and Camden in the London assembly. I am sure that he will be very grateful for the publicity that he has been afforded.

The fact that I am not a lawyer will become absolutely apparent, but I want to raise a number of points. First, it is worth recording how Members of Parliament get in touch with their local councils when they receive a letter from a constituent. My practice is to write to the appropriate officer of the council rather than directly to the relevant cabinet member, although some people may do that. When I first came to this House in 1970, it was not unusual for the town clerk—I think that he is now called the chief executive of a local authority—to request that hon. Members write directly to him on any issue. He would then send the letter on to the appropriate person.

Matters can be pursued in different ways. I have always taken up an issue with the appropriate officer, regardless of whether the council is Conservative or Labour. If that officer passes on the contents of my letter to his cabinet member, if that is the right phrase, or to any councillor, I am exceedingly grateful. Usually, I am looking for publicity in trying to right what I believe to be a wrong, or in taking up what I believe to be a genuine complaint.

In general terms, when the information in a case is sensitive, my hope is that the officer involved does not divulge more than absolutely necessary. In such cases, I would take the precaution of putting "Private and Confidential" on my letter, in the hope that the officer would use his or her discretion when deciding what part of the information ought to be disseminated to a wider field. Equally, council officers have written back to me about cases and asked me to treat some information confidentially. I respect that point of view, as would the hon. Member for Hendon.

I accept that cases vary, and I am fascinated to know the Minister's thoughts on such matters. The hon. Member for Hendon spoke eloquently, but quickly, so perhaps I did not understand correctly what he said. Legally, an officer of the council is an employee of that council. Presumably, the employer is the council itself or, in our case, the 63 councillors who represent 21 wards on Barnet council. Whether we like it or not, a council officer may be obliged to inform the appropriate member of the council, or all members of the council, of the matters raised in any letter that we write. To use the phrase employed by the hon. Member for Hendon, he is trying to use a sledgehammer to crack a nut. We politicians must be robust, and willing to accept that, when we take up an issue, it is thoroughly ventilated. If hon. Members will permit me to express a certain vanity, the more people who know about the issues that I take up with the council, the better.

I hope that my final point is germane to this interesting debate. When I reply to a constituent, I always have at the back of my mind that what I write in my letter could appear on the front page of the local newspaper. Therefore, I must be willing to accept that what I write could be made public. That is an important point to bear in mind, although I am modest enough to accept that I can hardly expect anything that I write to my constituents to appear in the national press.

This Chamber is grateful to the hon. Member for Hendon for raising the issue, and I shall listen with interest to what other hon. Members and the Minister have to say. We should keep a sense of proportion about the matter. Members of Parliament are in the public domain, and we should accept that what we say—with the exception of some sensitive matters that we take up on behalf of constituents—will be broadcast, at least throughout our constituencies.

2.38 pm

Mr. Colin Pickthall (West Lancashire) (Lab): My tale is tangential to the powerful speech of my hon. Friend the Member for Hendon (Mr. Dismore). It has nothing to do with Barnet. If it is too tangential, no doubt you

[Mr. Colin Pickthall]

will rule me out of order, Mr. Deputy Speaker. The debate coincides with an issue that I am wrestling with at the moment, so it was too much to resist.

A few weeks ago, my constituent Mr. McDerby, who is a firefighter, came to see me about a common problem. Next door to him is a garage service station, which has changed into a 24-hour outfit, bringing with it much trouble, noise, disruption and litter throughout the night. It has a fast-food shop, too. In response to my constituent's complaint, I wrote to the council asking about the licensing of the establishment and to the police inquiring what they were doing about the disruption in the middle of the night.

A couple of weeks later, Mr. McDerby came to see me again, bringing a letter he had received from Drallam and Glover Solicitors of Liverpool. It reads:

"Dear Mr McDerby

Re: 24 Hour Retail Licence at BP Garage, County Road, Ormskirk

It has been brought to our client's attention that you have been co-ordinating a petition which seeks to rescind the 24 hour licence at the premises named above. It has been further brought to our client's attention that you have sought to gain the support of the local MP, Colin Pickthall, in your endeavours to restrict the terms of my client's licence.

I wish to advise you, in the strongest possible terms, that my client considers your actions inflammatory and considers comments regarding the management of the premises to be unfounded and libellous.

I am therefore putting you on notice that, should your actions not cease immediately, my client will have no alternative but to pursue the matter through the Courts to seek recompense for any loss of trade and damage caused to his good name and reputation."

In the usual course of events such a solicitor's letter would be thrown in the bin, but had Mr. McDerby brought his petition for me to present in Parliament there would have been a clear breach of parliamentary privilege. The petition was going to the local council.

My concern is that the solicitors have bracketed together the question of the petition and Mr. McDerby's request for my help as his Member of Parliament as a reason for threatening court action. A citizen has sought help from his MP on a relatively straightforward complaint, not unlike hundreds of others that we all deal with every year. That request has resulted in a threat of court action. If that were to become a common occurrence it would paralyse MPs' constituency work. Constituents would be reluctant to consult us.

How did the garage owners and the solicitors get information about my letters to the council and the police? The council officer concerned or the policemen might have told them that there had been a complaint from the local MP and asked what was going to be done about it. I do not want to make too strong a point about that, but it is not easy to find out how the contents of my letters reached the garage owners.

I hope I am not being unduly sensitive in this matter, which seems to me to show a potential and actual danger to the citizen's access, without fear or threat, to his parliamentary representative. That should concern us all.

2.43 pm

John Mann (Bassetlaw) (Lab): I congratulate my hon. Friend the Member for Hendon (Mr. Dismore) on securing the debate and on the elegant and informed way in which he introduced it. I, too, am not a lawyer. If I had to declare an interest it would be that, like my hon. Friend the Member for West Lancashire (Mr. Pickthall), I have a series of cases—involving, for example, planning, miners' compensation and local authority car parking—in which solicitors have threatened to sue me and my constituents. In all cases, threats have been made to attempt to stop the issue being pursued.

In my robust style, I have rebutted such threats. On a planning case, for example, I declared that I would expose the lack of insurance on various houses on a new build. My constituent was threatened with being sued if did so. It is my duty as a Member of Parliament to inform new residents coming into the area of any potential problems. I will advise any of my constituents who are buying houses on a floodplain to check that they can get full home insurance at comparative rates. That is an appropriate role for a Member of Parliament and I do not expect to be threatened with legal action for carrying out those actions, and neither do my constituents. Similarly, I do not expect to be challenged on the double charging in relation to miners' compensation, and neither do I expect my constituents, who may have to take legal action against solicitors and who contact the Law Society, to be challenged.

The interpretation of the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002 is one of the devices being used in several cases, including those involving the local authority. That attempted defence is increasingly being used to confuse, hinder and stop the proper process of parliamentary representation. For example, the solicitors threatening me are also refusing to enter into correspondence because of their interpretation of the order. I have a range of such examples, because I throw the order back at people who refuse to allow me to represent my constituents.

The issue boils down to the definition of consent, and I seek the Minister's clarification of the Government's view. If there is a matter to be resolved, what do the Government intend to do about it? If an individual asks to be represented by their Member of Parliament, and with due diligence and appropriateness the Member of Parliament takes the matter forward, he or she is representing that individual. For organisations such as local authorities to refuse to provide information in such cases would be wholly out of order and if the law in that respect needs tightening, it should be tightened. It is highly inappropriate if threats of litigation are made against Members of Parliament, as they have been against me: correspondence was copied to my constituent in an attempt to influence his willingness to pursue the case through my good self.

The best way to describe some actions taken by local authorities—I deal with several—is to use a real, but in this case theoretical, example of how I would take forward the Donnygate scenario involving Doncaster council, should such a case occur again. I remind hon. Members that Donnygate was a planning scandal. Councillors of all parties, developers and council officials were successfully prosecuted and jailed for what

could broadly be described as irregularities in the planning process. Only last week, three more people involved in the case were sent to prison.

One of my constituents is a key informant in the Donnygate case, so it would create a potentially major issue were my probing and challenging correspondence to the local authority involved to be automatically copied to the very councillors whose probity may be questioned. I seek the Minister's advice on how the law stands in that respect.

I give a more mundane example of some issues that may arise should correspondence be widely disseminated. I know of local councillors ringing up individuals who have contacted me for assistance and whom I am representing, and they attempt dually to represent them without the individuals requiring or requesting it. That is a breach of any natural process of representation. If I choose to take up an issue, which could be dealt with by a councillor, that is my prerogative as a Member of Parliament and it is my constituent's prerogative to choose to come to see me—my constituents may regard me as more effective.

However, constituents may choose to go to their local councillor because they regard him or her as more effective. Things can get even more complex in multi-member wards, where different parties are up for election in the same year. We can envisage a scenario in which three councillors might try to jump on an issue and pursue it, which is clearly not in the interests of the constituents. How local authorities and other public bodies handle sensitive information according to the Data Protection Act 1998 is becoming an ever greater issue.

I trust that the Minister will be able to clarify the situation. If there are restrictions on our ability as Members of Parliament to carry out our proper and due duty, as defined by any reasonable assumption of good practice by an elected representative, they need to be removed. We need the power, without the distractions that are being thrown around, to represent our constituents to the best of our ability and to give them the best result we can. I am interested to hear the responses of both Opposition parties and the Minister.

2.52 pm

Mr. Andrew Stunell (Hazel Grove) (LD): The debate has far exceeded my expectation in terms of interest, and I thank the hon. Member for Hendon (Mr. Dismore) for triggering it.

When a Labour Member attacks a Conservative local authority, it is something of a free ball for the Liberal Democrats. In snooker terms, it is a question of whether I go for the red ball or the blue ball. If I were ever to be locked in a barrack room and short of a lawyer, it is the hon. Member for Hendon whom I would want to join me. Equally, if I were not quite sure how many angels were on top of a pin, the same hon. Gentleman would be well suited to providing me with a number of different but equally intellectually sound answers.

Mr. Dismore: All I would say to the hon. Gentleman, in response to what I think was a backhanded compliment, is that if he were to repeat that allegation outside this place, it would be libellous.

Mr. Stunell: The hon. Gentleman has made my point admirably. In a moment, I will comment on the matters raised by the hon. Members for West Lancashire (Mr. Pickthall) and for Bassetlaw (John Mann), who made slightly different points.

The hon. Member for Hendon had complaints at two levels. First, there was the complaint about the organisation and staffing of the cabinet office of the London borough of Barnet. Frankly, that is not a matter for this House or this debate, although I have no doubt that it makes good stuff for the front page of, say, the "Barnet Chronicle". He conceded straight away that if it were a strategic issue involving the direction of the authority or the allocation of resources, he would, in any case, write to the relevant executive member. He seemed to think that that was entirely okay. What the hon. Gentleman was really complaining about were the non-strategic matters that he writes to the council about, such as the details of paving stones, streetlamps, overgrown hedges and so on. He is complaining about entirely the wrong things, and I shall develop that point in a moment.

The hon. Gentleman also spoke about the application of data protection. That is a more serious concern. I hope that the Minister will deal with the issues raised by not only the hon. Gentleman but the hon. Members for West Lancashire and for Bassetlaw.

We are talking about information given in good faith by a Member being passed to a third party, whether within or beyond an organisation, not with a view to satisfying the complainant or producing a solution—as might be the case if a director of social services passed information to a social caseworker for a briefing—but for an entirely different purpose that does not fall strictly within the local authority's remit. Passing on information with the aim of monitoring the number, severity, nature and geographic distribution of received social services complaints would be legitimate. However, to pass on information with a view to scoring a political point is not, and I hope that the Minister will give some attention to that element of the criticism made by the hon. Member for Hendon.

The hon. Gentleman had an entirely different complaint about the capacity of Members of Parliament to claim privilege in their communications both inside and outside the House. Significant people though we are, it is important that we do not become too pompous or precious. We should not claim for Members of Parliament privileges and exceptions that we would not want granted to other people. I am almost certain that the hon. Gentleman contributed to the public debate about the former hon. Member for Tatton and the House's decision to change the rules of privilege in that case. I am also sure that he had some strong comments to make about claims for exemption in the case of the London borough of Westminster. We have to be careful that in setting rules designed to make it easier for us in one direction, we do not inadvertently make difficulties in a completely different one.

It was a mistake to make it compulsory for local authorities to have an executive and cabinet system. That is having a profound effect on the internal political relationships of councillors, most of which is not for the best. Nevertheless, as a member of three different local authorities in my time, I know that it is important for a local authority to have political leadership. The current

[Mr. Stunell]

legislation makes it a matter of faith that the executive councillors are in charge and are the decision takers. Whatever one feels about that political framework, it was set up by an Act of Parliament for which the hon. Member for Hendon voted. He cannot complain too much when the political leadership of Barnet, whatever its colour, leads, tries to keep a grip on what is happening in its borough and takes an interest in the matters that come before it.

Mr. John Taylor (Solihull) (Con): I profoundly agree with the hon. Gentleman about the imposition of the cabinet system in local government, but I should like to ask him not a personal but a general question. As a general proposition, would he consider it appropriate, when a constituent first brings a problem to a Member of Parliament, for that MP to share the consideration of whether the problem is more susceptible to treatment by the MP or one of the constituent's locally elected councillors? Should that discrimination be made or thought given along those lines?

Mr. Stunell: I thank the hon. Gentleman for his intervention, but I remind him that there are 659 of us, none of us has a job description and we all do the job in a way that suits our constituents and us best. Every four or five years, we find out if we are right or not. I find it difficult to advocate a precise definition of our roles and the split between the work that we do and that which we believe local councillors should do.

I commend to the hon. Member for Hendon a document that is colloquially known as the Cheshire conventions, which was being developed by Cheshire county council when I was a member of it, but has been widely adopted in the 20 years since by a range of other authorities. That document deals with the distribution of information inside those authorities and tries to establish conventions on having Chinese walls. If there is a missing ingredient, it is the lack of understanding of what a Chinese wall in Barnet might be and of the channels of communication in, through and out of that authority.

As much as I think it important that Members of Parliament be able to carry out their business effectively, I am against the House taking away the right of councils to decide their internal procedures. The hon. Member for Chipping Barnet (Sir Sydney Chapman) pointed to the need for exceptions, for instance in the case of whistleblowing, and the hon. Member for Hendon made the same point. As the hon. Member for Bassetlaw pointed out, it is crucial in a case such as that in Doncaster that, if complaints of significant malpractice and wrongdoing are made, the accused should not be tipped off during the whistleblowing process. Given those obvious common-sense examples, a council ought to be free to arrange whatever internal procedures it thinks fit to progress fairly.

That brings me on to the question raised by the hon. Member for Hendon about expanding and extending parliamentary privilege. He conceded that a strategic question such as "Why have you cut £1 million from social services?" which is far more likely to be defamatory than "Why haven't you repaired the street lamp outside No. 26?" ought to go to the political leadership of the local authority. Therefore, it is difficult to understand how expanding privilege or exempting us from defamation would help in the specific cases that he highlighted.

Mr. Dismore: The problem arises not necessarily when hon. Members make defamation allegations, but when a constituent brings an allegation to an hon. Member who then relays it to the local authority, that is, transmitting the defamation: the Member is potentially liable even though they are not making the allegation.

Mr. Stunell: I understand the distinction that the hon. Gentleman is making. I am not a lawyer, but it would be a perfectly adequate defence of good faith if one passed that allegation on to an appropriate investigating department or authority without putting it on the front page of a newspaper.

I shall now turn to the activities of Barnet council. I am amazed that Barnet council considers it worthwhile to circulate to its senior members the hundreds or possibly thousands of complaints that the hon. Member brings to its attention about paving stones and street lights. That cuts away the argument that the senior members are involved in the strategic management of the authority. I send roughly 1,000 letters to my local authority each year, and I can imagine the looks on the faces of my executive members if that torrent were put in front of them. I hope that the council has a wider purpose.

Mr. Dismore: That is the whole point.

Mr. Stunell: The hon. Gentleman says that that is the whole point. The council might have a wider purpose and I shall illustrate one example in which such a purpose may be beneficial—I am not saying that it is on this occasion, but I want the hon. Gentleman to understand that his paranoia might need modification. I briefly mentioned the example of ensuring that, when complaints are received about a particular department or service, someone at a strategic level decides whether there is a systematic pattern of failure. They may need to establish whether a section of the council is not delivering a service, whether a council is failing in a particular geographical area, or whether one aspect constantly causes grief. Is that not a sensible point that should be brought to the attention of members? I am surprised by what Barnet is doing, and I hope that it has a reasonable justification. I think that it has been clumsy and overbearing, but I do not believe that we should pass an Act of Parliament to stop it.

I do not know whether the hon. Member for Hendon has taken it upon himself to look at the cases of Chadwick *v.* Sheffield and of Strak *v.* Hyndburn. They are historic cases, but they laid down the need for council information to be open and to be explicitly available to people—to councillors and others outside the local authority. They also laid the foundations for access to information legislation and, in part at least, to the data protection legislation. In some ways, this debate would have been much more likely to have struck gold 20 or 25 years ago. I want Members to be able to do their job without let or hindrance, whatever their party. I also want to ensure that local authorities can do their job, whatever their party.

I will conclude by asking the Minister three questions. Does he accept that the Act that his Government introduced and imposed on local authorities that brought into existence the executive and cabinet system requires there to be a chain of command that stops with the executive member—and that therefore the complaint of the hon. Member for Hendon is, in effect, a consequence of that Act? Does he have any plans to extend or clarify the extent of privilege for Members of Parliament in their dealings with local authorities and other public bodies? That addresses the essence of the cases that the hon. Members for West Lancashire and for Bassetlaw brought to the Chamber's attention. Does the Minister also accept that the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002 contains some ambiguities? It might be clear enough legally, but it is frequently ambiguously interpreted by public bodies with whom Members of Parliament correspond. That is a nuisance for Members. It should be tidied up, especially given the purpose of the order.

I entirely agree with the hon. Member for West Lancashire that it is outrageous that any solicitors should be offering to sue either him or his constituent for raising a petition against a local nuisance. I am sure that the courts would be as dismissive of such an action as this House.

3.8 pm

Mrs. Angela Browning (Tiverton and Honiton) (Con): I am standing in for the shadow Leader of the House, my hon. Friend the Member for North-East Hertfordshire (Mr. Heald).

I congratulate the hon. Member for Hendon (Mr. Dismore) on bringing this matter to the attention of the Chamber. I think that this was an opportunity that he felt he could not miss. One got the tad of a hint that a press release in respect of Barnet council was already winging its way. He is looking very innocent, but we all know the way the game is played. However, I shall leave aside all the personality issues.

The hon. Gentleman's opening remarks about the way in which his correspondence is dealt with troubled me. As the hon. Member for Hazel Grove (Mr. Stunell) said, Members of Parliament have their own methods of working with their local authorities: how we deal with them, whatever their political persuasion, is down to us. There are no guidelines, but perhaps we can share best practice more. There may be an opportunity for the House to look at guidelines and to share experience and advice.

When I was elected in 1992, I took over from a very well respected Member who had been an MP for 32 years. Among the small amount of correspondence that he left for me was a standard letter that went as follows: "Dear whomever, I am afraid that this is not a parliamentary matter, it is very much a local government matter, and I refer you to your local council. Yours sincerely." We all wish that we could deal with what must amount to 30 per cent. of our postbag nowadays in that way, but we cannot do so. There are legitimate matters in respect of local authorities that we must take up.

Mr. John Taylor: I wish to be even-handed with the hon. Member for Hazel Grove (Mr. Stunell) and with my hon. Friend. Having been a Member of Parliament for 21 years and never having received a letter from a solicitor, I have developed the practice of considering whether a problem brought to me is for me, as an MP, or whether it might be more appropriate to refer it to a councillor. I am talking about there being not a strict definition but an application of common sense. Does she accept that comment?

Mrs. Browning: That is exactly right. I do not treat my constituents' applications to me to do something about a local authority problem in the way in which it was treated many years ago, but we must use our judgment. For example, it would be wrong of Members of Parliament to pretend to have powers that we do not have. We must recognise that councillors of whatever political persuasion are democratically elected. They have their responsibilities in respect of individual planning applications, for example.

Sometimes, the general public believe that the council system is the same as the school system. If they do not receive the answer that they want from the local authority, they write to me thinking that I am the head girl and that I will bat the council around the head, so that they receive an answer. I point out to my constituents that I do not have that power. What I can do, however, is to draw the views of my constituents to the attention of the appropriate planning officer, so that those views are at least known when a decision is made.

I return to the essence of what the hon. Member for Hendon said at the beginning of the debate, which was that all his correspondence was conveyed to the appropriate councillor. I am sure that he agrees that the cabinet system of local government has not been helpful in such matters. It works differently from the old committee style. However, I regard the officers of a local authority as members of the civil service with whom I deal daily. I have the opportunity to talk to them and to councillors, whether they are my party councillors or opposition councillors, which I often do if they hold portfolios. There are other avenues to use, but it is for the individual Member of Parliament to decide how to proceed in their dealings with the council.

As with all of us, the correspondence that the hon. Gentleman sends to his council will be a mixture of letters from people, for example, those with urgent housing problems. In such cases, we may telephone the housing department at the local authority to try to enable a constituent who is facing homelessness to be re-housed. In the course of such cases, we become party to much personal information that is pertinent to the representations that we make on behalf of our constituents. Moreover, my area has a county-district structure and we cover matters such as potential child abuse cases that may involve the social services department. Given some information that we, as Members of Parliament, receive, we really tread on egg shells.

I intervened earlier to ask whether the hon. Gentleman added to his correspondence the advice of the House authorities, which was given to us nine months ago. I am referring to the wording that should be placed at the bottom of our routine correspondence when dealing with personal information and the

[Mrs. Browning]

necessity to obtain a signed piece of paper in some cases, so that health authorities share medical information with us. The Minister may like to consider that best practice to see whether it could be better disseminated among Members of Parliament to protect us. I am advised by the Library that hon. Members

"had protection for their constituency correspondence, always provided that the channel of communication was a proper one for the transmission of a complaint or other defamatory comment, to the responsible authority, and that no malice was involved".

Mr. Dismore *rose—*

Mrs. Browning: I shall give way in a second. The advice goes on:

"But it must be stressed this is a common-law right based on case law; every case is different, and Members are open to continued challenge in the courts in this respect."

Although it is about five years since the Standards and Privileges Committee examined such matters in some detail, now might be the opportunity for the Committee to look again at such matters and to take soundings from Members of Parliament, although not necessarily for something to be put on the statute book, for which the hon. Member for Hendon asked. At the moment, I wish to reserve my opinion as to whether we need to go that far, but times are changing.

All the new legislation that is coming in, and particularly the interpretation of the Data Protection Act by statutory organisations and bodies, give us cause for concern. I try to take a belt-and-braces approach. I put that wording at the bottom of my letters. I get signatures of consent where possible. I never discuss an individual case with the press, even when constituents themselves have gone to the press, and I am always conscious of the information that I hold on my files. Perhaps we as Members need more information because of the nature and the breadth of the information that we hold.

I am moving away a little from the initial complaint that the hon. Member for Hendon raised. He would clearly like an answer to his complaint, but it is not for me to say how the problem with his council could be resolved. Some of the wider casework that we have heard about, in particular with Members of Parliament being threatened with solicitors' letters, is outrageous. Nothing should fetter us in doing our duty with the toolbox that we have in this House—whether we are presenting a petition to Parliament, tabling an early-day motion, or securing an Adjournment debate. Nothing should intimidate us in carrying out our responsibilities, or using our judgment about what is in our constituents' best interest.

In response to the hon. Members who have made personal contributions, I do not know whether they were talking about a try-on. I know that solicitors do try it on sometimes. They think that, if a solicitor's letter crosses somebody's desk, that person will shake with fear and trepidation. In my 12 years of experience, I have found that a piece of paper with the portcullis on the top makes people shake even more. I am sure that those hon. Members with their experience of this House have been able to help their constituents, and have not been intimidated. It probably ought to be exposed who the solicitors are who have the temerity to threaten Members of Parliament. The Law Society should be informed of who they are and their practices.

Mr. Pickthall: May I make a slight correction? I was not threatened by lawyers. My constituent was threatened for approaching me.

Mrs. Browning: Third-party intimidation, I think they call that, but the same principles apply.

I have some sympathy for the Minister. Because things have moved on, in particular with the Data Protection Act, it would be timely for him to initiate, with the Leader of the House and appropriate Committees of this House, another look at the way in which Members of Parliament correspond and the way the law may impact on us today. He could look to introduce some best practice guidelines for Members of Parliament, which would provide some security and protection for Members when applying guidelines. Clearly, we all work as individuals, and we have different relationships with local authorities and the other agencies with which we deal when sorting out constituents' problems. Such a review would be timely.

When that exercise has been completed, it may become evident whether things need to be moved forward on the statute book, as the hon. Member for Hendon suggested. I think that that would be going too far at this stage, but I have an open mind. We cannot, however, just leave things as they are because the situation has moved on and we are all having different experiences of how the legislation and rules impact on us. I hope that the Minister will take on the views that have been aired today—I am sure that he will—even though only a small number of hon. Members are present. I am sure that our views reflect what the wider membership of this House has experienced in recent years.

3.19 pm

The Deputy Leader of the House of Commons (Mr. Phil Woolas): I start with the traditional congratulation of my hon. Friend the Member for Hendon (Mr. Dismore) on obtaining this debate and on drawing attention to this important matter. As I listened to the debate and the contributions moving on from the specifics raised by my hon. Friend, it struck me that this is one of those debates where the title does not suggest the importance of the subject. There is evidence in this debate of consensus among Members that something needs to be done. I share that view, as I shall explain.

My hon. Friend spoke very well. He has obviously researched the issue thoroughly, and his case was well argued, particularly as he was raising what could be interpreted as exclusively a party political issue, although it is not. He was in fact raising an important issue of principle.

I shall briefly respond to points made by other hon. Members. The hon. Member for Chipping Barnet (Sir Sydney Chapman), who shares a borough with my hon. Friend, mentioned the necessity for robustness among Members of Parliament, and the issue of how one handles correspondence. I think, and hope, that he agrees with the central point, which is that what is at

stake in the case raised—and, indeed, in other cases—is the use to which correspondence is put by recipients in the council. No one could seriously say that there are many instances in which directors and elected councillors should not be given information when they are solving a problem. An example was given of a managerial reason why some cases may legitimately be passed on.

To draw a parallel with the civil service and Ministers, all hon. Members would be outraged if Ministers were to use correspondence that Members sent them to pass on to their civil servants in a party political manner if it involved an individual case. That is a parallel that opens up the question of parliamentary privilege.

My hon. Friend the Member for West Lancashire (Mr. Pickthall) raised an important case, and mentioned the growing trend of intimidation of constituents by members of the legal profession, who are ever keen to make a buck. They are often referred to as ambulance chasers, but they chase other forms of business, too. I condemn that practice in clear terms and support him in his pursuance of the case of Mr. McDerby. My hon. Friend raised an important matter. If the case had been pursuant to a petition to Parliament or a parliamentary question, there would clearly have been a breach of privilege.

Interestingly, the Joint Committee report in 1999, to which many hon. Members have referred, which argued against extending privilege, referred to the 1967 report and drew a parallel that is pertinent: Members writing to Ministers asking a question on behalf of a constituent before tabling a parliamentary question. Of course, the letter to the Minister is not covered by privilege, but the parliamentary question is. The 1967 Committee concluded:

"The practical effect of this distinction seems to"

the

"Committee to be indefensible".

That is a parallel that I want to expand upon.

My hon. Friend the Member for Bassetlaw (John Mann) mentioned threats of legal action that were made against him. I am aware of his work on the miners' compensation scheme. He raised the issue of dual representation. He pointed out that in some cases—we are all familiar with this; it is not just a party political issue—one's own councillors try to muscle in, particularly if there is an election on the horizon. Of course, a constituent may well be intimidated by an offer of help and may feel, particularly if the problem were in relation to a housing matter, or to do with council housing, that his or her case may be prejudiced by a refusal to allow that dual representation. Often, constituents come to Members of Parliament rather than councillors about council issues precisely because of such fears. They see Members of Parliament as independent.

The hon. Member for Hazel Grove (Mr. Stunell) asked a number of questions and raised many important points. Again, it is the purpose behind the passing on of correspondence that is important; I think that he accepted that point. He drew our attention to the dangers of what the hon. Member for Solihull (Mr. Taylor) has referred to, on the many Standing Committees on which I have served with him, as the law of the unintended consequence. In other words, there are other ways to skin a cat.

The hon. Member for Hazel Grove asked three specific questions, the first of which was whether the problem arises as a consequence of the cabinet system. I do not believe that it does. I can see parallels with committee chairs, leaders and deputy leaders, although perhaps the roots are different. The problem existed before that system. I agree with the analysis of the hon. Member for Tiverton and Honiton (Mrs. Browning), which is that the problem arises as the world becomes more complex. She would say that that happens because of legislation, but I would say that legislation is the response to the complexity of the world. Nevertheless, the point is the same. My answer to the hon. Gentleman's first question is no.

Secondly, the hon. Gentleman asked whether there are any plans to consider extended privilege. I put it on record, in response to the debate, that there are. I will explain, in the brief time that I have, how I intend to do it.

Thirdly, the hon. Gentleman asked whether there are ambiguities in the implementation of the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002. Clearly, there are. I agree with him. Although the lack of clarity is not in the order, there is clearly ambiguity in its implementation. That matter has been raised in the House during business questions on a number of occasions with regard to a number of public bodies, not just local authorities. Again I shall explain what I hope to do about that.

The hon. Member for Tiverton and Honiton asked whether we could consider guidelines to see how we could better promote the advice available from the House authorities. I accept that that needs to be done.

We have talked about our relationship with local authorities and councillors. In Wales, there is the question of Assembly Members, and in Scotland there are the Members of the Scottish Parliament. In Northern Ireland, the issue is much more complicated because of the political situation.

Mr. John Taylor: I feel that I am getting drawn further into this debate, having been a borough councillor, leader of a metropolitan county council, an MP and, dare I say it, a solicitor. I ask the Minister the same question that I asked the hon. Member for Hazel Grove (Mr. Stunell) and my hon. Friend the Member for Tiverton and Honiton (Mrs. Browning). Does he not think that in the normal, common-sense way of things, if a Member of Parliament is brought a problem by a constituent, it is worth while giving a moment's reflection to whether the problem may be more susceptible to handling by a councillor, rather than by the MP, or vice versa?

Mr. Woolas: I concur with that point. My predecessor Geoffrey Dickens taught me that. He had a sign in his office that said, "Pass this to councillor if appropriate". It was good advice from him, and it is good advice from the hon. Gentleman.

My hon. Friend the Member for Hendon focused on privilege as it applies to one part of our work: not to the proceedings in Parliament, which, as he said, are guaranteed absolute protection by article 9 of the Bill of Rights, but to an arguably equally important part of

[Mr. Woolas]

Members' work—the correspondence that we conduct on behalf of our constituents with local authorities and other public authorities. As he pointed out, Members' correspondence is not considered to be part of parliamentary proceedings and can enjoy only qualified privilege. Therefore, there is a risk that Members might be subject to defamation proceedings, even though they would have a good defence as long as they acted without malice.

My hon. Friend outlined the point of the 2002 order regarding the exemptions of Members of Parliament from the 1998 Act. He drew attention to the 1999 report of the Joint Committee on Parliamentary Privilege, to which I referred, which provides a wealth of information on Parliament's ancient rights and immunities. He thinks that we should reconsider that. I am happy to do so. I will seek the advice of the right hon. Member for Berwick-upon-Tweed (Mr. Beith), Chairman of the Select Committee on Constitutional Affairs, and the right hon. Member for North-West Hampshire (Sir George Young), Chairman of the Select Committee on Standards and Privileges, as well as ministerial colleagues.

Churchfields School

3.30 pm

Ms Julia Drown (South Swindon) (Lab): I wish to raise with my hon. Friend the Minister the process of deciding on specialist school status, and in particular the renewal or otherwise of that status. My concern arises because Churchfields school in my constituency was awarded specialist school status as a performing arts college in September 1999. It made a huge success of that, yet when it applied to have the status renewed from April 2004, all that success was apparently unrecognised and the school lost its designation.

The decision to de-designate Churchfields school was wrong and has, understandably, resulted in a loss of morale in the school. It will mean that the opportunities for students at Churchfields, and for the wider community in Swindon, are not maximised and that the great work that has been going on in the school is not properly rewarded. If Ministers have any powers to reverse that decision, they should do so now, but I have been told there are no such powers.

I do not want what has happened to Churchfields to happen to other schools or to Churchfields again, and that is why, in this debate today, I am asking the Minister to review the process of designating specialist schools so that either Ministers make the decision and take into account all the necessary factors, or those making the decision are charged with having a much wider view of the education and community benefits than they have at present.

The main complaint that I and the school share is that the huge achievements of the school as a performing arts college were not recognised in its application to continue as a specialist school. The one inspector who came to judge the school stayed for one day only. The school was recommended for de-designation and an appeal was considered on the basis not of further visits, but of the head teacher and two senior teachers presenting their case to an independent panel at the Department for Education and Skills. The panel seemed to be interested only in the number of five A to C grade GCSEs that the school had achieved. All they wanted to know about was why the percentage passes had not increased.

I recognise that GCSE qualifications are important, but it is just as important for people, particularly those who are disadvantaged or excluded from society, to learn, to be inspired and to achieve, be that in performing arts or elsewhere. Anyone who visits Churchfields school and sees its productions, or just walks into one of its performing arts classes, will see children, often from some of the most disadvantaged backgrounds, thoroughly absorbed in their schooling. In dance, the school achieves what many others have failed to do: it makes boys as inspired by dance as girls are. One can see students who, in other schools, would have been excluded, keen to attend and to perform in art, music, dance and drama. Yet all that the appeal panel seemed interested in was why the school's GCSE results for 2001–03 had not exceeded those in 2000.

The Government know that results are crude indicators and that added value should be looked at. Churchfields school's value-added performance has continued to improve over the past two years at both

key stages. The whole-school value-added improvements have also taken place in separate subject areas, most notably in the performing arts.

I recognise that, at a superficial level, the results look dramatic. In 2000, 42 per cent. of Churchfields students achieved five A to Cs. That fell to only 22 per cent. in 2001, rising to 31 per cent. in 2002 and 28 per cent. in 2003. However, any serious analysis of the situation at Churchfields school fully explains why there is an improving school underlying those statistics. The school is on target to achieve 36 per cent. five A to Cs this summer and more than 45 per cent. in the summer of 2005.

So what is the bigger explanation? Performing arts status was achieved in September 1999, at the very same time when the school completely changed because a neighbouring school—Oakfield school, which served the most disadvantaged part of my constituency and whose results in 2000 were 11 per cent. five A to Cs—closed. I opposed that closure, but Ministers confirmed the borough council's decision. Churchfields school took most of the pupils from that school. There was a destabilising of the school as a result of an influx of new students, a significant number of whom were disaffected and further disrupted by their previous school having been closed against their wishes.

Churchfields now serves one of the 10 per cent. most deprived council wards in the United Kingdom, and 17 per cent. of its students are entitled to free school meals, which is a higher figure than that for other specialist schools, where the average is 14 per cent. Churchfields has increasing numbers. Currently, 23 per cent. of pupils do not have English as their first language. The number of students on the special needs register has more than doubled, going from only 13 per cent. in 1998 to 30 per cent. in 2000.

However, the big increase in the size of the school and the fact that many of those joining it had special needs was not the only issue. Because of the major change for the school and other difficulties, Churchfields school was placed in special measures in January 2000. October 2001 saw the head teacher leave, and Swindon local education authority failed its Ofsted in 2001. October 2001 saw a new head teacher appointed, and within 13 months, by November 2002, the school had turned round and was removed from special measures. That turnaround was incredible and part of the achievement resulted from the work done and the boost that the school had been given by being a specialist school.

Against that background, the school's results are impressive. It would have seen even more improvements had the results of 22 children who were not educated at the school been excluded, but that seemed to count for nothing. Nor did the great improvement in dance GCSE results seem to count; there was a near 30 per cent. increase in passes between 2002 and 2003.

I fully anticipate that results will improve further over the next few years, but I would be even more confident if the school maintained its status as a specialist arts school. The £125,000 that it received each year as a specialist school was used well to expand students' opportunities and to inspire them to learn. The money was not spent only on the students; the whole community benefited. With the loss of that status, the school's links with 10 primary schools—allowing them, for example, to do joint productions with key stage 2 and 3 students—will not be able to continue. We have had community carnivals and there has been work with special needs pupils, and that, too, will be threatened.

We in Swindon have one of the nine national dance schools and have used performing arts status well to bring professional dancers into the school. These include Banksi, who was brought up in Swindon and is a nationally renowned professional street dancer and breakdancer. He often revisits the town and never fails to reach out and raise the expectations of some of the most disadvantaged people in our community. Through dance, he and the Churchfields staff give youngsters the confidence and self-esteem that is too often sadly lacking in young people. Without that support, they could become aggressive and be excluded from our society.

The loss of status also means that there will be fewer students able to learn a musical instrument, a probable reduction in technical and support staff and an obvious reduction in learning opportunities both in the school and in partner schools and other organisations. There has already been a need to reduce arts staffing, the funding of artists in residence and facilitated resources.

The extra money that Churchfields had was used well. People could not get better value from specialist school status, either financially or, more importantly, in terms of the impact on students' lives. Because the school is doing everything that Ministers want to see in schools, particularly those that serve disadvantaged areas, it is clear that something went wrong with the decision. There should be something such as a three-year warning system before specialist school status is taken away, and realistic targets should be set, taking into account the circumstances of individual schools, so that any hard-working school that has achieved specialist school status will stay that way.

I also question whether the appeal decision should be taken by an independent panel rather than Ministers, who can consider the bigger picture. This is about supporting a school in a disadvantaged area that competes with schools elsewhere to be a success. It is hugely disappointing that a school of which the Government should be proud is seen by an independent panel to fail on crude indicators. In my mind, Churchfields school will continue to be a specialist school and performing arts college, and it will be one of which I am extremely proud.

I am encouraging the school to continue to work with others in the town in performing arts and other fields. It has made a strong application for artsmark gold and is currently applying for performing arts status again in two years' time. I hope that, by then, the Government will have changed the designation rules to ensure that schools such as this, which can succeed with specialist arts status, are allowed to do so. I do not want any school like Churchfields to go through the disappointment and loss of morale that results from the loss of specialist school status. That is why I appeal to the Minister to change the mechanism for this in the future.

3.40 pm

The Minister for School Standards (Mr. David Miliband): First, I offer my genuine congratulations to my hon. Friend on securing the debate and, more importantly, on her tireless prosecution of the case for Churchfields school and other schools in her constituency. We have talked about this at Education Questions. We have corresponded two or possibly three times about this. Her work on behalf of Churchfields is a real source of support and encouragement for the school. It has a relatively new head teacher, Mr. Steve Flavin, who is playing a critical role in both the school and some of the collaborative work that is going on between Churchfields and other schools in the constituency. The support from the wider community, including the MP, is of enormous help in taking the school forward in an obviously challenging time. That is recognised on all sides.

I want to talk about the specialist school programme and how it works, and about our approach to the re-designation process, and to add a few words about the specifics of the Churchfields case. I do not want to go into that too deeply because I do not know whether it is appropriate for the particular issues of an individual school to be advertised in quite such a public way. If my hon. Friend is keen for me to do that I will be happy to give further information in that area, but I do not want this to become a prosecution and defence of Churchfields school. It is in all our interests to support the school in its future development.

The importance of specialism and specialist status has been developed enormously over the last seven years. My hon. Friend will know that in 1997 there were just over 150 specialist schools, mainly in the technology area. There are now 1,700 specialist schools, spread across nine different specialisms. We are well on the way to the Government's ambition that every school in the country should become a specialist school and be re-designated as such.

The specialist schools programme is designed first to raise standards in the area of the specialism—the performing arts in this case—and secondly to raise standards across the school. Specialist schools deliver the whole of the national curriculum. It is an important part of the specialist schools programme that the development of a centre of excellence in one part of the curriculum should contribute to the raising of standards right across the curriculum. The third and particularly innovative aspect of the programme is the requirement that the specialist school contribute to the wider school community by partnering with five or six primary schools and/or with other secondary schools.

We know from the evidence of exam and test results, as well as from independent inspection by Ofsted and anecdotal evidence, the power that specialist status can offer in the development of school standards. I pay tribute to the work that is being done in specialist schools right around the country. The success of specialist schools—the premium in terms of exam results for all specialist schools is now about 7 per cent. on GSCE A to C grades—is explained by a number of factors. They include the challenge of becoming a specialist school, the requirement to engage with the wider community, to develop wider sponsorship and governor arrangements and to engage wider community partners.

Head teachers often say that specialism has been a tool for them to raise expectations for standards right across the school, not just in the area of specialism. It is an approach that could be characterised as one of challenge and support. In addition it brings some capital benefit, which has been used to good effect in many schools. The specialist schools programme is very much something for something. There is a capital benefit and a revenue benefit of £126 per pupil per year, and a capital investment of some £100,000. It is a challenging programme and there is a requirement, in spending public money, to ensure that the money is well spent and that it delivers what was set out at the beginning of the programme. That balance of support and investment on the one hand and challenge on the other is critical to our approach to re-designation—the second aspect on which I wanted to speak.

Specialist status has never been for life. It has always been renewed over four years through a process that is challenging and rigorous. This year 39 schools were not re-designated on the first time of asking. Virtually all of them appealed, and I think that I am right in saying that 32 gained their designation in the end. We take the process extremely seriously. There are two objectives to the process. One is to allow schools to review their progress and to build on it in the next four years. The other is to provide an informed challenge to the specialist schools that have not yet met their own targets, or that have significantly underperformed.

In that sense, re-designation is distinct from the initial process of becoming a specialist school, because after four years we expect specialism to be firmly embedded in the school and its community partners. That is why the specialist schools that apply for re-designation are assessed against three rigorous criteria. They are assessed first in relation to the objectives of the programme and the targets set by the school, to which my hon. Friend referred; secondly on improvement in academic performance, both in specialist subjects and across the school; and finally on the quality of the school and community plans submitted for the next four-year phase.

My hon. Friend was concerned about whether non-examination performance was considered in assessment. I can reassure her that at all stages in the re-designation process, non-examination as well as examination achievement was considered. At the final re-designation decision panel, the school showed some of its work in its production of "Fame". That was included in the panel's decision making. The non-examination performance is a part of the assessment.

It is important that my hon. Friend should know about two significant changes that have occurred.

Ms Drown: It may be, on paper, that more than the crude examination results are taken into account. However, those from the school who were present at the appeal panel felt that the only thing in which the panel was interested was the crude measure of five A to C results. Although Churchfields may have set targets at the beginning of the process, they were inappropriate by the time it had gone through changes. Does the Minister recognise the loss of morale that occurs when a school loses its designation? I hope that he will discuss the

question whether there should be more warning and reviews, and whether it should be possible to change targets more regularly.

Mr. Miliband: I assure my hon. Friend that I am only just getting up to full speed. There is plenty of scope for me to deal with her concern about the way in which the programme works. I was just about to deal with her point about how the re-designation process supports school improvement. Two significant changes have been made to the re-designation process in the past couple of years. They speak pretty directly to her concerns.

First, previous practice was that any school that left the specialist programme had to wait four years before re-entering it. The thinking behind that was that schools needed a period of readjustment and a chance to start afresh. We have now relaxed that requirement, so that schools need spend only one year out of the programme before they can reapply, ensuring that any school that is in that position and is confident of its future plans can re-enter the specialist fold more speedily. I hope that my hon. Friend will recognise that that speaks to the frustration that I understand can exist in staff rooms at the time of de-designation. It offers our commitment to the school that we want to work with it to help it back into the specialist school family.

The second change that I have made deals with something that my hon. Friend mentioned: the role of the independent panel. It was a significant decision to ask a group of experts to play a key role. However, under the framework that I have established in the new system, senior education professionals spend a significant time scrutinising the characteristics of each situation, ensuring that every contextual factor can be carefully examined and assessed. If I may provide a slight correction, it is not a matter of a school competing against another school for a limited number of slots in the specialist schools programme; it is a matter of the school showing that the specialist status is being used to good effect.

The specialist panel has introduced a degree of openness into the process and also allowed schools and others to make representations. I hear what my hon. Friend says about the frustration that those who attended the panel felt, and I take seriously what she says and what her constituents have reported about the process. If there were any suggestion that the panel had not operated the criteria fairly or had not engaged with the challenge that the school faced appropriately, I would investigate that charge seriously. The people on the panel have experience of schooling and specialist schooling, and they perform their duties with real rigour and seriousness. If there are any issues relating to the appeal, how the panel worked or how the questioning and discussions took place, I would be happy to look into them. However, my hon. Friend and her constituents might judge that that is not the right thing to do now and that we should get on with the future.

The process of re-designation is not designed to be punitive. It is designed to offer the challenge and support that we think are important. The panel has just finished its first full year of operation. We are looking at any glitches and, as I said, I would be happy to incorporate into that process anything that comes out of the case in question.

Churchfields has had significant challenges and has been subject to special measures in the past. I recognise that the loss of specialist status can be significant, and I empathise with the statements that my hon. Friend made. I do not want to dwell at length or in too much detail on all aspects of the school's performance. The school's case was considered twice. Its appeal against the initial decision was delayed until October of last year in order to allow it to present further evidence of 2003 performance, but it was unsuccessful. In both cases, school and community performance was considered.

I was pleased to hear my hon. Friend refer to value added. She was right that Churchfields' performance was 0.1 per cent. above the local education authority and national average between key stages 2 and 3, but between key stages 3 and 4 there was a significant gap in the other direction. I am happy to go through those figures with my hon. Friend afterwards, if that would be helpful.

Ms Drown: Are the results at key stage 3 below the average or have they declined?

Mr. Miliband: No, the value added between key stage 3 and key stage 4—that is, at GCSE level—was significantly below the local and national average.

Ms Drown: If I may say so, the school's results at key stage 3 have been improving over the last two years and have added value at key stages 2 and 3.

Mr. Miliband: I do not believe that I have the key stage 3 results with me, but I am happy to take my hon. Friend's word for that. All I would say is that value added does not exist at key stage 2 or at key stage 3. Rather, it exists between phases. Value added measures the progress between the ages of 11 and 14 and the ages of 14 and 16. The value added between the ages of 14 and 16 was not what we might have hoped for.

My hon. Friend was also concerned about the number of visits to the school. The person who conducted the visits knew the school and had been there before. The appeals panel that considered the matter was made up of senior representatives, who of course met representatives of the school. However, I do not want to go into too much detail. I have some figures on which targets were hit and which were missed, but I am not sure whether discussing those would serve the best purpose.

There are three things to be said about the future. First, we are looking at the re-designation framework. We want to ensure that we learn from the experience of the first year. Secondly, we want to create the conditions under which schools will be prevented from becoming involved in the appeals process in the first place. We want to move from cure to prevention. We want the specialist schools re-designation programme to be rigorous and challenging, but we want schools to rise to the challenge. That is the rationale behind the funding that we have provided for the leadership incentive grant in Swindon, which offers £125,000 per year for three years to Churchfields and other schools to strengthen leadership, other important issues and the excellence cluster in which Mr. Flavin is engaged. Some 300 partnerships are funded around the country.

[Mr. Miliband]

Finally, Churchfields is, as I said earlier, eligible to reapply for the specialist schools programme in October this year. Happily, six of the 39 schools that left the programme have since returned, and two became academies last September. Obviously, it is important that a specialist school application should be right for the school, and made at the right time; it will be for the school to judge whether, as it seeks to improve itself, it is the time to go for specialist status.

I hope that that reassures my hon. Friend that we take seriously the development and implementation of the re-designation procedure. We take her concerns seriously. We would all agree that the key is to give the maximum appropriate support to Churchfields. I think that she will agree that there is a significant amount of effort going in to support the school and to ensure that it manages to reach and go beyond the levels of academic achievement that it had two or three years ago, whether through national or local initiatives. In the end, that is key for her constituents, for the pupils in the school and their parents.

On that note, I hope that we can reflect on the issues that she has raised and be sure that we are developing a programme that is rigorous and challenging, but that is also supportive: that is the right balance for an education system that is trying to move forward.

Ms Drown: I am pleased to hear that, a year in, the Minister is going to consider the framework again. I wonder whether giving some sort of warning could be considered as part of that review. Part of this issue is about managing expectations. Staff salaries are often at stake, but it is not only about staff morale; the issue affects a whole school and the wider community.

Would it not help to manage those expectations if, rather than it being a yes or no issue at the end of the period, one could have a review at points during the specialist school status process? Such a review could state, "If you do not achieve this and this, then you will lose specialist status." That would enable people to manage the process so much better.

Mr. Miliband: My hon. Friend will be pleased to know that every school in the country, whether it is specialist or not, is engaged in a process of self-evaluation and engagement with the local education authority and beyond. Specialist schools know the targets that have been set and can follow the progress that is being made.

The specialist schools movement, far from saying that it wants earlier warning during the four-year process, has suggested that it should be stretched out in the other direction; that schools should be given longer to show how much progress they have made. The fifth year of exam performance is now taken into account in specialist school re-designations.

Although I will of course think carefully about what my hon. Friend has said, I hope that she will understand that the information from published figures, Ofsted and other inspections is there for critical self-review, and that many schools believe that an early warning system would work against their interests, because they want further time to show how much difference the specialist schools movement is making to them.

3.58 pm

Sitting suspended for a Division in the House.

Shanklin Jobcentre

4.12 pm

Mr. Andrew Turner (Isle of Wight) (Con): The Isle of Wight is a diamond-shaped offshore island with four major centres of population, each of which has a population of around 15,000 to 20,000. They are: Newport, in the centre of the island; Ryde, on the north-east coast; the Sandown and Shanklin area, which is called the bay area, on the south-east coast; and Cowes, which is 4 miles from Newport. The other towns are about 7 and a half miles apart. Shanklin jobcentre serves the Sandown bay area, plus the town of Ventnor, right on the south of the island, and places as far afield as Godshill, Newchurch and Chale.

We have been aware for some time of the Government's plans to roll out the Jobcentre Plus concept, a new way of providing back-to-work services in a one-stop way right across the island. It appears to have been very successful in Newport and Ryde. The Jobcentre Plus property agent wrote in a letter to the landlord of the Shanklin jobcentre on 22 May 2002:

"A significant number of properties are to be refurbished and converted as new Jobcentre Plus properties. The premises detailed above"—

that is Shanklin jobcentre at 1 Steephill Road and the corner of the high street—

"have been identified as one of those offices that will be refurbished to present a more welcoming environment for the Jobcentre Plus customers. The refurbishment will involve internal alterations to provide a better reception area and more space for face to face interviews to be conducted."

So, the landlord, like everyone else, believed that the centre would remain open.

Although I was told earlier this year that the district manager for Jobcentre Plus had, later in 2002, decided that the premises were unsuitable—a decision that was reversed—we heard nothing officially about closure until a letter from the district manager dated 23 January 2004. It really was a bombshell for Jobcentre Plus in Shanklin and for its customers. The district manager said:

"I had hoped to be able to secure new premises in Shanklin, as our current premises are unsuitable for future business requirements: most notably in respect of allowing access for Disabled customers. Unfortunately, no suitable premises can be found at an acceptable price and the existing office cannot be adapted at an acceptable cost. Consideration has been given to looking at building new premises . . . but the cost of these (in excess of £2 million) has proved prohibitive.

I have now been advised that it is unlikely that suitable premises could be secured within an acceptable cost or timescale. As a result, we are forced to consider an alternative service delivery plan for the Isle of Wight. This will entail closing the existing office in Shanklin, and expanding the facilities at Ryde, whilst establishing (subject to discussion with partners) a Jobpoint terminal locally within the Shanklin area."

I met the district manager, with the Isle of Wight manager, at Shanklin jobcentre on 1 March, and later that day I visited Ryde jobcentre to see what had been implemented there. At the meeting on 1 March, the district manager told us that Shanklin was unsuitable for disabled people and costly to convert. We asked whether a disabled access audit had been undertaken and were told that it had. However, it has not been provided to us.

The landlord is an architect and said consideration would be given to making further alterations to establish compliance with the Disability Discrimination Act 1995. Alterations could include reopening the door at high street level, which opens on to the corner of the front office. The building is like one of the few bank buildings that have not been converted into wine bars. He also suggested that a lift could be installed.

We have received no evidence that the office is unsuitable, although clearly it is not ideal. The agents of Jobcentre Plus clearly did not think it unsuitable in May 2002. If they had, the local community would have made an effort to find suitable premises. We requested information at the meeting on 1 March, and confirmed that request by email on 2 March. The information we requested included details of any legislative reason why the jobcentre service could not be continued from the current building; details of the perceived operational reasons for the decision; and details of any research undertaken on the cost to the user of travelling to alternative premises should the Shanklin branch close, and the time that it would take.

In a letter on 30 March, of which I believe the Minister has a copy, I also commented on the costs of relocating Jobcentre Plus to Ryde vis-à-vis refurbishment or relocation in Shanklin. Suffice to say that it is curious that in the case against the new build the cost is given as a capital sum, while the cost of relocation is given as a revenue sum, which does not make the figures easy to compare.

I accept that the present building may not be acceptable, although I do not accept that it is not. Let us consider what Jobcentre Plus has done to find new premises. I asked the district manager what specification the agents of Jobcentre Plus had been provided with and what other premises they had looked at. In a letter to me on 12 March, the district manager provided an annexe, which said simply:

"Floor space 450 sq m

Location Shanklin or Sandown (but prepared to look at others in the vicinity)

Access requirements fully DDA compliant."

I have asked for more details on the specification, but they have not been provided.

As I said, I also asked for a list of premises that had been considered and was given four, among them the old cinema site in the high street, which was described as

"unsuitable as refurbishment was not viable."

I happen to know something about the old cinema site, because it belongs to Shanklin Conservative club. I declare an interest as a member of that club. The club was proposing an extension at ground and first floor levels, but over only one third of the footprint of the old cinema site. That would have left two thirds of the footprint plus the basement, which is accessible at high street level, for possible development. It is a pity that it was not pursued more vigorously by the Jobcentre Plus agent because it is only now that the site is being cleared for development and it looks as though the remaining two thirds, plus some floors above, will be used for housing. That would have made an excellent site.

[Mr. Andrew Turner]

On 30 March I reiterated a number of other requests for information, including the access audit and the list of the five alternative premises considered. I will not go through the other premises, but they did not include, for example, Spithead business park, Shanklin library, which the county council is considering relocating, and the huge and underused Shanklin railway station car park. I believe that that was because Jobcentre Plus retained only a mainland agent. Had it appointed an island agent—or if the mainland agent had appointed an island sub-agent—with a brief to find premises rather than merely find what premises were available, it would have got better value for money. For example, an agent on the island might have found that one convenient site that is available has outlying planning permission for 6,000 sq ft, which is in advance of what Jobcentre Plus needs.

The Library has supplied me with a memorandum on consultation undertaken, which was submitted by Jobcentre Plus to the Work and Pensions Committee on 9 July 2003. I will not read it in detail because it is extensive. However, having read section 2, under the heading "Consultation", I conclude that there was no adequate consultation. Let me give you some examples, Mr. Deputy Speaker. The people to be consulted include:

"Local MPs, MEPs, MSPs, Members of the National Assembly of Wales. Local authorities—both councillors and officials . . . Employers—a sample of key employment providers and their representative bodies, for example, the local chambers of commerce. Health authorities, primary care trusts, local GPs, landlords and joint tenants."

The memorandum continues:

"Stakeholders are provided with a description of how it is proposed to deliver services, details of which sites are planned to be refurbished, a description of any planned acquisitions, and details of which sites are considered for closure."

Sadly, there was no consultation with the county council, the town council, the Isle of Wight economic partnership, the chamber of commerce, the primary care trust, or the Member of Parliament. I was sent a letter outlining the proposal and was asked for my views, but I was not asked to respond as I could have done had I been informed earlier of the Jobcentre Plus-agent's conclusion that the current premises were unsatisfactory; a conclusion with which I, as well as the people working in those premises, disagree. One of those people, Diane Graham, wrote to me to point out:

"As a Disability Employment Adviser, based in Shanklin Jobcentre for the past six years, I can confirm that there has never been an access problem for my clients. Likewise should a disabled person be seeking help from other staff in the office, it has always been the policy for the staff to come to the ground floor, if necessary, to provide the full range of services to the caller, in line with the service they would give on any floor in the building."

I am not impressed with the intensity or meaningfulness of the consultation. Furthermore, I am not confident that the needs of the local community and of users have been properly considered. The town clerk of Ventnor town council writes:

"The Town Council have noted with great concern the report"—

a report in the county press, not a letter that the town council received from Jobcentre Plus—

"that it is intended to close the Job Centre at Shanklin. Ventnor, as you will be aware, is amongst the top ten areas in the country designated as having social deprivation . . . Now it is being suggested that users would have to travel to Newport it beggars belief. Are those dealing with the closure aware of the difficulty of travel from Ventnor to Newport and the cost of public transport? As much as anywhere on the Island, Ventnor needs the service of a Job Centre. We cannot believe that any real understanding exists about the true position of our population."

Another service user writes:

"The Department keeps telling the staff in newsletters how we are customer focused. I cannot see how forcing the poorest people on the island to travel 8–10 miles extra by inadequate and expensive public transport is in the public interest or for their benefit . . . When a customer's giro doesn't arrive (or bank account is not credited) how are they supposed to find almost £4 to travel to Ryde or Newport to ask for an urgent payment?"

A local mother-to-be, again from Ventnor, wrote on 27 February:

"I am extremely unhappy with the proposal to close Shanklin jobcentre as this would cause much inconvenience to me in my condition, especially in terms of time and cost which I can ill afford. Would you be kind enough to ask whoever is responsible for this decision-making to please reconsider?"

It concerns me even more that I appear to be getting the blame. One constituent wrote:

"I went to sign on in Shanklin today and to my dismay I find that you are considering closing the jobcentre and dole office there.

I think that you need a signing on office for Sandown, Shanklin, Ventnor and surrounding areas. Also to my dismay I am told that I will have to pay my own bus fares to sign on in Ryde or Newport. Please tell me that you're taking the"

something or other.

He went on to say:

"It costs £7 from Shanklin to Newport return. Am I getting more money to cover this extra cost on an already stingy amount of cash to live on!! You try and exist on £54 per week!!"

Incidentally, I rang Southern Vectis and I found that not all buses on the service from Shanklin to Ventnor are disabled accessible. The young mum, to whom I referred, would find it a great deal easier to negotiate her way into the jobcentre at Shanklin than she would to get on to a bus, travel to Ryde, perhaps with a child in a buggy, and go to the jobcentre there.

This is something that concerns me more widely, but it is important because it illustrates what the staff of the jobcentre are doing, which is perhaps beyond their remit. Another member of the staff wrote:

"At the present time with Income Support claims being processed in Fareham and Social Fund in Cosham I consider the service to islanders wishing to claim these benefits is poor. Often we have customers coming to Shanklin job centre about these claims, sometimes in a distressed state and we are unable to help except to give these customers access to our phones. When I have phoned on behalf of customers to Income Support for instance, I have found them to be unsympathetic and unhelpful, easy for them at the end of the phone, not so pleasant for us with the customer sat in front of us."

That is a bit of a sorry tale. Most infuriating has been the difficulty of obtaining evidence from the district manager as to exactly what advice she has been given.

That is illustrated by an email that was sent to my secretary and which I received on 15 April. It said that the district manager:

"has answered the issues Andrew has raised in his letter with all information that is available to her at this time."

Well, how come it is not available to her at that time, but it was available to her when she made the decisions?

It seems to be a sorry tale of corners cut and solutions brought forward that work for the bureaucracy, but not for the community. I am grateful to Geoff Lumley of the PCS union for drawing the issue to my attention. Its members are unaffected by the proposal because their jobs are guaranteed, but they are concerned about the consequences for their clients. I am grateful to Val Urquhart and to other staff of the job centre in Shanklin for the good work that they do all of the time; to the many local residents who have put out petitions and to businesses who have made petitions available; and to David Pugh, the editor of the local "In Touch" newsletter, who has publicised the availability of the petition.

I understand that the district manager is about to move to a new district and that a new manager will be in place shortly. I ask that that new district manager undertakes a new and genuine consultation, perhaps with the assistance of Isle of Wight agents, and in particular that they consider whether a partnership approach could enable new build to take place.

4.29 pm

The Parliamentary Under-Secretary of State for Work and Pensions (Maria Eagle): I congratulate the hon. Gentleman on securing this debate on what is clearly an important subject, not only for him, but for his constituents. He has made that quite clear in the way in which he set out his remarks.

I fully understand his concern to ensure that Jobcentre Plus provides a quality service to his constituents in Shanklin. I would hope that he would accept that it is also our concern that we are able to do that. Before I start dealing with the detail of the points that he raised, I must say that those issues arise only because of our determination to modernise the welfare state and provide an individualised service to a range of people who have not received that service in the past. They include those who are sick, disabled, on incapacity benefit, lone parents and those who have not been expected to look for work in the past.

Our active labour market policies have resulted in the highest employment figures on record, the lowest unemployment figures since 1975 and a reduction of 500,000 in the number of children living in relative low income. We have the highest employment rate and the lowest unemployment rate of the big seven industrialised nations. That has not happened accidentally: it is due in part to our active labour market policies and the transformation of old-fashioned services into much more individualised services. That is what Jobcentre Plus is about, and that is what we are trying to achieve in the hon. Gentleman's constituency.

The people of the Isle of Wight are being well served by the established Jobcentre Plus offices, as the hon. Gentleman acknowledged. Since 1997, unemployment there has fallen by 57 per cent. and long-term unemployment has fallen by 85 per cent. Both those figures are higher than the national average. The new deals on the island have helped nearly 3,000 people into work in his constituency. I am sure that he rejoices in that record of success as much as I do.

We know that there is more to do, and that is why we want to transform the rest of the services on the island. Jobcentre Plus is about providing a new type of service, as well as helping the traditional jobseeker's allowance clients. We are also helping lone parents and disabled people to think about finding work, sometimes for the first time.

Having reduced the numbers of unemployed people, we are now working to give employment opportunities to everyone, and in particular those groups that have traditionally been ignored by previous Governments. We are making our services more accessible to everyone, and it is absolutely key that we do that in a modern and sensible way that deals with the extra challenges that the agenda poses for staff and services.

We are opening new, modern offices. The hon. Gentleman has visited some in his constituency and he will have seen the vast difference that there is between the old-style social security office—even the old-style Employment Service office—and what we can offer with Jobcentre Plus. Customers can make inquiries about their benefits and employment opportunities in a joined-up way that makes sense to them. Telephone contact centres allow them to make the same inquiries from the comfort of their own home, which they were not always able to do in the past. New technology enables them and us to find the information that they need about jobs and training via the internet, job points and other such innovations, all of which are being placed in local sites such as libraries and supermarkets to make them more accessible.

During the national planning for the implementation of Jobcentre Plus, customer representatives and trade unions were consulted widely. At district level, managers consult the widest possible range of people about the service that they plan to provide. Local advice and welfare groups, local authorities and MPs are essential sources of guidance, and we seek to take advantage of their local knowledge and their insight into what is necessary.

Some 450 of the new-style offices have been successfully opened, but the change cannot be delivered nationally overnight. In specific instances, it presents us with specific problems, and the hon. Gentleman has highlighted one that we face on the island. We find that once the changes have been introduced, however, eight out of 10 customers are satisfied with all elements of the service. That is quite a high percentage.

The hon. Gentleman knows that our original plans for the Isle of Wight involved the creation of three integrated offices in Newport, Ryde and Shanklin. Shanklin provided a particular dilemma, partly because the new office had to handle its existing client base of 700 unemployed people and about 3,500 more people claiming income support or incapacity benefits—the

[Maria Eagle]

types of people whom we have not helped in the past but wish to draw into the service now. Any plans put in place had to ensure that all customers, including the new cohort whom we had not previously considered, could use the office.

We would like to have maintained the excellent service already provided to the unemployed in the Shanklin area, and extended it to lone parents and people claiming incapacity benefits, ideally from a site in Shanklin, thus improving the service we provide to those who have to travel to Newport. However, as the hon. Gentleman knows, at present only JSA claimants use the Shanklin service; the 3,500 lone parents and incapacity benefit claimants who want to access our services already have to travel because they cannot access the services in Shanklin. Many people from that area have to travel to Newport.

The existing jobcentre is too small; I have seen the correspondence to which the hon. Gentleman referred and I know there is more of it, with other contacts. Figures have been bandied about on square footage, size, what is needed, what is necessary and what it is possible to squeeze out of the existing premises, which are on three floors. As the hon. Gentleman said, a town house is not ideal, and there is a slope from front to back that presents difficulties. Proper disabled access in such a building is difficult, but not impossible, to achieve. However, it is an issue, and there is no doubt that for an integrated office—a Jobcentre Plus office—we would prefer to have the best possible standards of access that we can manage.

We considered a number of alternative local properties and the possibility of a bespoke new build, which would have cost in excess of £2 million. There has been a big investment of £2 billion across the country to deal with the roll out of Jobcentre Plus, but that does not absolve us from the obligation to secure proper value for money.

The hon. Gentleman referred to some of the existing sites; it would not be helpful for me to go through them now, but I shall be happy to send him a full list of those that we considered if he does not have one. There are at least two sites on that list where we considered a new build, but that would involve the extra consideration of cost. We have to be able to show value for money and an amount in excess of £2 million would be a big investment.

Mr. Turner: I accept that the whole point of developer building is that the developer puts in the capital and the Department pays the rent.

Maria Eagle: The hon. Gentleman knows that some consider the arrangements in respect of our estates and the private partners that we already deal with to be quite complicated. Things are not always as simple as he might think. However, I can assure him that we have considered a range of existing properties, sites and new build, not only in the Isle of Wight. We have been rolling out these offices throughout the country, and different sites and areas present us with different problems. Each one is unique, but there are common themes and our people are becoming skilled at tackling the issues. I assure the hon. Gentleman that we have done our best to find an alternative in Shanklin that is suitable all round. We did not want the outcome to be moving out of Shanklin, but to ensure that all our customers can access our services—that is what our proposed second-order solution will require.

Newport and Ryde already have Jobcentre Plus offices, which have been upgraded, as the hon. Gentleman, who has visited them, knows. They are providing the new services, are completely accessible to all clients and are already being used by the majority of the 3,500 additional customers from Shanklin to whom I referred. Although that alternative has required an extra expansion at Ryde to be able to cope with the capacity, it is a more cost-effective, value-for-money solution than the alternatives that we identified in Shanklin.

The district manager did consult, but he made some comments about the consultation, which he considered inadequate. I am sorry he thinks that, but we did consult 18 local stakeholders. We can bandy thoughts around about what constitutes a consultation, but I assure him that final decisions had not already been taken about what the solution should be when the letter, which he does not consider to have been a consultation, went out. Since then, we have spent time trying to find a Shanklin solution. To date, only the hon. Gentleman has responded negatively. I do not mean that unpleasantly, but he responded by saying that he does not agree with the way in which we have tackled the problem. That is not to say that no one else has concerns.

I also appreciate that the distance and cost of travel for existing customers of the Shanklin jobcentre is a matter of concern, to which the hon. Gentleman referred. More than 80 per cent. of our customers in Shanklin already travel to Newport because the services that they were accessing are not available at Shanklin. For the others, the local bus and rail links—he referred to a fare of £7, with which we do not disagree—compare favourably with similarly sized towns on the mainland, and even with those in the rest of his constituency, and the distances and the lengths of journeys are not out of line with those in other parts of the country. I acknowledge his point, but they are not unusual. The only alternative is to provide in Shanklin a service that is available only to the unemployed. We believe that that would be a two-tier service, which we do not want to consider.

The Department is a key employer on the Isle of Wight. It provides jobs for about 250 people. We recently announced that one of the two sites for the new national organisation for the checking of national insurance numbers will be in Newport and will guarantee a future for about 70 jobs there. I am pleased to be able to announce today that we will increase staffing on the Isle of Wight by almost 50 per cent. in that unit in the next two years as part of the national centralisation of the work.

Jobcentre Plus is managing the integration of more than 1,500 officers, handling more than 10,000 job vacancies and helping more than 100,000 callers every working day. In doing so, it is extending its services to everyone of working age who wants to access them, including people who have been ignored in the past, such as lone parents, disabled people and the unemployed, who will all be given increased opportunities to work and to contribute more to society. We can then begin to break the cycle of benefit dependency.

The Shanklin solution is not what we originally wanted, but I hope that the hon. Gentleman will recognise that we have done our best and that the final outcome will produce a much better service to everyone on the island. Despite his continuing concerns, I assure him that we have done our best. I am more than willing to talk to him further if he so wishes.

Question put and agreed to.

Adjourned accordingly at eighteen minutes to Five o'clock.

Westminster Hall

Thursday 22 April 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Credit Card Charges

[Relevant documents: First Report from the Treasury Committee, Session 2003–04, HC 125, and the Responses thereto, HC 431.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Paul Clark.]*

2.30 pm

Mr. John McFall (Dumbarton) (Lab/Co-op): It is a pleasure to be introducing the Treasury Committee report on transparency of credit card charges. The report has had quite a big effect on people in the industry by pointing out what the agenda should be. I should like to remind the Chamber of the origins of our investigations. In our report on banking and small businesses, published in July 2002, we concluded that there was a "lack of transparency" in the credit and charge card industry, which acts

"against meaningful competition and is therefore against consumers' interest"

and that

"for individuals to understand interest rate calculations requires an unreasonable time and effort".

We returned to the issue of credit cards in July 2003 to examine transparency and inconsistent practices in that market in the context of concerns about the build-up of personal debt. We took evidence from consumer groups, credit and store card issuers and the Association for Payment Clearing Services. In October we held a hearing with the five chief executives of the largest credit card issuers, which represent nearly 70 per cent. of the market.

Our findings indicated that there are many problems with transparency in the credit card market and, with the exception of one issuer, Nationwide, no progress had been made since our report in 2002. We looked at a number of problems in the industry. First, important information is buried in the small print and written in technical jargon, which makes it extremely difficult to compare cards. Providers are allowed to calculate the annual percentage rate, the figure most commonly used by consumers to compare cards, in more than one way. The true cost to the consumer of different cards is concealed behind complex interest rate calculation methods, not taking account of the APR, and seemingly unreasonable charges are levied which are sometimes not specified in advance. There are serious problems in the store card market due to lack of transparency.

Some of those problems represent a regulatory framework that is comprehensively out of date; indeed, we have been waiting over 30 years for the review of the Consumer Credit Act 1974. I see, to my left, the Messiah coming, in the form of the Minister. I hope that his tablets are clear because he has a lot to answer for. The regulatory framework is so far out of date that there has been no impetus for the industry to improve matters. As Gary Hoffman, the chief executive of Barclaycard, acknowledged, the Committee's inquiry has been a wake-up call for the industry.

We have now seen some improvements in the industry with the implementation of the summary box, giving consumers clearer information on key terms and conditions. The summary box has been introduced in credit and store card literature; that has to be welcomed. We have the promise of a single method of APR calculation to be introduced by October 2004, and it will be for the Minister to clarify that point when he sums up. There have also been warnings for consumers about the consequences of making only the minimum repayment.

The Office of Fair Trading has taken action against Barclaycard over misleading advertising material and it has investigated the store card sector. It concluded that there are serious questions about competition and referred the industry to the Competition Commission. The inquiry started with the Select Committee and has ended up with the Competition Commission. I congratulate my colleagues on the Committee and the staff for their work towards that end, because it is a very significant victory.

I mentioned that more remains to be done; for example, the use of larger type, the inclusion of scenarios in the summary box, and the provision of clearer comparable information and monthly statements. We also need further transparency, more responsible marketing practices and, possibly, standardisation of complex interest rate calculation methods. There are opportunities for further progress over the next few months, and I hope that that can be achieved. The banking code is being reviewed, and with the review of the Consumer Credit Act being undertaken by the Minister and the Department of Trade and Industry, we may have an opportunity to introduce new regulations on advertising, the form and content of credit agreements, and the standardisation of APR calculations.

We shall continue to work with the industry, the DTI and the OFT to spur on the necessary improvements. The message from today's debate is that this is a continuing inquiry by the Treasury Committee, and our business will not be finished until the industry gets itself into shape. If that means industry representatives regularly meeting the Committee in the most convivial circumstances, we will be delighted to invite them, so that we achieve a result. We hope in July or perhaps in September to invite industry leaders—the chief executives of the banks and others—back to the Committee to see exactly what progress has been made.

With regard to the summary box, the Consumers Association told us that there is huge choice, but it is not always easy for consumers to exercise choice if they cannot compare and contrast cards and work out which are best for them. Last July, when industry representatives appeared before us, we challenged them to agree proposals for the summary box over the next few months, before a hearing with the chief executives of the five largest credit card issuers. I have to say that the industry did move on that, and we congratulate it on doing so, but the devil is in the detail, and that is what we shall examine over the coming months.

It is often difficult for trade associations to negotiate agreements on such matters without some such external influence. The Committee's investigation was instrumental in securing agreement on the summary box in an appropriate time frame and ensuring that

[Mr. John McFall]

consumers have not had to wait too long for that vital information. MBNA, one of the largest credit card providers, told us:

"The Treasury Select Committee focus on transparency has solidified industry agreement on the Box—and we believe that this is potentially of great benefit to consumers."

The issues that still garner our attention are the format, the placing and the print size. I think that we wanted an 18-point font size. I had a meeting the other day with Mr. Chris Pearson, Ms Sandra Quinn and colleagues from APACS and I was heartened to hear of the progress being made. However, on print size, there are still a number of problems to overcome, so after the meeting I decided to write to the major credit card providers to ask what their practices are and what has changed for them in the past few months, and to tell us, before they appear before the Committee again in September, what they are working on. That will enable us to have a positive encounter.

Mr. James Plaskitt (Warwick and Leamington) (Lab): My hon. Friend is rightly outlining the difficulties that the industry is having in reaching agreement on the summary box. When that finally happens, we may hear ringing declarations that it represents a great victory for consumers, but does he agree that reaching an agreement and implementing it will not solve the industry's problems and will be only the beginning of the solution?

Mr. McFall: I agree that reaching agreement will be a victory in itself, but there are a number of areas that we have to address. Summary boxes are not the beginning and end of the process, and I shall mention other aspects.

Many groups have called for the inclusion in summary boxes of illustrative borrowing scenarios showing the cost of cards in pounds and pence. I detect in some parts of the industry a reluctance to go down that path, and I am looking for improvements. The Committee also wants summary boxes to appear on monthly statements, so that consumers are continually aware of the key financial information about the card that they are using. That will enable them to compare products and determine where they can get the best deal. HBOS has already taken steps to include the summary box in monthly statements, and other banks, including the Royal Bank of Scotland, already provide most of the information on statements. I hope that lenders tackle that issue during the current review of banking procedure.

There is also the question of annual percentage rates. The Banking Code Standards Board told us that its research revealed that consumers tend to have a sketchy understanding of what APR means but use it as an all-purpose basis of comparison between products. I have a special message for Mr. John Tiner of the Financial Services Authority, because the authority's website states:

"You do not need to know how to work out an APR. The important thing is that APRs show the cost of borrowing on a standard basis. So you can compare one APR with another."

Wrong, wrong and wrong again. I would like to think that by the end of the week, Mr. Tiner will have got his skates on and that message will have been taken off the website. In our leisure time this weekend my colleagues and I may visit the site to see what has happened.

As we learned during the inquiry, legal ambiguities in the regulations mean that the APR, the figure most commonly used by consumers to compare products, may be calculated in more than one way. That information was largely hidden until it was exposed by the Treasury Committee. Banks and credit card companies were delighted to go along with that practice, because it caused them little hassle and perhaps gave them extra profits. However, it does the consumer down, and it must change.

The Minister has a big responsibility on this matter. I hear that the industry is lobbying the DTI and trying to soften him up to ensure that the changes have been implemented not by October 2004 but by October 2005. I will hang on my hon. Friend's words when he winds up this debate to find out whether we will get the APR change. During our inquiry my colleagues and I were insistent that that change should be made as soon as possible, and the Minister was supportive when he gave evidence. He should not listen to the industry on this point, and he should forget about the technical complexities because the industry has had decades to make the change. We want it made by October 2004, and we will revisit the issue.

The Minister for Employment Relations, Competition and Consumers (Mr. Gerry Sutcliffe): I will comment on the APR in my winding-up speech, but my hon. Friend knows that it is not the only aspect of the products and hidden charges which confuses consumers.

Mr. McFall: I agree entirely. We have a full agenda to be working on, and other issues, such as interest rate calculation, are important. However, if the APR is being used as a tool for comparison, it must be legitimate. At the moment, it is an illegitimate tool, which is unsatisfactory. As I mentioned, the target date was October 2004, and I am looking for confirmation of that.

In addition to the interest rate, we found that a key determinant of the overall cost of credit is the method that credit card firms use to calculate the interest. That covers such factors as when lenders begin to charge interest on purchases made and when they stop charging interest after a payment is received from the customer. However, the Consumers Association identified 10 different methods of interest rate calculation currently in use in the UK credit market. It estimated that a series of transactions could cost up to 76 per cent. more on one card than another, depending on the method used.

The industry told us that interest rate calculation is a competition issue, but in evidence to us, John Vickers, chairman of the Office of Fair Trading, told us:

"If a product characteristic is invisible to consumers then it cannot be a dimension of competition".

The entire Treasury Committee agrees with that. In the anecdotal evidence that I have built up over past months, chief executives tell me, in their confessional approach to me, that the competition issue is a smokescreen and that people are making, to use the

slang phrase, a quick buck out of it at the expense of the customer. That practice must stop, and the DTI must get on the chase.

Another issue about which we were quite exercised was transactions and penalty charges. As we know, credit card companies often levy charges if a borrower pays late or exceeds their credit limit. However, concern was expressed at the Committee's hearings that often the level of such charges is not made clear to the cardholder; in many cases that information is buried in the small print. We saw one card agreement that said:

"You agree to pay us a charge if we do not receive your minimum payment by the due date."

There was no reference to how much the charge would be. However, there have been some improvements. Such behaviour will not occur in future as lenders will have to list all charges in the summary box.

When we asked the industry about the issues, representatives of Lloyds TSB told us:

"Our charges reflect the costs we incur when customers fail to make payment or fall into arrears".

MBNA told us that its charges

"represented a genuine pre-estimate of part of the costs incurred and loss suffered by MBNA".

No company provided any information or figures to back up those assertions. Indeed, Barclaycard refused to provide any further information on the revenue raised from penalty fees, even in confidence. Barclaycard representatives told us that since they

"do not release this information in detail to our share holders via our accounts",

they were unable to supply such information to the Committee. We have therefore seen no evidence from lenders that transaction and penalty fees represent a fair reflection of the costs involved.

Lenders must justify their charges, and the report called on lenders to place in the public domain figures on the amounts raised from penalty charges. We are very pleased that the OFT is currently investigating the level of fees charged, but if that information is not in the public domain, the companies are open to the charge of ripping off customers. On the arbitrary imposition of a £25 levy, why should it be £25? In the view of some credit cardholders who are more in debt than others, a £25 levy could be very detrimental, compared with its effect on others who can afford it. It borders on the issue of over-indebtedness and poverty. I am making a plea for those companies—Barclays and others—to make public the amount of money made from charges. We do not want that to conflict with their commercial confidentiality, but it is a basic issue that needs attention.

We also identified some marketing practices that gave us considerable cause for concern. There is the well known story about "Monty", the dog in Manchester that had a £10,000 credit limit. Mr. Fred Goodwin duly apologised for that, although he did not tell us whether the dog had chewed up the card. A number of very disturbing examples were given to us by, among others, citizens advice bureaux. One concerned a client on income support who had run up a credit card debt to pay for his drug addiction. He had been resident in a rehabilitation clinic for six months when he received an unsolicited credit card application form there. He completed it and the credit card company issued him a card. He told the citizens advice bureau that it was fortunate that a member of the clinic staff had intercepted the card, otherwise he would have been tempted to use it to buy more drugs.

Such marketing practices should be not only condemned, but outlawed. The companies have made insufficient progress in that area. Mr. Hoffman, the chief executive of Barclaycard, said following our inquiry that issuers were looking at their marketing practices more closely than ever. Again, however, much work needs to be done.

We also examined marketing material from Barclaycard for its so-called "0 per cent. for ever" offer. The offer proved to be so complex that even the redoubtable Mr. Matthew Barrett, the chief executive officer of Barclays Bank, appeared unable fully to understand its consequences. Given his inability to do so, we recruited Dr. Robert Hunt of the institute of mathematical sciences at Cambridge university to help us understand how much the offer could cost. The OFT also looked at it and considered the marketing material to be "highly misleading" and in breach of the Consumer Credit Act. Barclaycard subsequently withdrew the material.

John Vickers, the OFT chairman, said:

"Barclaycard promoted this product as offering the opportunity to borrow at 0 per cent. interest forever. It does no such thing. The promotion in these terms has therefore been stopped."

Why do we need to wait until a company of the size and reputation of Barclays introduces such an offer, only to find, shamefacedly, that it must withdraw it? If people do their research properly, such cases should not arise. Again, that points to the work that the Committee has undertaken and to how fertile are the areas that we have investigated.

A lot more information is needed on over-indebtedness. I agree that it affects only a small proportion of the population. The majority of people handle credit responsibly and avoid becoming over-committed. However, there appears to be a small but significant minority for whom servicing debts has become a problem. It is important to recognise that over-indebtedness can have a devastating effect on people's lives. The Government and the credit card industry need to work harder to prevent over-indebtedness.

Mr. Sutcliffe: My hon. Friend is coming to a crucial point. The focus of the report was on the credit card industry, but over-indebtedness can hit anybody at any time, for a variety of reasons. My hon. Friend will no doubt welcome the Government's establishment of the over-indebtedness advisory group and a cross-ministerial team to look at the issues. They include not only those arising from the credit card industry, but how the Government and local government deal with the collection of council tax and other taxes, and how such matters can affect over-indebtedness, which is a massive issue.

Mr. McFall: I agree that over-indebtedness is a massive issue. I mentioned earlier that credit cards are a positive source of finance for many people. The Committee has considered over-indebtedness and taken it up with Mervyn King, the governor of the Bank of

[Mr. McFall]

England, among others. We asked the Bank of England to look into the issue and give us more information on it. We also took evidence from those working on the ground. Citizens Advice, for instance, told us that

"credit cards are the single largest debt by number".

If I remember rightly—my hon. Friends can correct me if I am wrong—the number of inquiries about consumer debate received by the bureaux has increased by 46 per cent. in the last three years. Over-indebtedness is therefore a growing issue to which we must pay attention.

I remind the Minister, in a light way, that the DTI undertook many inquiries and investigations before his time. Indeed, after three years of inquiry after inquiry on over-indebtedness, the Department undertook one more inquiry, the result of which was that another inquiry was needed. We do not want more inquiries; we want action.

The report found that many people were

"sleep walking into a situation of overcommitment."

That points to the fact that all credit card issuers should engage in responsible lending and provide customers with clear information so that they understand the consequences of the debt that they take on.

Another problem is that of minimum repayments. Customers receive monthly accounts that state that the minimum repayment is £2, £3 or whatever. However, we uncovered the fact that if borrowers paid back their debt at that rate, it could take as long as 22 years. Companies have a responsibility to give consumers a health warning saying, "If you pay back at this rate, it will take you x number of years." That is not too much to ask, and the DTI must press the industry on that point.

I turn now to the issue of inadequate credit checking and data sharing, which has a bearing on the tragic incidents of over-indebtedness and excessive numbers of credit cards which we have read about over the past few months. It has become clear that the credit checking system must be improved. Many lenders do not share positive information with credit reference agencies. That can make it difficult for customers to get credit elsewhere and, with the growing use of risk-based pricing, customers could be excluded from taking advantage of lower rates offered by competitors. All lenders must share positive and negative data with credit reference agencies. Someone could be out of their depth, with 17 or 18 credit cards, but if they were making the minimum repayment on each one, nothing would show up at the credit reference agency, so there would be no assessment of how likely they were to sleepwalk into disaster. That must be addressed.

A further issue is the problem of unsolicited increases in credit limits. The Consumers Association told us that

"it appears a common practice for card issuers to raise credit limits without first consulting the customer or even in some cases credit histories."

That practice tends to push people towards excessive spending and is therefore not in their interests or those of their families.

Finally, there is the issue of store cards, which proved fertile ground for the Committee. We uncovered what we described as a "cosy relationship" between store card providers and stores which results in card users not gaining the full facts about costs. We saw advertising leaflets for a store card which did not contain the APR—for the Minister's information, that was legal under the outdated framework of the Consumer Credit Act.

We also noted that consumers were not allowed to take away application forms. The credit card providers, especially GE Consumer Finance, got into a massive fankle on that subject in front of the Committee, telling us that the law did not allow people to take the forms away. However, we hauled in the OFT and DTI and asked, "What does the law say?" The law makes it clear that people should be allowed to take forms away. In fact, some Committee staff went to get an application form and were told that they were not allowed to take them away. That was nonsense and had to be changed, but it is sad that it required a House of Commons Select Committee to unearth that practice and change it.

We also saw welcome packs and monthly statements that contained no mention of the high interest rate that would be charged. Those rates tend to be between 28 and 30 per cent. In today's environment, how is it to anyone's advantage to pay 30 per cent. interest? I suggest that retail stores have slid out of their responsibility. It would be great if the chief executive of Laura Ashley, Debenhams or House of Fraser appeared before the Committee. We could ask them what their social responsibility to their customers is. Why, when the Bank of England base rate is below 4 per cent., are they allowing credit card charges of 30 per cent. to be imposed on their customers? They assure the quality of the products on their shelves, whether they be clothing, china or perfume, for their customers. Why can they not assure the quality of the financial products that are in their stores? They have a long way to go on that. I would like to see the day when the charges that people pay in stores are the same as the typical charges paid elsewhere.

Mr. Plaskitt: Does my hon. Friend recall that while we were examining the issue of store cards, and taking evidence on the matter, we received confirmation from GE that it had not reviewed or altered the interest rates on its cards since 1999, despite the fact that base rates have fallen substantially since then?

Mr. McFall: Exactly. My hon. Friend questioned the representative of the company about that and he was, to put it politely, flummoxed.

The Committee stressed the need for transparency and competitiveness. There must be transparency for there to be competitiveness. Even if there are 1,600 credit card suppliers in the market, the market is not competitive if information is not shared with the customer. There is no level playing field. The Select Committee is examining transparency and competitiveness, and that will inform our further inquiries.

These matters are important for the DTI, and I am keen to hear the Minister's comments on a range of issues: the summary box, transparency, credit reference agencies, the OFT's powers to monitor consumer credit licensing, and investigation of the payment protection insurance areas. I would also like an explanation of what happened to the CAT standards for credit cards proposed in January 2001.

The industry should adopt a positive attitude towards greater transparency in the current review of the banking code, and it should work on developing scenarios that will show the cost of cards in pounds and pence for consumers, for inclusion in the summary boxes. It should introduce a minimum size of font for summary boxes, include the summary boxes in monthly statements, develop further transparency in the standardisation of complex methods of interest calculation, engage in more responsible lending practices, base lending on income and credit commitments rather than on payment history, and place restrictions on unsolicited increases in credit limits. It should also publish information on the revenues raised from transaction and penalty fees and ensure that application of those fees does not cause debts to become unaffordable, and it should improve the transparency of risk-based pricing.

We have a hefty agenda that we are addressing with vigour. That vigour has increased as the months have passed. We look forward to engaging with the industry again, whether it be in July or September, and with the Minister, to ensure that a fair deal for consumers is achieved. If it is achieved, that will be through the Treasury Committee, the DTI and the industry working together in favour of the customer.

3.3 pm

Mr. James Plaskitt (Warwick and Leamington) (Lab): It is almost a year since the Treasury Committee began its inquiry into transparency in credit cards. It is interesting that during that year the general debate on, and public interest in, the issue of indebtedness and household indebtedness have increased sharply.

I shall lay a number of charges against the credit card industry. However, it is fair to say at the outset of my speech that one thing that for which the industry cannot and should not be blamed is the general increase in household indebtedness, which has become a concern. I am also happy to acknowledge that credit cards perform an important service for the majority of those who hold and use them. They are part and parcel of managing our personal finances, and it is difficult to envisage how we would operate without them.

Although I acknowledge their importance in the world of finance, as we took evidence for the inquiry, the fact emerged clearly that there are some serious charges to be levelled against credit card companies. They are clearly guilty of irresponsible lending to some people, and I think that they are guilty of supplying misinformation to almost all their customers. It is beyond argument that they are guilty of a lack of transparency, and in respect of some products, albeit by no means across the board, they are guilty of sharp practice—a point that I shall illustrate later.

In such an industry climate, some people will, sadly, be caught in the credit card web. We all know what that climate is. I am sure that I am not the only person in the Chamber who is bombarded by offers from credit card companies: I have had about six in the past month at my private constituency address, and a similar number at my flat in London. I do not know whether I am being targeted as a member of the Treasury Committee, but I do not think that I am alone.

The junk mail that comes through my door from credit card companies is stuffed with misleading promotional information, and it is evident that the industry carries out inadequate credit checks. Sadly, there have recently been tragic consequences when individuals caught in the credit card web have become deeply mired in debt. I do not lay all the blame for that at the door of credit card companies: individuals have some responsibility, which they must face. However, given what is happening, the rapidity with which the stuff in question is sent out and the misleading promotional material that goes with it, it is all too easy for someone in financial difficulty to be lured in, and some responsibility for that rests with the credit card companies.

As my hon. Friend the Member for Dumbarton (Mr. McFall) said, the industry needs to get its house in order. It is the responsibility of Parliament, Government and the regulators to be active in ensuring that that happens. We must do all that we can to end the industry's opportunities to exploit vulnerable people. We must ensure that the industry gives all credit card consumers a fair deal across the board. The inescapable conclusion is that they are not getting that now. What I have seen in the year in which we have been engaged in the inquiry leads me not to trust the industry to put its house in order on its own, I am not prepared to rely on Government exhortation of the industry, and I do not believe that voluntary codes alone will do the job. The industry has shown, in my view, a pretty contemptible attitude towards the public and consumer interest.

I said that I would give some of the worst examples of sharp practice. My hon. Friend partly pre-empted me by drawing attention to Barclaycard's infamous "0 per cent. for ever" offer, but it is worth examining briefly how misleading that promotional material was. With that offer, people were encouraged to transfer balances from another card, and those balances would enjoy the 0 per cent. interest rate. However, the terms and conditions went much further. The transferred balance qualified for the 0 per cent. interest rate only if a minimum amount of new consumption was levied on that card each and every month: the card required people to purchase £50-worth of goods a month to sustain the 0 per cent. on the transferred balance. Therefore, if someone transferred £3,000 from another card to the 0 per cent. Barclaycard in order to enjoy that 0 per cent. rate, and committed themselves to spending the £50 a month on new purchases but made only the minimum monthly repayment, by the time they had paid off the transferred balances—because the minimum payments went first on those, and never paid off the new consumption—they would have clocked up another £2,850 of debt with Mr. Barrett's card and would have been charged 17.9 per cent. APR on that. That is how grotesquely misleading the "0 per cent. for ever" offer was. It took OFT intervention on the back of the Committee raising awareness of the offer before action was taken. In the end, the card was withdrawn.

I drew a second example to the Committee's attention—I am afraid that it, too, comes out of Mr. Barrett's stable. The Monument card revealed another example of what I can describe only as sharp practice. It, too, was promoted heavily on the basis of 0 per cent. interest on transferred balances and the attractiveness of no annual fee, and all the promotional material clearly suggested that the interest rate was a competitive 16.9 per cent. So far so good, but the problem was that someone could send off the application form believing

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that those were the terms and conditions, and discover only when the card was in their hand and they were ready to start using it that the interest rate applicable to their card was not 16.9 per cent., but 31.9 per cent. as a result of the company doing personal pricing. Someone would not know that that was going to be the case unless they took the trouble to read some exceedingly small print on the back of the terms and conditions. No possibility of the higher interest rate was clearly evident on the promotional front page of the offer. Risk-based pricing is therefore among the sharp practices that we must consider.

The third main example relates to deceptions in respect of the APR, to which my hon. Friend referred. We considered the position of someone who lined up four well known credit cards with exactly the same nominal APR—exactly the same interest rate—made purchases of exactly the same value with them, and proceeded to repay the debt with the same profile on each card. It would not be unreasonable to suppose that in those circumstances the charge for the credit would be the same for all four cards, but that was not so. The actual cash cost of the credit on the four cards varied by as much as 40 per cent. because of the small print in the repayment terms.

Sadly, while all those misleading offers were pouring through people's letterboxes and the risk-based pricing and distortions in APR were going on, all we heard from the regulators was a very muted "tut, tut." However, in the face of all the pressure, the industry has seized on the Committee's suggestion that it introduce the summary box. I welcome that: it is high time that that step forward was taken. However, as I said in an intervention on my hon. Friend, even if the industry reaches an agreement on the summary box and it is implemented throughout the industry, it will be but a small step towards solving the evident problems that emerged in the course of our inquiry. If solving the problems in the industry is a journey of a mile, the summary box represents but a few yards. We need to keep it in that perspective.

The sending out of credit card cheques is another industry practice that shows no sign of abating. Summary boxes would not even begin to touch that very serious problem in the industry. Credit card cheques are sent to about 16 per cent. of households—5 million households—and almost every dispatch of such cheques is unsolicited. Evidence suggests that in the sending of cheques there is some concentration on households that are experiencing some form of financial difficulty. The task force on over-indebtedness has considered the issue and found that only a third of people who received cheques in the post realised that they would incur interest right from the point of cashing them. We talked to APACS about that and it told us that it would make improvements that would be in place before March 2004. Interestingly, this morning I received an e-mail from APACS encouraging me to believe that the problems will be resolved. It said that checks would be made before cheques were sent out and the applicable interest rate would be indicated. APACS will refer these improvements for inclusion in the banking code. Those are small, but welcome steps.

I have been looking for evidence of improvement in relation to credit card cheques. So far, there is none. I have been receiving credit card cheques regularly—I imagine that most hon. Members do. The most recent came only last week from Alliance and Leicester—the fifth time in recent months that it has sent me unsolicited credit card cheques. If I were unwise enough to bank them, interest would begin to accrue immediately, even before I went out to spend the money, but I have to work hard to find that out. The information is contained on the letter offering the credit card cheques, but it is in 8-point font at the very bottom of the page. Even with reading glasses, it is quite hard to spot. That crucial part of the deal and the bit that costs the customer money right from day one is not promoted, but almost concealed in the small print. I am also told in the same small print that I have less protection under the Consumer Credit Act 1974 if I use a credit card cheque than if I use the credit card. I am not told what protection it is that I have not got: I am simply told that I have less of it than I would have if I were using a credit card.

The introductory rate on the credit card cheque is 3.9 per cent. in the case of the offer from Alliance and Leicester, and is valid for just six weeks. What is the rate thereafter? To my complete astonishment I found that there is no information about the APR that applies to the credit card cheques in the accompanying letter and flier or the cheques themselves. I would have no clue if I started to use these cheques what the interest would be. The attached slip encourages me to use the cheques to pay utility bills. That is exactly the sort of web that I was talking about earlier. Anyone facing difficulties paying a utility bill who risks having their supply cut off if they do not pay it might be tempted to use these unsolicited cheques, without realising the cash and financial consequences.

Have we seen the improvements that APACS told us would be in place by March 2004? No. The fact that banks are issuing credit card cheques now—admittedly the example I am quoting is from last week, but that is pretty current—with no printed statement of the APR on them is unacceptable. That should be illegal. If credit card cheques are being issued unsolicited, that too should be illegal. I beg to differ at this point with APACS' promises that things are going to improve.

I have been studying the White Paper "Fair, Clear and Competitive", looking at the changes that can be made in the regulations. Paragraph 5.62 itemises offers that could be regarded as constituting irresponsible lending. They include unsolicited issuing of cheques that can be used to draw on credit card accounts. I suggest that we do not need to debate the matter any more, because the practice already exists, the White Paper defines this as irresponsible lending, it is still happening, and it must stop. The industry tells us that it will try to deal with the problem by implementing a better code of practice, but I have little hope. The industry has had its chance to face up to the misuse of the credit card cheque. It is still behaving irresponsibly, and voluntary codes will not do. We should therefore call time on unsolicited credit card cheques. The practice should become illegal.

My hon. Friend the Chairman of the Committee drew attention to store cards, which are one of the worst aspects of the industry—they are today's designer loan sharks. The interest rate on all of them is about 30 per

cent. per annum—far in excess of the bank base rate—and has not been reduced since 1999, despite the reduction in the base rate. I understand that about £5 billion a year is spent using the 21 million store cards currently in circulation, and that 14 million adults in Britain have at least one store card in their wallet or purse. The sector is riddled with sharp practice. As hon. Members have heard, the interest rates are excessive. That is not simply my hyperbole: I remember asking all the bank chief executives who gave evidence to the Select Committee to define excessive interest rates. Three out of the four could define it—unsurprisingly, Mr. Barrett could not—and said that it was somewhere in the region of 20 to 25 per cent. It is therefore not my definition that the interest rate on store cards is excessive, but that of the bank chief executives themselves. However, the interest rates on store cards remain in the 30 per cent. plus range. In addition, in that sector we find non-compliance with the advertising rules, infringement of consumer rights, and stores denying consumers their legal right to take away the credit agreement to read. The market is clearly imperfect. GE Capital dominates the market. As paragraph 118 of our report states:

"GE might be making almost twice the level of profit as a proportion of transactions compared with the market-leading credit card supplier."

The prestige stores—many of them claim to be prestige—are doing themselves no favours by using these cards and associating themselves with this sort of credit practice. I therefore welcome the OFT's decision to investigate the market and the fact that it has rightly referred it to the Competition Commission.

The OFT's report on store cards makes very interesting reading. Its findings are dressed in fairly moderate language; even so, I shall cite some of its conclusions just to underline how serious the market failure is in this respect. Paragraph 1.10 states:

"the level of interest rates on store cards does not appear to be disciplined by competitive pressure".

Paragraph 1.11 states:

"retailers and card providers between them may be able to increase their profits by lack of transparency".

Paragraph 2.17 states:

"information on the interest rate was not available in around a third of cases, while information on penalty charges was rarely available."

Finally, paragraph 5.62 concludes:

"Our analysis ... suggested ... that there are structural features of the market, such as incumbency advantages, switching costs and sunk investments, which prevent, restrict or distort competition in the market for the supply of store card credit services to retailers."

The OFT's findings are pretty serious and can be summed up in one phrase: the consumer is being ripped off.

The OFT made some useful recommendations on store cards, about better pre-contractual information, summary boxes and statutory warnings. That is fine as far as it goes, but I am disappointed to see no specific reference—I hope that I have not overlooked it—to store cards in the White Paper, "Fair, Clear and Competitive". The DTI seems to be relying on the general recommendations that it makes in that document as sufficient to cover the particular circumstances of store cards, but I am not entirely sure that they will. Further discussion on codes and practices will not be enough, so I am ultimately placing my faith in the Competition Commission's findings, once it has concluded its survey on store cards. I am pretty sure that it will find evidence of an anti-competitive cartel that needs to be broken up.

Finally, I shall talk about the White Paper that the DTI has produced, which looks forward to a consumer credit market appropriate to the 21st century. It suggests that lots of the problems that the Treasury Select Committee unearthed can be addressed through secondary legislation. First, it is suggested that problems with credit advertising can be resolved though secondary legislation. However, I wonder exactly what will change as a result, and I hope that the Minister will answer that point in his winding-up speech. After all, what definition of "responsible lending" will be used when implementing the White Paper's proposals? When the Minister gave evidence to the Committee in November, I put it to him, at question 1172:

"And you take the view that the 0% forever does not amount to responsible lending and the issuing of unsolicited credit card cheques does not constitute proper lending either?"

My hon. Friend replied:

"I believe that the examples you give are not what I would consider to be responsible lending."

Given that we accept, with the Minister's authority, that unsolicited credit card cheques are not responsible lending, and as we are trying to implement the White Paper's proposals, we should see an end to the unsolicited issuing of such cheques.

Secondly, the White Paper suggested that the standardisation of APR can be achieved through secondary legislation—although not, I am concerned to see, the clarification and presentation of different interest rates, or a standard way of calculating interest rates on credit cards. They are both seen as desirable objectives; they are not achievable through secondary legislation, but set next to them is the phrase "to be decided". Given that they are important reforms to be achieved, if we are going to obtain a fair deal for the customer, I am anxious to know what steps the Government will take to deliver on those essential reforms, if we cannot do it through secondary legislation. The document also suggests that the form and content of credit agreements can be settled through secondary legislation, but will that really put an end to some of the store card practices or some of the risk-based pricing practices that I have illustrated? I raised the matter with the Minister during the evidence session. I said, at question 1199:

"So not talking about particular products, but the aspect across the industry that you would want to get rid of is the idea that the interest rate that you have signed up for is not known until you have signed up?"

My hon. Friend the Minister replied:

"I would expect you to know the interest rate when you signed up."

The fact is that, at present, with risk-based pricing, many customers do not know that, so that objective has still to be achieved.

Some of those matters are to be the subject of "further consultation", but I understand from the timetable set out in the White Paper that consultation has now concluded. I hope that the Minister will be able to give

[Mr. James Plaskitt]

some indication of how the industry has responded and whether we can look forward to a permanent solution to these urgent problems. However, I find no commitment in the White Paper to bringing an end to the issuing of unsolicited credit card cheques. I have said before that we are all agreed that it constitutes irresponsible lending. If we do not bring it to an end, we will not have achieved responsible lending.

I accept that the White Paper is the first review of credit and competition in 30 years. As such, it is very welcome; it was badly needed. The gestation of reform is painfully slow.

Mr. Sutcliffe: I have listened with interest to the many issues raised by my hon. Friend. He should reflect on the fact that the Consumer Credit Act 1974 took six years to come to fruition. As he said, the market has evolved tremendously during the past 30 years. I acknowledge that there are questions about the timetable, but I am sure that he acknowledges some of the problems that we face.

Mr. Plaskitt: I certainly do acknowledge that. As I said, I am extremely pleased that we are undertaking a review. However, because of the pace at which the industry has changed and expanded, and given the practices that it has now been engaged in for a long time, I cannot help but think that we have waited rather too long to start a review. I am glad that we have started. However, I hope that the review will thorough and that it will be carried out as quickly as possible, not necessarily at a pace set by the industry—I know what sort of pace it would want—but a pace set by us on behalf of the consumer.

The industry is being dragged very reluctantly towards behaving responsibly. Its instinct is to do what it thinks it can get away with. The test of the Government's reform will be whether it results in the industry escaping, having thrown a few concessions to the Government and consumers en route. The alternative, through tougher regulation, is to stamp out all shady practices and put the industry's house in order, at last achieving responsible lending for all. I already detect a gap between some of the Minister's comments made in evidence to the Committee in November and the position outlined in the White Paper. If further gaps emerge between the promises given in the White Paper and what finally emerges in regulation, the industry will have won too many of the battles, and the consumer will have lost.

I am grateful that we have the opportunity to undertake a comprehensive and thorough review. It is a once-in-a-generation chance to get the legislation right and get the industry into order. I hope that we do not fluff the opportunity this time round, because what is at stake is far too important.

3.34 pm

Mr. Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): I draw attention to my entry in the Register of Members' Interests. I also declare that I am an unpaid board member of the Centre for Scottish Public Policy, which has received some sponsorship from Co-operative Financial Services.

As I explained to you, Mr. Deputy Speaker, I hope to take part in business elsewhere in the Palace this afternoon. I apologise to hon. Members if I miss part of the debate. I hope that, with the leave of the House, that will be acceptable.

I congratulate the Chairman, my hon. Friend the Member for Dumbarton (Mr. McFall), and members of the Committee not only on their work in producing the report but, more generally, on scrutinising and holding to account the financial services industry, the Government and the regulators in the interests of the consumer. They have done so continuously and in a hard-hitting and incisive way, which is particularly important when decisions are required but the complexity of the issues obscures the essential points. Of course, many in the field are quite happy to obfuscate and to prevent us from focusing on the issues that require attention.

The effectiveness of the Committee's work is shown by the voluntary response that the financial services industry has already made to some of its recommendations. Like other hon. Members in the Chamber, I have often criticised practices in the industry, and it is only right that I should recognise the changes that it has made. I agree that the introduction—it has been slow, but it is nevertheless on the way—of the summary box and of proposals for a health warning have been made in recognition of the Committee's work.

As members of the Committee have said, the Government, the regulators and Parliament need to do much more to maintain pressure on the industry to act in the interests of the consumer. I welcome the Chairman's promise—hopefully it was not a threat—that the Committee would continue to take a close interest in the issue to see whether its recommendations were put into effect.

I endorse the comments of my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt) about credit card cheques. I am grateful to him, as I am sure the entire Chamber is, for sharing with us in a detailed exposé the material that he received about credit card cheques. Like him, I have come to the view that there is no way in which their marketing can be made acceptable. However one looks at the issue, the convenience to the customer on some rare occasions is vastly outweighed by the fact that such cheques encourage customers to extend their borrowing without fully appreciating the higher interest rates that they will incur. On those occasions when it might be appropriate to seek credit for a purchase, there will almost certainly be a better way of securing it than by means of a credit card cheque.

My hon. Friend gave the example of the offer that he received from Alliance and Leicester, and many other examples could be brought into the debate. Like many hon. Members, I received a briefing from Citizens Advice about the subject of today's debate. It drew attention to one of its clients, who had been sent a £200 credit card cheque with a letter advising him that the cheque was a "great way" to give his finances a boost and that all he needed to do was sign and date it and pay it into his bank account. What a great way to give one's finances a boost—borrowing money at perhaps 30 per cent. interest and putting it into a bank account that pays nothing like 30 per cent., but only half of 1 per cent., or slightly more if one is lucky.

Marketing material that relatives of mine received suggested that credit card cheques would be an ideal way of paying for a Christmas present or providing holiday cash. As one can well imagine, it would not be sensible for all but the smallest fraction of the consumer market to use a credit card cheque in that way. There is therefore a strong argument for saying that such cheques should simply not be allowed. On the assumption that the industry would not adopt such a proposal voluntarily, the regulators and the Government will have to consider ways of ensuring that change is brought about.

The comments about store cards were also well made in the report, and I welcome the points made by the Chairman of the Committee and my hon. Friend the Member for Warwick and Leamington. Like them, I welcome the OFT investigation. I shall not repeat the points made about store cards, but in the briefings that I have had from consumer organisations, including Money Advice Scotland, store cards were identified as a particular problem. Like other Members present today, I have had personal experience of being offered such cards in a way that did not seem to give me full information about the costs that I would have incurred if I had been so foolish as to accept the offer.

One problem in the industry is that when a particular avenue is closed off by regulators, public opinion or another factor that influences companies' behaviour, there is a temptation to go along another road to try to extract money from the unwitting consumer. To some extent, that is true of business in general and will always happen. However, institutions, including major high street names with an international presence, should change their attitude, as well as individual practices, if we are to reach a situation in which they do not see the consumer as the legitimate subject of a rip-off, even if it is legally acceptable. They must change their approach, and like my hon. Friend the Member for Warwick and Leamington, I believe that statutory regulation is needed to encourage a voluntary response.

One example of how some sections of industry can change their behaviour to take advantage of new opportunities was drawn to my attention in the briefing from Money Advice Scotland. It was concerned by what it described as

"the direct targeting of people in airports, who are clearly there for another purpose, i.e. to travel."

It said that it had witnessed some "heavy sales tactics" at airports, in which sales representatives approach people on their way to flights to ask them to sign up for credit cards. The would-be customer may have been travelling for some hours to get to the airport and may be about to fly. Money Advice Scotland's view is that

"there is insufficient importance paid to the fact that this will be a purchase of credit. It is made look too easy".

In many cases, there is an added incentive of receiving a free gift. People are told that if they sign up for a credit card on their way to their holiday, they can have extra money to spend and also get a free wallet, pen or filofax. In such circumstances, people are not on equal terms with the representatives who are trying to offer credit. We would not allow such a sales technique in airports or railways for other professional services, so it must be challenged. It also indicates how regulators have to move quickly to deal with new practices as they develop.

In the report, the Committee notes that

"the evidence indicates that the majority of households still deal with debt in a responsible manner and avoid becoming over-committed".

As the Government acknowledge in their response, the general level of indebtedness has not increased substantially as a proportion of the gross incomes of the population. It is wrong to overstate the "nation in debt" line that is sometimes pedalled by the media and by Opposition parties.

Mr. Sutcliffe: I am sorry to spoil the flow of my hon. Friend's contribution. He is making a key point about disposable income, and the proportion of it that is spent on debt. My figures show that 7.1 per cent. of disposable income is now spent on interest payments, compared with a high of 15 per cent. in 1990. It will be clear later why I have made that point.

Mr. Lazarowicz: I am grateful to my hon. Friend for those figures, which underline the Government's economic record. It is important to make the point that, although is not a general problem for the country, over-indebtedness can be a great problem for the minority who are particularly vulnerable or who are affected by problems of debt. As we have heard today those can be very great in individual cases, many of which have arisen from, or been exacerbated by, the marketing and other business practices of lenders.

The report is about the transparency of credit card charges. That is one element of the solution to the problems that it highlights. Equally important is the drive for greater financial literacy. That is the flavour of the month, as it should be. I welcome the support of the industry and the Government in that regard. However, the Select Committee makes a valuable point when it urges the industry to increase its support for the work of citizens advice bureaux and other free money advice services. That is essential, and I know that the Government are taking suitable steps. I qualify my support by observing that, while providing a wide range of advice, we must ensure that there are not so many sources of advice that nobody knows where to go. The various services have to be co-ordinated.

We must bear in mind, as well as transparency, education and financial literacy, the barrage of publicity and marketing affecting every consumer. The industry must change its lending practices and its attitude. Above all, we need an effective and up-to-date regulatory framework. Not only must it allow us to deal with the cases that have been highlighted here and in the reports of interested groups in recent years, but it must be fast enough moving to deal with new practices and behaviour that, unless challenged at the start, will trap millions of people in unfair credit arrangements. We have all seen examples of such things in our constituencies.

I welcome the White Paper on consumer credit and urge the Government to ensure that primary legislation and the regulations necessary to put it into effect will be introduced as soon as possible. Millions of consumers cannot wait much longer.

3.49 pm

John Mann (Bassetlaw) (Lab): First, I should put on record the bravery of your good self, Mr. Deputy Speaker, in being prepared to preside in this Chamber without a security screen to protect you from the masses, and indeed from the Minister.

I also apologise. I have notified the Speaker's office and the Minister that I may need to leave, depending on how long the debate goes on. The unusual event of a ministerial visit to Bassetlaw is taking place later. It is so unusual that I am always fearful of allowing any Minister to venture on to my patch without my presence.

As it is a time for thanks, I would also like to thank the credit card industry. Over the past four weeks, the industry has saved Parliament a modicum of expense, because as I was seeking to catch up with my colleagues as a new member of the Treasury Committee, I felt it appropriate to acquire copies of the various literature and propaganda issued to entice people to use credit cards. I felt that the most appropriate way would be to write to the companies and ask for copies. However, by paying more attention to the recycling bin kindly provided by Bassetlaw council and extracting papers from it, I found that the industry has chosen to honour me by sending me a plethora of offers over the past four weeks.

I am clearly very popular. Unlike my hon. Friend the Member for Warwick and Leamington (Mr. Plaskitt), who has received only six such leaflets, in the past month I have received an average of more than six a week—the most on one day was four. The 11 different companies with which I have been dealing in the case of one of my constituents, which has been fairly well publicised, have all chosen to send me their literature at my home address. I kindly thanked them. One went a stage further to help my research. I will return to that company at the end of my speech.

I intend to stick to one issue. I endorse the concepts, thinking and detail of the report and the notion of transparency. The debate is clearly long overdue and is one that other countries, such as the Republic of Ireland, are having at exactly the same time. It is an important debate and changes are clearly required, both in the public interest and in the interest of the industry.

When I looked at the tragic case of my constituent, Mr. Stephen Lewis, and at the cases of many other people who have written to me—I have referred those who were not my constituents to other Members of Parliament—I saw a big difference between the attitudes of the various companies. We should put that difference on the record. Some companies handle matters quite appropriately in terms of how they issue cards, the credit they make available and how they deal with problems, including the tragic problems in this case.

I want to put on the record some of the banks that handled my constituent's case well. Morgan Stanley was exemplary in its dealings with both my constituent and me. HFC bank was also exemplary and went further in engaging in dialogue with me over some of the detail. I will not refer to that now; at later stages and other proceedings some of the issues and dilemmas raised will be relevant, but they do not directly impact on the debate today. Mr. Adrian Hill, the managing director of HFC, has taken highly appropriate action. Mr. Philip Williamson, chief executive of Nationwide, specifies—the evidence backs that up—that his mutual takes a very cautious approach to lending. That is quite clear when we consider the case of my constituent. One of the ironies of someone being given 19 credit cards—I shall come back to that issue, as the number is now 20—by the industry is that comparisons can be made over a period in some detail. That means that those financial institutions stand out in their handling of the situation.

It would be wrong to discredit the whole industry because of the operations of some sections of it, but it would also be wrong simply to talk in generalities and not to name names, so I shall provide more names.

Mr. Sutcliffe: Before my hon. Friend starts naming names, his point about the industry is important. The good companies, the responsible lenders, the ones that do things properly—even though we may want them to do much more—must understand the benefit of doing the right thing in order to get the rogues out of the industry.

John Mann: My hope is that competitive pressures will begin to bear. It is clear from the media interest that this issue will run and run. Consumers are unhappy about the way in which the industry treats them. They want a proper and realistic choice. They want not to be ripped off but to be treated decently. There must be a comprehensive and understandable approach to issuing and using credit.

Barclaycard is a company that stands in the middle, because its dealings with me and attempts at dealings with my constituent—in intent, if not in delivery—have been exemplary. In a letter dated 2 April, Mr. Hoffmann, the chief executive, said that there was significant room for improvement in the credit card industry to allow issuers to make better-informed lending decisions and that the implications were industry-wide. He is absolutely right, and I am pleased that some of the leading players recognise that there is a problem to be addressed. Either the industry will address it or Parliament will; those are the two options.

Barclaycard has been quite proper in its dealings. It has been prepared to deal with me speedily, and Mr. Hoffmann has been prepared to speak and write to me directly. The content of his letters has been highly appropriate and his actions have been prompt, but they highlight the nature of the problem. On 6 February, he wrote to tell me that all the issues relating to my constituent had been resolved the previous November, but I learned that they had not been. In fact, Barclaycard had issued cards of which it was not aware. The problem was not with the whole industry but with one company. Further correspondence was required, and I received a letter dated 9 March, again telling me that the issue had been resolved.

Unfortunately, after all the significant publicity, a letter appeared from a credit-chasing company, Risk Management Alternatives:

> "We have been instructed by our client ... to collect the full overdue balance".

The letter is dated 19 March, after my constituent visited Parliament, after I had written and spoken to all the financial institutions and after we had met the Minister, the Chairman of the Treasury Committee and industry representatives. The letter continues:

"Your account has been cancelled due to non-payment."

It is perhaps not surprising that there was non-payment some seven or eight months after my constituent's death. The same financial institution had said in November that the issue had been sorted out, yet a letter about non-payment was sent to my late constituent on 19 March, chasing what was in fact the 20th credit card.

Barclaycard had not been aware of two cards. I received another very apologetic letter on 7 April, which included a most interesting reason for not spotting the problem earlier: there was an error in the name. Was the error created by my constituent? No, it was an inputting error by Barclaycard, which changed the name by pressing the wrong key and therefore had not identified the additional card. There will always be such examples.

However, two other major financial institutions were also unable to identify when I contacted them how many cards my constituent had with them—I am talking about Royal Bank of Scotland and Lloyds TSB. The third one, which was the world's biggest financial institution—Citibank or Citigroup; it seems to have all sorts of names—denied vehemently that my constituent had two cards with it, even though I had the two cards in front of me. It claimed that there was only one. One has to question, when four financial institutions cannot identify how many cards someone has with them, whether there is a deeper malaise in the industry.

The least said about Citibank or Citigroup and my good self the better. I can sum up its attitude as the world's largest financial institution by quoting from a fax it sent me. It says that it will not answer any questions because

"there is not a return address or contact telephone number on your letter".

That is strange, as my letter was sent on parliamentary headed paper, the standard paper provided by House authorities to all of us. It was not the best of excuses.

I found that the best way to deal with Citigroup was to get a political pressure group in Washington to ring it up and tell it that if it did not sort out its problems, it would receive bad publicity on both sides of the Atlantic. Within 40 minutes, the issues were resolved. That sums up a lack of responsiveness in the industry, in relation not only to decency but to efficiency and competence.

I shall move on to MBNA. General Krulak and his successor as chief executive have written to and rung me on these issues. They seem to be strong supporters of the Treasury Committee. I shall quote from their letter as background information. They say that they use

"professional judgmental underwriting and credit scoring techniques to make the right decision. People—not computers—decide whether or not to approve an account."

The letter continues:

"They rely on sophisticated technology and behavioural scoring systems to assist them".

My constituent with MBNA had £11,000 of credit card debt, all created within a two-year period.

MBNA states in another letter that when it granted my constituent his credit he had very little outstanding debt and less than the 5 per cent. debt to income ratio. Such a ratio seems reasonable for making a decision, but what exactly is meant by it? Is that 5 per cent. on one card? My research demonstrates that when my constituent got a second card from MBNA he had significantly more than a 5 per cent. debt to income ratio on the single card that he already had with MBNA, never mind the other dozen or so cards he had simultaneously.

The debt to income ratio is fundamental, and even more so because of letters circulated to, I suspect, several colleagues from the Treasury Committee by APACS, which refer to a debt servicing to income ratio. Hon. Members should consider that. I have heard of debt servicing to income ratio in the football world in the case of Mr. Peter Ridsdale, the former chief executive of Leeds United. He was able to tell the football world that he could handle his debt repayments because of the money that he had coming in. Unfortunately, he forgot to tell anybody that there was debt that had to be not just serviced but repaid.

My constituent was an exemplary client. I have letter after letter from the financial institutions saying how exemplary he was, because he paid the minimum payment. He kept paying the minimum payment on one, two, three, then 18, 19 or 20 different cards. Indeed, he ended up for a number of months drawing cash on one card to ensure that he paid the minimum payment on the next. We might say that that is an exemplary plus consumer. That is at the heart of the issue. He was not exceeding his credit availability but matching it; it was taken to the full, but not beyond. Having a credit availability that is three times someone's income is clearly not sustainable, even for a matter of months, for anybody, so the industry must decide what is an appropriate definition of debt to income ratio. That is quite fundamental and should be examined by the industry, and if not by it, by Government.

I omitted to tell hon. Members about the case of the company that went a stage further than merely sending me some literature in the past month. Royal Bank of Scotland, which was the only financial institution that was not prepared to sort out the issues, or to attempt to sort them out, with my good self on behalf of my constituent's widow, was doorstepped by my good self and many members of the media. We went to the front desk and asked to see senior people and, rather reluctantly, some personal finance executives were dragged out to meet us. Although that was recorded by television cameras and by other journalists, clearly I was not clear enough, because RBS thought that I was going to apply for a credit card.

In the past month, I have received a credit card statement from it. It is not a credit card that I have or know about. It has nil payment on it, because as I do not have the card, I have not yet managed to spend on it. One wonders what the next monthly statement will show. Mr. John Mann apparently has a credit card courtesy of Royal Bank of Scotland, and has had a statement in the past month. What on earth is going on in the industry? If it is happening to me, such practice is happening to other people, and it is quite unacceptable.

In my view, we need, first, a consolidated debt statement by the industry to the industry and to the consumer. I would be more than happy if that was an annual consolidated debt statement and the information was shared. Whatever is said, it is quite clear that the information is not shared efficiently or properly. As private discussions were involved in this, I will not name the people, and it would be unfair to do so, but I will say

[John Mann]

that a significant number of industry players have confirmed that there is not proper information sharing. The onus on them is to get their act together and to ensure that there is such sharing. My constituent could have been a fraudster, but he was not. He was an honest man who was extremely bad at handling his money and ended up losing his life because of it. He could have been a fraudster who was living in Spain or France having ripped off the financial institutions and the rest of us for a significant sum. There will be such people, because it is clearly easy to do. Not unsurprisingly, the industry does not highlight them, but it is in its self-interest to act.

Secondly, there must be an effective and agreed credit to income ratio so that people's credit availability is linked to the income that they receive. My experience of the concept is that it works reasonably well when it comes to the mortgage industry, and some might say it that it works very well. That concept should be working in this industry.

Thirdly, there must be a series of triggers for action. Something should happen a long time before someone has 19 credit cards and credit availability that is three times their income. That trigger is what we used to call the bank manager. Not that many years ago, if people went a little overboard in their expenditure, the bank manager would haul them in and firmly but politely point them in the right direction. Bank managers would use that key power ruthlessly. I recall from my limited experience of such dealings many years ago that bank managers would reduce the availability of borrowed money, not increase it, to keep the finances straight. In the credit card industry, it is quite clear that the opposite happens. When someone hits a problem, credit availability is increased.

Finally, independent debt counselling should automatically be triggered. By that I do not mean merely debt counselling at the end of phone, which requires a person to pick up the phone and decide that they have problems. That is not how the bank managers used to work. They would certainly not have accepted that it was for the customer to decide that they had problems. The bank manager would make a rational decision, looking at someone's financial history and situation. That system worked extremely well. The credit card industry must recreate that concept if it is to sustain its profits—RBS's profits were £8.5 billion last year—without the need for legislation from us. That is the choice: either the industry regulates properly or we do. The relevant legislation gives us the opportunity to do so. I shall propose such legislation if no one else does, and I trust that the House will back it. The onus is therefore on the industry to ensure that no such action is needed from here.

4.11 pm

Mr. David Drew (Stroud) (Lab/Co-op): I do not think that you ever need security, Mr. Deputy Speaker. Long may it continue that we have open, honest and frank debates in here, and that the general public can see them, but not from behind a screen.

Continuing from the useful contribution from my hon. Friend the Member for Bassetlaw (John Mann), I have no intention of following him with examples of individual cases, although any constituency Member can do so. What he said was a cry from the heart. We feel frustration over the cases that come to us, partly because we want to deal with them locally. We may be working with the local citizens advice bureau, a legal centre or the Mothers Union, which does excellent work on the issue—I declare an interest in that I am a member. Like us, such agencies deal with individuals at the local level. However, we also deal with anonymous forces and people who operate only at the central level.

Our constituents feel frustration partly because they cannot talk to anyone. I know that they cannot go to their local bank any more, because my daughter works for Lloyds TSB—I suppose that I declare that as an interest, too. Accountability for the credit card issues that we are discussing is so far up the line that it behoves us to recognise that that is how the frustration starts. However, there is no instant remedy. It would be nice to think that some of the issues were national nowadays, but they could of course be international. The problem is a starting point.

This debate is appropriate now. I should like to pass on my thanks to the Treasury Committee, and in particular to my hon. Friend the Member for Dumbarton (Mr. McFall), its Chairman, because it has produced an important report that we keep coming back to. The Committee's doggedness shows any Select Committee that really wants to achieve anything how to do so. We all sit on various Select Committees that produce some pretty good reports, but unfortunately they will gather dust unless the Government pick up the issues. My hon. Friend the Minister has already given assurances that he intends to say some things in his speech that will, I hope, move things forward. However, things will not be moved forward unless people are assertive and clear about what they want to achieve.

I note in passing that, as compared with other debates that I have attended, the amount of material that has come through for this one shows that there is a great deal of interest out there, as one would expect.

4.15 pm

Sitting suspended for Divisions in the House.

5.6 pm

On resuming—

Mr. Drew: The timing of the Divisions was unfortunate, as this is an important debate. Before the Divisions, I was saying how much we owe to the local people who work with us and give advice, because of the difficulties with contacting any of the credit card companies.

My hon. Friend the Member for Edinburgh, North and Leith (Mr. Lazarowicz), who has long since gone, has been instrumental in the work behind the all-party group on debt and personal finance, of which I am a member. I want to plug that group, because some of the work that my hon. Friend and other members of the group have done brings home to other hon. Members, and the Government, the importance of this issue of our time. Some of us believe that private debt has replaced public debt as the subject about which we probably do not talk enough.

I was interested to see the report—I do not know whether it was rushed out, or whether it happened to come out at this appropriate time—commissioned by the British Bankers Association, and delivered by Oxera. I know that other hon. Members have said that there is apparently no great scourge of over-indebtedness coming our way, but I want to raise a point on that issue. Having seen the table on late payments, I would like to know—there is some indication of this in the figures—the degree to which over-indebtedness is concentrated among the poorest in our communities, because they are the very people who tend to get into difficulties with the use of credit cards as a means to pay off their latest debt. I hope that when more research is carried out, it will concentrate specifically on that group. Although the report may have been published earlier, or have been reissued, I received it only recently, so I shall not comment further on that aspect.

Paragraph 79 on page 37 of the Select Committee report goes to what I believe to be the crux of the matter. It says:

"Many lenders stressed that it was not to their commercial advantage to lend to people who could not manage the repayments; RBS told us that it was 'firmly against a lender's own interest to lend to a consumer who cannot afford to service the debt.'"

I wish that that were true. When I talk to people who are seriously in debt, and then talk to whoever has lent them the money, it seems that as long as the last lender can cover and ensure that the debt will be repaid, they do not consider what has gone before as being their problem. That is the crux of the matter. When organisations such as the citizens advice bureaux try to consolidate people's debt, they often take up the issue with the latest or more recent lenders, and those lenders appear to be almost oblivious of what has gone before. That needs to be clearly identified as being at the root of the problem.

I ask the Minister to examine that issue, in the context of our discussions about data sharing and trying to develop a more coherent approach. I believe that that is the most irresponsible aspect of lending—lenders not knowing what has gone before.

I shall make a couple of observations in relation to store cards. Affinity cards have not been mentioned—I do not know whether the Committee considered them. They are slightly different, because they pick up on people's loyalties, but I believe that they are worthy of examination. Many of us have a credit card either through the Co-operative bank or through our own political parties—it is the done thing—but others may acquire them through various other organisations and may be getting a raw deal because the industry is exploiting their loyalty to those organisations.

It is good that the hon. Member for Tewkesbury (Mr. Robertson) is present, because the comparative example that I intend to use in relation to store cards concerns Unilever. I imagine that the hon. Gentleman, like me, was invited by Unilever to Wall's in Gloucester, when the company's unwillingness to allow other ice cream companies to put their ice creams into the cabinets had been referred to the Office of Fair Trading. I believe that one can draw an analogy with store cards. If someone goes to a store, that store will offer a range of goods and also a store card, but it will offer only its own store card. That seems to me to be anti-competitive. If the Office of Fair Trading is examining other suppliers with regard to anti-competitiveness, should it not also examine that matter? If people want credit and want to take out a credit card, they should be offered a range of cards. There are parallels with mis-selling. That was what went wrong back in the 1980s, in particular, when agents were selling only the services offered by the people who were paying them.

My next point again arises from the work of the all-party group on debt and personal finance. My old friend, Marie Jennings, has done as much as anyone to promote the need for greater financial literacy in the UK. The area that we are discussing is a classic example of one in which the complication and confusion mean that the ordinary consumer is—without wishing to be pejorative—clueless about what is going on.

The Minister cannot speak for other Departments, but certainly the Treasury and the Department for Education and Skills should be acutely aware that warm words about financial literacy and consumer education are not enough. We should invest resources in this key area. It is interesting that we cannot agree even on what an APR is, but all children should have some understanding when they leave school of the difference between compound and simple interest and of what an APR is, so that they know what they will be asked to pay if and when they take out credit cards, store cards or affinity cards. I am sure that a Cabinet Committee is beavering away on the issue. It relates to some of the social exclusion work, which I am very proud that the Government have done. I think that the problem is much underestimated, given what we now understand.

As long as those issues are being dealt with, this has been a useful debate. I am sorry that it has been somewhat truncated. You might think that that is somewhat better, Mr. Deputy Speaker, because it means that I have had to keep to the point, and I am sure that Front Benchers will now do the same.

Mr. Deputy Speaker (Sir Nicholas Winterton): The hon. Member for North Norfolk (Norman Lamb) has advised the Minister and me that, because of circumstances beyond his control, following the activities in the main Chamber, he will have to leave shortly after he has spoken. We understand his predicament and accept it.

5.16 pm

Norman Lamb (North Norfolk) (LD): I am grateful for your understanding, Mr. Deputy Speaker, and for that of the Minister. The situation involves a 12-year-old son outside St. Stephen's entrance at 5.30.

This is an important debate, although it is perhaps somewhat frustrating for us all that it lost a little of its momentum because of the suspension. I should say first that I speak both as a member of the Treasury Committee and as a substitute for the Liberal Democrat shadow Chancellor of the Exchequer, my hon. Friend the Member for Twickenham (Dr. Cable), who wanted to speak here but is in fact speaking this afternoon at the British Bankers Association on similar issues. I acknowledge the role of the Chairman of the Committee in pursuing the inquiry. He has been pugnacious and persistent and has very effectively led the charge for improving standards in the industry in the best interests of consumers. I pay tribute to him for that.

[Norman Lamb]

We should all acknowledge, as the report did, that credit cards are a good thing. Used properly, they provide a flexible method of payment for short-term borrowing and have brought such flexibility to people across the income scale. We should welcome that. The purpose of the inquiry was not to attack credit cards, but simply to deal with some of our concerns about how the market operates. The redoubtable Matt Barrett was attacked mercilessly for what he said, but he gave the Committee some sound advice: he said that he would never advise his son to use a credit card for long-term borrowing. That is absolutely right and it was good that someone senior in the industry said that. He should be applauded, but he was attacked because it came out in a rather Ratneresque way. The message needs to reach people that using credit cards for long-term borrowing is a very dangerous business.

We have specific concerns about how the market operates. As other hon. Members have said, competition does not work effectively unless there is clear information and consumer knowledge and understanding of the product. That has certainly not been the case so far. I shall deal with four issues relating to how the industry operates, the first of which is transparency. The second is sales and marketing techniques—covered very effectively by the hon. Member for Warwick and Leamington (Mr. Plaskitt)—as well as responsible lending. Thirdly, there is the problem of the lack of financial literacy: our society has experienced a revolution in the availability of credit since the Consumer Credit Act 1974, but no revolution in people's education about the range of products available. Fourthly, I shall explore whether we should be concerned about overall levels of debt.

It is right to criticise the industry for its record on transparency. The charge against it is that it has been opaque and misleading, and the verdict is that it is clearly guilty. It is perhaps fair to say that not all members of the industry are guilty, but the problem is that the worst within it taint the whole industry and give it a bad reputation. It has taken the Treasury Committee inquiry to shake it into action and to make industry representatives accept that.

The Committee was also critical of the Government, who have taken too long to act. In an intervention, the Minister made the point that the 1974 legislation took six years to emerge. Frankly, six years are not needed—there is no reason why the work should take that long. The issues are complex, and I fully accept that it is important that we get the legislation right this time, but we need action now. We heard earlier about concerns about slippage, and I hope that the Minister will confirm that that will not happen.

The Committee was critical of the Office of Fair Trading, which has not been sharp enough in dealing with bad practice in the industry. There appeared to be a sense of complacency about the evidence that was given to the Committee, so it is also important that the OFT learns the lessons. There are signs in its work on store cards that followed on from the Select Committee inquiry that that is happening.

Some progress has been made. As the hon. Member for Warwick and Leamington said, there is good news on the summary box, but its introduction falls a long way short of achieving the transparency that we all desire. Virtually all credit card companies use the summary box on marketing material, but not on statements. The latter is another step that should be taken. To be blunt, summary boxes have very little value when different ways of calculating the APR are used and there are different ways of calculating the interest rates; it is impossible for the consumer to make a proper comparison. We are told that the Minister hopes to ensure that the regulation dealing with a single calculation of the APR will be in force by October. He is nodding and I am delighted to see that. I understand that we might see a draft statutory instrument in June or July, which would certainly be good news. However, I urge the industry to get on with agreeing a common interest rate calculation, because until we get that, even having a single APR will not take us much further forward.

On the transparency issue, I should like to say a word about scenarios. Throughout the inquiry, I pressed for all credit card companies to use common and agreed examples, and I was pleased that the consumer groups, such as the Consumers Association and the Office of Fair Trading, as well as several companies, including Nationwide, signed up to the idea of offering agreed scenarios. There was opposition—General Krulak of MBNA was a steadfast opponent of them, but he is gone now, which might herald a shift of position by MBNA. However, without being able to see the actual cost of credit in pounds and pence, consumers find it difficult to make a proper comparison of the cost of the various competing cards. We hear that there will be a competitive launch of scenarios, perhaps during the course of this year. That should be a challenge to the companies to get on with it. Let us see what they come up with and let them put pressure on the more recalcitrant companies to fall into line so that, ultimately, we are able to negotiate a common, agreed set of scenarios so that people can see the actual cost, in pounds and pence, of the credit that they take.

There are several other issues relating to transparency. I will not go into them because they have been dealt with already. I thoroughly endorse the points that have been made by other members of the Select Committee.

Store cards deserve a special mention. For me, some of the most disturbing evidence that we heard was from representatives of the store card sector. Some 14 million people now use a store card, and the average rate of interest is between 27 and 30 per cent., with many charging more than 30 per cent., which is ludicrous. It is fascinating to note that John Lewis and Marks and Spencer manage to provide store cards at a rate of interest that is substantially lower than the average. It seems to me, therefore, that GE Capital, the provider of store cards that have rates of interest around the 30 per cent. mark, ought to be capable of bringing its rate down. One hopes that more competition in the marketplace, perhaps as a result of the intervention of the Office of Fair Trading, might put pressure on GE Capital to deliver.

During questioning by the Select Committee, it was claimed that it was not possible under law to take the forms away so that they could be studied. We were also told that it was not possible to show the interest rate on

the explanatory leaflets. Both of those claims, which were made by major stores issuing store cards, were proved incorrect. There is no legislative impediment to providing the information. However, even after a Select Committee report that condemned the practice, when the OFT went on a shopping expedition, it discovered companies that still refused to let the consumer take away the application form. That is unacceptable. However, this morning I went to the Army and Navy store on Victoria street and was able to take away an application form: when I did the same thing last year during our inquiry, my request to do so was refused. Progress is slowly being made. The Army and Navy leaflet has a summary box and it shows the rates of interest and the minimum payment rules. However, the interest rate is still 29.3 per cent., which I suspect we would all agree is somewhat excessive. I welcome the moves that have been made, but there is still clearly a long way to go.

On sales and marketing and the related issue of responsible lending, it was remarkably cavalier and self-defeating of Barclays, during the course of our inquiry, to promote a card that offered 0 per cent. for ever. The justification for that offer has been successfully dismantled by the hon. Member for Warwick and Leamington. Citizens Advice pointed to a series of key practices that highlight the extent of irresponsible lending. It sets out the first as:

"Look how fast it is to get a credit card"

and refers to a "30-second application form". Other practices include statements such as:

"Look how much we will lend you"

and

"Look at the low interest rates you might not get".

Citizens Advice lists all of the examples that demonstrate that irresponsible lending practices are still going on.

That is the sort of thing that brings the whole industry into disrepute. When companies such as Barclays, which, from the evidence that we heard, has a fairly prominent place in the rogues' gallery, indulge in that sort of sharp practice, the rest of the industry ought to condemn them and demand higher standards. It is up to us and the OFT to highlight examples of sharp practice, expose the wide boys and demand better practice.

Mr. Plaskitt: On the subject of Barclaycard and its 0 per cent. rate, I wonder whether the hon. Gentleman noticed that during the year when Barclays was promoting that offer, its profits from the credit card business rose by 17 per cent. to reach £722 million. Matt Barrett himself was rewarded as a result of that with a £2 million increase in his salary.

Norman Lamb: I am grateful to the hon. Gentleman for drawing our attention to that. It speaks for itself and probably sticks in the throat of many of the people who got themselves into debt as a result.

Barclays is making absolutely massive profits from payment protection insurance. There is plenty of evidence that such insurance has been mis-sold to consumers who would never be in a position to take advantage of it. That sort of practice, which has been exposed by *The Guardian* and many other newspapers, should be stamped out, and I have taken that up with the Financial Services Authority, which will take responsibility for general insurance in the new year. It is very important that its rules ensure that that sort of practice cannot continue. There is a duty on the industry to lend responsibly, which has not always been the case in the past. It has a duty not to inveigle people into debt or to prey on the most vulnerable. It should help those who get into trouble.

Citizens Advice has reported a 44 per cent. increase in inquiries in the past five years from people who have got themselves into difficulties. They support the call made by the Select Committee for the industry to increase financial support for free money advice. That is a critical point on which we need to keep pressing the industry. It is making substantial profits, as the hon. Member for Warwick and Leamington has pointed out, and some of that money ought to go towards the provision of free advice for the people who are most in need. Citizens Advice Scotland in its submission before the debate made the point that statements and other correspondence ought to make reference to free independent advice from agencies such as citizens advice bureaux.

On the question of consumer knowledge and financial literacy, Mr. Ron Sandler has recently been quoted as saying that the vast majority of consumers are confused and daunted when dealing with the financial services industry. There has been a pilot scheme in 300 secondary schools to ensure that children get education about financial services so that they can make informed choices. The Association of Investment Trust Companies has put forward a proposal that there should be a levy placed on regulated financial services firms to contribute to ensure that such education takes place. That is an initiative that should be pursued further.

On the question of overall debt, the Minister fairly pointed out that the proportion of income being paid in interest charges is significantly lower than it was in the early 1990s. However, there is an upward trend for two reasons: first, the level of debt is increasing and, secondly, interest rates are on an upward trend. There is a report in the *Evening Standard* tonight stating that compared to a year ago, there has been a 37 per cent. increase in personal debt, including a £484 million increase in spending on credit cards. That highlights the fact that the issue of private debt is a growing one. The hon. Member for Stroud (Mr. Drew) pointed out that there has been something of a transfer of concern from public debt to private debt.

Mr. Plaskitt: Does the hon. Gentleman accept that there is an important distinction to be made between secured and unsecured debt? The increase to which he refers is in secured debt, and reflects the increase in the value of housing. The growth level of unsecured debt is very steady and, if anything, is falling slightly.

Norman Lamb: There has been growth in both secured and unsecured debt. The hon. Gentleman is right to draw the distinction, but the concern is that the most sensitive element—borrowing on the value of the house—carries a risk. There is a significant and growing body of evidence to that effect. I put the risk at less than 50 per cent., but if interest rates continue on their

[Norman Lamb]

upward trend, we could get a house price crash. In evidence that the Committee considered following the Budget, the International Monetary Fund made the point that there is a crash in 40 per cent. of examples of house price bubbles. We have to take that concern seriously. If there is an increase in interest rates, the pressure on family budgets from both secured and unsecured debt might result in increased problems in making payments.

There are two issues in that respect. First, there is the enormous personal concern of those families who get into difficulty. However, there is a wider concern. If interest rates increased and there was a crash in house prices, a slowdown in consumer spending would be inevitable. The economic growth that we have experienced and enjoyed in the last few years has, to some extent, been driven by the consumer sector. If that were to slow down as a result of the combination of debt and increasing interest rates, it could have an impact on the wider economy. That is an issue that we need to debate. We must consider what some experts have described as "the overall balance sheet" of the national economy. The Government must take that seriously into account.

As the Chairman of the Committee said, the report is very much a progress report. We need to see far more progress from the industry. We need it to agree to show the cost of credit in pounds and pence. We need it to agree on a basis for calculating interest. We need an end to the unsolicited supply of credit card cheques. We need an end to misleading marketing in the sector and we need a commitment to provide more financial support for free advice to those who get into difficulty.

From the Government, we need a commitment that there will be no slippage in the timetable to put the long-overdue reforms in place. That is no criticism of the Minister, who has only been in post for a few months. It is time for action. We need a modern and effective regulatory framework for the industry, and we need the Government to work with the industry on school curricula to ensure that we get the financial education to improve financial literacy for our population. Finally, we need the Office of Fair Trading to be much more alert to abuses in the sector and much tougher on sharp practice.

As the Chairman has said, there will be no letup from the Committee in driving up standards in the industry. It is very important. Progress has been made, but there is still much to be done.

5.39 pm

Mr. Laurence Robertson (Tewkesbury) (Con): I speak as the Opposition spokesman on, among other things, consumer affairs. This is one of the issues that cross over between the Treasury and the DTI. I pay tribute to the hon. Member for Dumbarton (Mr. McFall) not only for the way he introduced the subject, but for the work that he and his Committee have done in producing what I found to be an extremely interesting and informative report. It is a pleasure to take part in the debate.

In a free society, borrowing is a useful and necessary tool. It finances homes, cars, businesses and, therefore, jobs and can help people through hard times. In a free society there is a right to borrow money. However, I qualify that by saying that whether borrowing is good or bad depends on the need to borrow and the reasons for doing so. My grandfather always used to tell me, "When you are in debt, you are in danger." That is a truism, although I stress that in many cases sensible borrowing can be productive.

We have heard that the level of debt is perhaps not as important because of low interest rates, but we have also heard that some people are paying high interest rates. It has been said that about 7 per cent. of people may be considered to be highly indebted, but a report in the *Financial Times* this morning suggested that the figure may be only half that. I am concerned by those figures, and there has been no attempt today to play down the seriousness of the problem.

In a typically enlightened and deep-thinking speech, the hon. Member for Stroud (Mr. Drew) referred to the fact that people who cannot afford debt may be becoming more indebted. From my understanding of the report, there was a slight increase between 1995 and 2000 in unsecured debt, as a percentage of income, for those earning more than £50,000 a year; however, for people earning less than £11,500 that debt doubled. That is a worrying trend. Perhaps more worrying is the fact that unsecured debt as a percentage of income for the over-65s has almost doubled. I understand, from work done by my researcher, that a quarter of people who go to citizens advice bureaux about debt have also seen their doctors about the problems that debt has created in their lives. That is a big problem.

There are good and bad reasons to borrow. It can seem okay to borrow money if one is earning, but the problems arise when circumstances change. I do not have a credit card; I use charge cards. That is primarily because I do not trust myself with credit cards—I would rather have a card that compels me to pay the amount off the next month, frightening though that sometimes is. I have been in a position in which I was not deeply in debt but had debts to the point that when I received my pay cheque each month it was disheartening to think how much of it had already been spent. That is not a good feeling.

The vulnerable, such as the low-paid and pensioners, are most at risk because they have less chance to pay the money back, especially when things go wrong. Perhaps those categories of people are less able to understand the complexities of the market. Some of them might be more vulnerable because they cannot get what might be termed "respectable" credit and therefore go to people offering high interest rate charges or loan sharks. That aspect of the economy is a massively complicated subject.

A few months ago I decided to buy a new car. I had agreed everything, but when I went to pick it up the salesman told me to sign a five-year agreement. I said, "Hang on a minute, I don't want a five-year agreement, I thought it was a three-year agreement." He said, "Oh no, this is five years", so I said, "Well, thanks very much, I am going to do some shopping." I got a phone call shortly after that—they were evidently panicking that they would lose my custom—saying, "We have found another way around it. You can cut the agreement off after half. If you have paid half the amount owing, you can hand the car back and there is nothing more to pay." I, like most people, was not aware of that arrangement

and the chap trying to sell me the car said that he was not aware of it. My point is that the market is so complex that people, especially those in the vulnerable groups, may not understand that there are choices, although their choice could save or lose them thousands of pounds.

We have become accustomed to not concerning ourselves too much with the interest rates and bank charges that we pay; it is so easy to forget how much we are paying. Hon. Members may remember that, quite a while ago, there was an advert for a bank—I cannot remember which—in which someone on the high street asks for change for a pound, and is given 90p. The advert then shows the people arguing about the remaining 10p. The point that the bank was trying to make was that people will argue over the 10p, but they will pay charges without realising that they are doing so, to the tune of hundreds of pounds a year. That was a powerful point.

Who can wonder that we get into so much debt when invitations to borrow money come to our house practically every day? We can borrow through loans, credit cards, store cards or overdrafts. We may even get letters saying that we have won prizes, and it is only when we try to claim them that we find we have to spend money to do so.

Another thing that has caused debt to grow is the easy availability of not only mortgages but remortgages. When we get to the end of a five-year deal—and it may have been a good deal—we may remortgage. Say someone borrows £100,000, or more, for a house; after five years, when changing that mortgage, they might borrow £110,000, just to splash out on a holiday or something. It is very easy to accumulate debt in that way. The fact that there are so many mortgages available, and that there are so many options for the consumer, is great. It must be; it is about choice and availability. However, there is a slight downside to that, as I have just described.

Another issue that bothers me is interest rates, about which we have heard so much. The APR almost seems—no, is—an irrelevance, because it can be calculated in different ways. It is totally misleading. There are many other misleading things, such as store cards. When people take out a store card, they get a discount on what they buy the next time they go to the shop; but they also get hefty interest to pay unless they pay up front.

I am concerned about the proliferation of unnecessary credit. Although I accept that, in a free society, people are free to borrow money if they want to, the increasing levels of credit and debt are not necessarily good. It seems that we are able to borrow ever more money, without there being a relationship between what we borrow and our ability to pay. Many hon. Members talk about the council tax being unfair, because it does not relate to ability to pay, and that may well be a solid argument; but it seems that, these days, the credit industry does not take account of that ability, either.

A friend of mine was working full-time and had a certain credit limit. He was then made redundant. The credit company was not to know that, and upped his credit limit. Then he got another job, and it managed to up his credit limit again. Then he went part-time, and it was upped again. He retired, and the company upped it again. There was absolutely no correlation between his ability to pay and what he was allowed to borrow.

I understand that someone who has never borrowed money may sometimes find it difficult to do so, because they do not have a good credit record. Of course, they do not have a bad credit record either. That seems a strange way of running the industry.

One or two hon. Members have touched on the insurance charges paid by those unlucky enough to have credit cards—as I say, I do not. I got a letter on that subject from a constituent this week. I know that many people pay insurance and are not quite sure what it is for. When they are made redundant, they find that they are not covered by the insurance that they paid for, and they cannot get that money back. That needs to be looked into, too.

Also, money that goes into paying off loans and credit is not being put into savings. What worries me as well as the increasing debt is the reduced levels of savings. That cannot be a way to ensure security as people get older. I am also bothered by the lack of checks, a point that the hon. Member for Stroud touched on. The sale of goods process is protected in so many ways. Quite rightly, there are regular inspections of schools and factories, and nowadays there are inspections of other financial services. There has been quite a clampdown, in many ways.

The fact that a loan is an invisible product should not mean that it is not subject to the law and to checks to ensure that its sale is being carried out in the right way. It is because loans are invisible, so to speak, that they seem to escape the kind of rigorous attention that is needed. I do not want to keep quoting the hon. Gentleman, although he is my neighbour in Gloucestershire—I will probably feature in the local newspapers more than he if I keep quoting him—but he was absolutely right when he talked about the lack of a personal touch.

I cannot phone my bank now; if I try to do so, I have no idea where the person I am speaking to is. They may not even be in this country. I say nothing against the service that that person may offer, regardless of what country they are in. However, it used to be nice to phone the bank and speak to somebody who knew a little bit about my account and my record. That service is just not available now, and we should regret that. I am sure that it has added to the problems that we now find.

Where does that leave us? Where do we go? I do not know whether I should say this, but I do not know whether I envy the Minister his role, because this issue is so difficult to sort out. We have a challenge. We have the freedom to borrow, and, as I said, if borrowing finances the right things, it can be a good thing. We have to be free to borrow. I have to be free to go to a bank, and if the bank wants to do business with me, it is free to lend me the money. I believe in freedom; that is why I joined the Conservative party. I believe in extending the freedom of the individual to do, basically, as he pleases, as long as that does not interfere with or damage other people.

However, against that is the need to protect people, not just from themselves, but from people who might rip them off. That is the difficult balance that has to be struck. I do not think that the Minister has an easy job.

[Mr. Laurence Robertson]

I am sure that he is up to it, but I do not envy him it. The best thing that he could do—and again, my thunder has been stolen by previous speakers—is to promote education: to start teaching people what the issue is all about. There are probably two ways in which we can do that.

I engage in consuming alcohol, in smoking and in gambling, and I have no intention of giving up any of them. However, there are constant warnings about the dangers of those three things. There are helplines, and all sorts of things that warn us against doing them. However, there do not seem to be the same sort of warnings against getting into debt, and that is something that we should think about.

As has been mentioned, these days school does not seem to teach the practicalities of life; it probably never has. We do not seem to teach people the things that they need to know. I am not knocking the teaching of Arabic or anything else, but I think that as a country with a state education system we ought to make sure that school prepares people for the outside world. I always thought that it was meant to do that, but it does not at all, and it needs to start.

There are dangers now in the world which did not exist many years ago, so there is a great need to teach people about them, and about the opportunities that borrowing affords. I hope that we can move towards that. That is not the entire answer, but I believe that it is a start.

5.54 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Mr. Gerry Sutcliffe): I congratulate my hon. Friend the Member for Dumbarton (Mr. McFall) and the Select Committee on their excellent report. From the quality of the debate this afternoon, it is clear that the members of that Committee have gained an insight into the issues that need to be faced. The examples that they have given show how important the report has been. As my hon. Friend says, it is a work-in-progress document.

I will not go into a long speech, because of the broken-backed nature of the debate that we have had, owing to Divisions. That does not mean that I am trying to duck the issues. It is clear in my mind that the Treasury Committee will ask me to appear before it to discuss the way in which the Government are trying to deal with consumer credit.

I enjoyed—perhaps that is an unusual word to use—the experience of appearing before the Treasury Committee when the issue had a high profile or when it was making it such, given those who were before it. I do not doubt for one second that the report has already helped me in what I am trying to do as the Minister responsible for consumer affairs in sorting out what hon. Members describe as a difficult area.

Mr. McFall: May I put on the record my appreciation and that of the Committee of the Minister's helpfulness in the inquiry. I have had several meetings with him at the DTI and he has committed himself to keeping me, and hence the Committee, informed about his negotiations with the industry, for which I am grateful. I look forward to that communication continuing. It is important and will help to achieve a good end result.

Mr. Sutcliffe: It is vital, and shows that, when Parliament works well, the Select Committee process is ideal. It helps the Government achieve their targets. It is also a critical friend and helps us to sort out the detail. Many issues have been raised this afternoon, and our debate will help us move forward with the consumer credit Bill for which I hope we will have parliamentary time. I intervened several times to show that I have a commitment to ensuring that the route that we set down will deliver the massive change that we proposed in the White Paper to meet hon. Members' aspirations. I shall touch on some of the challenges that have been issued.

I hope that the Treasury Committee will recognise that I am not attempting to duck the issues by truncating my speech. I want to explain our work in progress, which we shall develop. The hon. Member for North Norfolk (Norman Lamb) referred to the fact that the hon. Member for Twickenham (Dr. Cable) was at a conference this afternoon. I attended it this morning. It was held by the British Bankers Association, and was on responsible lending. It is a major step forward. Let us consider the participants at that conference: there were representatives of the industry, of consumer associations and of the Government, and other politicians talking about key issues that affect the country.

The consumer credit White Paper was accepted and acknowledged in December, when it was published by my right hon. Friend the Secretary of State, as a major step forward in considering consumer credit, which has not been examined for more than 30 years. I wish to make a point about the six years that it has taken to get these matters in place. At that time, one credit card—Barclaycard—accounted for an annual debt of about £32 million. We are told now that there are at least 1,500 credit cards—and probably more—and that the debt is considerably greater. The way in which the marketplace has developed has made it a complex area. As has been said, if used appropriately, credit can be a force for good. Most people can handle the use of credit.

The Government's intention in the White Paper was to honour their manifesto commitment to tackle loan sharks and locate the other end of the scale when people could get not get mainstream credit. We are trying to find ways in which to deal with people who charge those massive APRs that we all know about and who are, in some cases, involved in criminal activity when dealing with individuals. As the White Paper evolved, some criticism was made about the delay, but that was necessary given the range of matters that had to be considered. It is important that we considered how to deal with loan sharks, and I am pleased that the Government have introduced pilot projects in Glasgow and Birmingham to examine what happens, bringing agencies together so that the police, trading standards and local authorities are involved. That means that we can tackle consumer credit issues at that level. I respect the fact, however, that the Select Committee's report was principally about credit cards.

Mr. Drew: The White Paper is important, but the Treasury also commissioned the Cruickshank report.

What liaison is the DTI having with the Treasury about the critical comments in Cruickshank, which put the onus on the banking industry to put its own house in order? Is that liaison happening as well?

Mr. Sutcliffe: Yes, a great deal of work is going on. The Treasury Committee has helped that by asking Treasury Ministers about the relationships across Government when they have appeared before it. I am happy to report that ministerial teams, including that on over-indebtedness, are made up of representatives of a wide range of Departments. I have discussions with the Financial Secretary about the issues in the Cruickshank report. As my hon. Friend the Member said, a great deal of work had been done on inclusion with the various Cabinet Committees that are in place.

The White Paper concentrated on creating transparent markets, because the key point is transparency. Our aim is responsible lending and consumers knowing what is in the packages or products that they are being offered. It is about creating the fairer framework that hon. Members have mentioned for both the lenders and the borrowers. It is also about developing a strategic approach to minimising over-indebtedness.

I accept that there are concerns about the pace of reform, but I stand by the commitments on the APR and advertising that I gave to the Select Committee. Regulations will be coming out in the near future, and I give the undertaking that we will work closely with the Committee on them to ensure that hon. Members have appropriate sight of them and that we are going down the right route. We will also be working hard to fulfil my other commitments.

I do not want to mislead hon. Members, and there are issues in the industry. One thing that I have tried and will continue to try to do is maintain the consensus. Consumer groups are working with us and have welcomed the White Paper, as has the industry. When we get down to the nitty-gritty of the regulations, codes of practice or whatever we feel is the appropriate instrument, I want to take people with us. I have told the industry that when evidence proves that there is an issue concerning systems, for example, I will be prepared to examine it in the context of the form and content of agreements. I am prepared to do that, but not to be hoodwinked or in a position of weakness. We want the momentum to continue.

Providing that there is parliamentary time, we will need a consumer credit Bill to deal with many of the issues.

Mr. Plaskitt: While the Minister is on the subject of sticking to commitments, I shall put to him the question on credit card cheques that I put to him in the Select Committee in November. I asked whether he looked forward to seeing an end to the unsolicited dispatch of credit card cheques. His answer was, "I would hope so." Is that still the case?

Mr. Sutcliffe: As my hon. Friend would expect, as I have developed into the role of ministerial office, I have been exposed to the arguments from all sides of the debate. I will examine the issue of credit card cheques in the context of firmly believing that what I said in the Committee was right. A better approach would be for consumers to know what they are letting themselves in for. We are looking for pre-entry agreements before people sign up. We must debate with the industry how credit card cheques can be used appropriately. I am not wriggling—we must have detailed discussions when we consult and work through matters. If we want clear and transparent rules, my hon. Friend's suggestion for credit card cheques will not be appropriate. There may be an appropriate way for dealing with credit card cheques, and I am sure that we will return to the subject.

The point has been made about the need for transparency in the summary box and in the calculation of interest and APRs. It is about responsible lending and the role that we and in particular the Office of Fair Trading can play. Through the licensing regime, we give powers to the OFT to ensure that the appropriate people are lending. It is a major step forward, and I think that hon. Friends on the Select Committee will appreciate that.

I have been considering placing a ceiling on APRs, but I have not yet made a decision about it. As my hon. Friend the Member for Dumbarton said, in addition to APR we should consider other charges. I want to ensure that the borrower knows the full implications of a product, because various selling techniques offer a lower APR but hide other product charges. It is important that all information is available to the consumer.

I wholeheartedly agree with the points made about penalty charges, and we must to continue to examine them. The OFT is considering issues about store cards as a direct result of what the Select Committee has done.

Education is probably the biggest issue that I wish to discuss. The attitude to credit has changed dramatically, and I agree with all the hon. Members who have talked about the need for education, but what comes first—money advice or debt counselling? I would like to thank the industry-sponsored bodies and the consumer groups that are tackling the issue of education in schools and communities and giving people advice and support.

Mr. Laurence Robertson: Before the Minister leaves the subject of education, will he say whether he believes that there is any mileage in warning people of the dangers of debt? We warn people about drinking, smoking and gambling. Although borrowing can be used for good, it is also terrible to be in debt when one does not have the ability to make repayments.

Mr. Sutcliffe: I agree, and that point relates to the freedom within society and the right to choose to which the hon. Gentleman referred earlier. One has the right to choose properly only when one knows exactly what is on offer. Selling and presentational techniques have hoodwinked people—and it is not a matter of social class: surveys show all people's confusion about the nature of products.

There are issues about disposable income, and that is the reason why I cited the figure about that earlier. However, we must also reflect on the state of economy, with its low interest rates and its stability that gives people the confidence to borrow.

We heard warnings from the hon. Member for North Norfolk, who asked what would happen if interest rates were to rise significantly. The hon. Member for

[Mr. Sutcliffe]

Tewkesbury (Mr. Robertson) will remember that interest rates were much higher when his party was in government.

The Select Committee has asked me to consider certain issues. I shall do that, and will try to stay on track. It would take much longer than we have allocated to us today to go through all the detail, so I shall finish by saying that it is work in progress. The report is an important piece of work and we look forward to working with the Committee again.

Question put and agreed to.

Adjourned accordingly at eleven minutes past Six o'clock.

Westminster Hall

Tuesday 27 April 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Deepcut Barracks

Motion made, and Question proposed, That the sitting be now adjourned.—*[Margaret Moran.]*

9.30 am

Lembit Öpik (Montgomeryshire) (LD): I am extremely grateful for the opportunity to discuss this issue in a Adjournment debate, and I thank the Minister of State, Ministry of Defence, for his constructive approach in the run-up to the debate. I know that the timing of today's debate was exceedingly difficult for him, because of other unmoveable commitments—in Afghanistan, I think—so I am extremely grateful to the Secretary of State for Defence for agreeing to respond today. That is generally appreciated. In that spirit I assure him that my aim is not to find villains in the Department, but to find answers. I am increasingly optimistic that answers can be found in partnership with the Ministry of Defence.

I am asking for an independent public inquiry into the four unexplained deaths at the Princess Royal barracks at Deepcut in Surrey. Between 1995 and 2002, four soldiers died at Deepcut: Private Sean Benton died on 9 June 1995, Private Cheryl James died on 27 November 1995, Private Geoff Gray died on 21 September 2001 and Private James Collinson died on 23 March 2002. All were members of the Royal Logistic Corps and were in phase 2 training. All died from gunshot wounds.

The first three deaths were investigated by Surrey Police and inquests were held. Open verdicts were given in the cases of Privates James and Gray. The Surrey coroner's opinion was that Private Benton took his own life. Private Benton was shot five times, Private Gray was shot twice and Privates James and Collinson were found with one gunshot wound each. During their investigations into Private Collinson's death, Surrey police decided to reopen the three previous cases. The report on the deaths went to the Surrey coroner on 19 September 2003 and a further report was published on March 4 2004 outlining the police's concerns about the apparent lack of safeguards built into the Army's care regime and about wider cultural and organisational issues in the Army. The police called for a broader enquiry.

I shall illustrate the case for that inquiry through the example of the late Cheryl James. Cheryl was the daughter of my constituents Des and Doreen James. She died, as I said, on 27 November 1995. In our view, to this day her death remains unexplained. Cheryl died armed and alone, guarding an internal gate. She should never have been armed and alone. Army regulations state:

> "Servicewomen may be armed and employed on the same basis as adult male soldiers. The only proviso is that, where possible, armed Servicewomen should be accompanied by male personnel. If this is not possible, Servicewomen are to be employed in 'pairs'."

To the board of inquiry, the Army admitted that

> "the unit was mistaken in believing it could employ Servicewomen, armed and alone, on guard duties".

It also acknowledged that recruits are not made aware of those regulations during phase 1 or phase 2 training, so the onus is very much on the Army to ensure that the regulations are observed. Despite the clear-cut guidance and the evident breach, the Army found that it was not culpable. The matter could not be clearer: Cheryl was armed and alone when she died, which was clearly contrary to regulations.

On further inspection, we find that, prior to Cheryl's death and afterwards, Army procedure and regulations were flouted again and again. The Army did not insist that Surrey police adopt primacy for the investigation into the death. The special investigation branch did not mark off the scene to prevent evidence being destroyed or lost; the barracks was not stood down and closed to those arriving or leaving, contrary to stated Army procedure following a death. No ballistic evidence was taken, so one cannot be sure that the bullet found in Cheryl came from her SA80 rifle: there is no evidence to ensure conclusively the connection between the weapon and the death. Amazingly, it seems that the bullet was recovered and then lost. A witness who attended the post mortem alleged that the bullet was put into a specimen jar and then discarded. The list goes on, and none of those actions have been accounted for. Was it incompetence, negligence or cover-up? Furthermore, one cannot know whether the Ministry of Defence officers who investigated Cheryl's death are still operating in the same manner today.

The details regarding Cheryl's death only emerged from the Surrey police re-investigation completed in September 2003. That alone would warrant an independent inquiry into her death, but it is just the start. The day Cheryl died an Army officer from a local barracks in Wrexham informed Mr. and Mrs. James of their daughter's death. He told them that Cheryl had "taken her own life" but could not answer any further questions. The Jameses were not contacted by any Army or Ministry of Defence official between her death on 27 November and her funeral on 4 December. After that, the Jameses had no Army or MOD contact— official or otherwise—for seven years, and then did so only as a result of the Surrey police investigation.

Back in 1995, Mr. and Mrs. James did not feel like questioning the facts. They felt isolated and distressed about the way in which the Army handled their daughter's death. Understandably, the lack of compassion was underlined when some of her property was returned by courier and the driver—not knowing any better—merely got the Jameses to sign for what felt like their daughter's life, as one would sign for office supplies. Some items, such as her mobile phone, were missing—her belongings had evidently become separated. Things were randomly posted back to Mr. and Mrs. James, pretty much out of the blue with no explanation, marked simply "the late Cheryl James", and the Jameses still do not know if everything was returned. Such insensitivity in the approach of the Ministry of Defence and the Army to bereaved families sadly continues. Reg Keys, whose son Lance-Corporal Thomas Keys died in Iraq on 24 June 2003, reported

[Lembit Öpik]

experiencing the same attitude of indifference and lack of transparency just one month ago. Time and time again, grieving families are left to wait and wonder.

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): The hon. Gentleman is dealing with a very difficult issue. Does he recognise that there are many families whose children died in peacetime in UK barracks other than Deepcut? They, too, want an inquiry into their children's deaths. I am sure that he is aware of the Deepcut And Beyond campaign. Will he widen his call to include other families, so that they can have the answers that the Deepcut families want?

Lembit Öpik: Although I await the Secretary of State's response with interest, it would go beyond my remit to call for an inquiry into all the deaths. However, I agree absolutely with the hon. Lady. Many families throughout the UK are listening with great interest to what the Secretary of State has to say about Deepcut. I understand the Deepcut cases most clearly, and there are four specific cases—the four deaths—to which I can refer. I hope that the Secretary of State will make a start by saying that he will allow a full public inquiry in that clear, specified and objectively argued case, but I stand foursquare with the hon. Lady in supporting the Deepcut And Beyond campaign.

To return to the duty of care in Deepcut, Surrey police acknowledged the shortcomings of the original investigations into the four deaths. They apologised to families for not taking the lead in ensuring a thorough inquest at the outset. The Army wrote to Mr. and Mrs. James to say that it had

"misunderstood the regulations in place at the time".

In Des and Doreen's own words, they paid a big price for the Army misunderstanding its own regulations. Despite the apparent admission of negligence by the Army, no apology has ever been made and no one ever held accountable for the death of Cheryl James. Above all, and leaving aside their feelings of bereavement, the Jameses still do not know for sure what happened to their daughter.

Four further points underscore and bolster their doubts. First, an independent ballistics expert hired by the families has said that it is "highly unlikely" that three of the four deaths at Deepcut were self-inflicted. In layman's terms, there may have been third-party involvement. Let us not play around with words: that could mean manslaughter or murder. Regarding Cheryl's death, the expert said that if someone used the SA80 rifle to take their own life, it would be highly unlikely that the bullet was retrieved, as the gun is so powerful. Apparently, however the bullet was retrieved—and disposed of. None of that has been explained. He also said that the pattern of gunshot residue on her hand indicated that she was pushing the gun away from her face.

Secondly, the Army referred to Cheryl's death as suicide both prior to and after the coroner's inquest, despite guidelines saying that:

"it is not for the Army to reach any official conclusion as to the death of any Serviceman or woman; cause of death in such circumstances can only be established by Her Majesty's Coroner following the civilian police investigation and report."

Thirdly, one week before the coroner's inquest, the Army issued a document referring to Cheryl's death as "a tragic suicide". She is even included in the suicide statistics. However, the coroner returned an open verdict. Three weeks after the coroner's inquest, the Army conducted its own so-called board of inquiry, which concluded that:

"notwithstanding the Coroner's verdict, it is the opinion of the board that"

Private

"James shot herself and that the possibility of her action being accidental is negligible."

Where is the evidence? The parents have a right to know how and what the Army knows that draws it to that conclusion. Why has the Army never shared the evidence used to back up those claims? Let us note that a member of the board of inquiry registered a statement of discontent with the board's verdict. That should ring a loud alarm bell.

Fourthly, the board claimed that Private James

"apparently took 6 distinct and positive actions in relation to her weapon and ammunition which were clearly beyond her duty at the time, the omission of any one of which would have meant she may not have been killed."

Here are the six "distinct and positive actions". First, she removed a charged magazine of 10 rounds from her pocket. How do they know that? Secondly, she placed a charged magazine on her weapon. How do they know that? Thirdly, she cocked the weapon. How do they know that? Fourthly, she released the safety catch. How do they know that? Fifthly, she reversed the weapon so that it was aimed at herself. How do they know that? Sixthly, she pulled the trigger. How do they know that? No witnesses are cited. Where does the information come from? Such contradictions, assumptions and apparently unsupported claims add to the case for an independent public inquiry to resolve the unanswered questions.

Deepcut should want one too. After all, in just 19 weeks, two deaths and 10 cases of self-harm were recorded. No questions were asked, but the camp commander was moved just three days after the second death. The commanding officer never phoned or wrote to Mr. and Mrs. James. Interestingly, last year he was awarded an OBE. He has never been questioned publicly about what happened at the camp. Someone with such a noble record will, I am sure, want to help to clear up the matter, not least because he was responsible for the camp at the time when much of it occurred. Let us note also that the Army's Adjutant-General, Lieutenant General Sir Alistair Irwin, admits, the Army had "clearly failed" all four Deepcut soldiers, adding,

"they're not now alive and they should be alive."

However, by saying that Private Benton's death had been the first at Deepcut for 40 years, he defended the Army against police claims that the Army did nothing. After such a long record of calm, should not two deaths in 19 weeks have rung loud alarm bells?

I turn to the Surrey police report and subsequent comments. While not pushing for a criminal prosecution, they were so concerned about events uncovered in their investigations that they produced a report calling for a broader inquiry. They said that

"the families have, quite rightly, refused to accept the deaths of their children without question."

The police apologised to the four families for not properly challenging early assumptions that these young soldiers took their own lives and for their failure to overturn the then practice of allowing the investigation to be delegated to the Army. The police now recognise that they should have maintained primacy over the Army in the investigation. The civil police now conduct an independent investigation immediately when untimely non-combatant military deaths occur. However, the police say that

"there remains much more to be done"

to "address areas of risk".

Furthermore, parents' rights are still not sufficiently respected. For example, board of inquiry reports are meant to be passed to the next of kin, but rarely are.

Perhaps that is why the Defence Committee took on board in its duty of care inquiry some issues raised by Surrey police. That is good, but I cannot emphasise enough the admission by the Committee that it simply cannot answer the core questions about the deaths at Deepcut. Incidentally, so that people are not confused, let me make it clear that, although the Committee announced its inquiry on the same day as the final report of Surrey police was published, the two are not linked. The Committee is looking broadly into all three forces. It is not investigating bullying, harassment, the management of Deepcut when the recruits died or mistakes made during the investigations at Deepcut. The Committee says that it cannot do justice to those matters, and I agree. Only a public inquiry would have the time and resources to generate as definitive an account as is now possible, after the intervening time.

What outcomes would we want from a public inquiry? Surrey police were concerned about incidents of bullying. That has been a concern of MPs and peers since 1989 and possibly earlier, with numerous parliamentary questions and debates. An inquiry should investigate that issue in relation to Deepcut. An inquiry should also study the high incidence of military suicide. The Defence Analytical Services Agency report of July 2003, entitled "Suicide and Open Verdict Deaths among males in the UK Regular Armed Forces", found that

"between 1984 and 2002 there were 446 coroner-informed suicides"

in the armed forces. That is one suicide every fortnight, most—62 per cent.— occurring in the Army. That figure excludes open verdicts and other non-combatant deaths. The important point is that Army males under 20 years old are 50 per cent. more likely to be registered as having committed suicide than males under 20 in the UK civilian population. Incidentally, suicide rates among the under-25s are higher in the Army than in the Navy or the Royal Air Force.

Mr. Eric Joyce (Falkirk, West) (Lab): I am sure that the hon. Gentleman did not intend to give only part of the picture, but he has left out females, and given that he is calling for a public inquiry into the death of a female, could he give us the overall figure for the rate of death of under-21s in civilian life?

Lembit Öpik: That is a fair question, which I would like to answer, but I was unable to obtain the figures. Perhaps I was looking in the wrong place or asking the wrong questions. I doubt whether the Secretary of State can furnish us with that information, but part of my ongoing research, with my limited resources, involves trying to obtain that breakdown. I am sure that it exists and I apologise to the hon. Gentleman for being unable to answer the question now.

The DASA report says that the higher suicide rates among young Army males compared with the equivalent UK civilian population merit further investigation. A public inquiry should consider that in the context of Deepcut. I remind right hon. and hon. Members that three of the four deaths at Deepcut were of young males. Above all, a public inquiry should aim to determine what happened at Deepcut. The final report of Surrey police reinforces the case for thorough, independent scrutiny to establish the circumstances at the time of the Deepcut deaths, plus corrective actions to prevent reoccurrence.

Will there be improvements without an inquiry? Perhaps, but the military have been promising reform and improvement for years. Indeed, Surrey police have documented no fewer than seven reviews, reports and studies. Each identified similar issues relating to the vulnerability of young people at Deepcut—indeed, I understand that Brigadier Evans conducted his inquiry specifically because of the number of incidents at Deepcut. What came of that? There seems to have been relatively little follow-up.

Media pressure is mounting. On 25 April, *The Observer* ran a front page article entitled, "Military chiefs ignored warnings over Deepcut." It said that the Army Training and Recruiting Agency

"reported a failing in certain aspects as a result of reduction in the military workforce and increased obligations."

and added that another report, underlining an absence of

"coherent and credible training activities",

should be taken seriously.

The *Sunday Express* also covered the story on the same day.

Some 140 Members of Parliament have signed an early-day motion supporting a full, independent inquiry into the circumstances surrounding the four deaths at Deepcut. Amnesty International backs that request. By contrast, in all the cases investigated by Surrey police, crucial forensic and ballistics evidence was destroyed because of the Army's assumption of suicide, yet the Army continues to maintain that the investigation into Cheryl James's death was thorough.

Eight years on, Cheryl James's family still do not know how or why she died. The responsibility for that must remain with the Ministry of Defence. No matter how many reports or statistics it issues, no spin can change the fact that it failed to investigate the death of Cheryl James thoroughly, and failed in its duty of care. I give the Ministry of Defence credit for recognising that the families need to achieve closure, but to stop such cases from happening again the Army needs that closure too. If the MOD has nothing to hide, it is in its interest to hold an independent inquiry. It is also in the interest of every youngster who is contemplating a military career.

Statistics and internal reviews have not proved to be an acceptable alternative. For the welfare of young men and women who choose military service and for the sake

[Lembit Öpik]

of the families of the Deepcut four and those participating in the Deepcut And Beyond campaign, I respectfully ask the Secretary of State to commission an independent public inquiry into the deaths. It would be a credit to his Department if he were to do so, and nothing less can provide the answers that the families deserve and the Army needs.

9.52 am

Mr. Michael Jabez Foster (Hastings and Rye) (Lab): I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing the debate on a moving issue of great public interest. I also give credit to the Government for the fact that the Secretary of State himself has come to the Chamber to respond to this important debate.

Mr. and Mrs. Harry Benton, the parents of Private Sean Benton, live in my constituency, and I am proud to represent them. Private Benton died at the age of 20 at Deepcut barracks on 9 June 1995. I believe that he deserved better. He was found dead with five gunshot wounds in the chest. The coroner agreed with the Army and pronounced a verdict of suicide. Later forensic reports have suggested that he was shot four times from a distance and once from close range—a remarkable feat if it is true that it was self-harm. Despite the evidence of Sean Benton's friend, Private Trevor Hunter, broadcast by BBC's "Panorama" on 1 December 2002, in which he said that Sean had been singled out for "special treatment" and subjected to serious bullying and physical assaults, Mr. and Mrs. Benton have yet to receive a satisfactory explanation of his death. Even if the suicide verdict were justified, the question why remains unanswered.

Before I continue, I wish to pass on the apologies of my hon. Friend the Member for Hull, North (Mr. McNamara), who must be absent this morning in order to present a report to the Parliamentary Assembly of the Council of Europe. My hon. Friend has worked tirelessly with the families to bring these matters to public attention, and we are grateful to him.

I also pay tribute to all the bereaved families who have come together in the Deepcut And Beyond campaign to press their case for a public inquiry. The group includes mothers and fathers of young soldiers who have lost their lives in tragic, but non-conflict circumstances. Everyone knows that when their youngsters join the armed forces, there is a risk, but they do not anticipate that risk arising back at barracks. The campaign also includes brothers and sisters—young people whose childhood will be forever tainted by the memory of how they first heard and were scarred by the loss of someone whom they loved and admired. The families have presented their case with great dignity, clarity and purpose, and have acted throughout with the utmost good faith. They are entitled to the truth about how their loved ones died. They are entitled to justice. All the way up the chain of command, those responsible should be held fully to account. Whether the issue is one of criminal activity or of mere negligence, the truth must be known.

Like the families, I believe that change must come in consequence. All those who have a part to play in preventing future deaths must work together. The families have taught us a great deal. It is they, not the Army or the Government, who have brought to light the shortcomings of the policy of zero tolerance on bullying and demonstrated how deaths of soldiers associated with Catterick barracks in Yorkshire are double the number set out in official estimates. It is the families, not the Government, who have revealed the problems of investigating deaths of soldiers overseas, where there is no possibility of civilian police involvement and the Army investigates itself. It is the families, not the Government, who have shown how the absence of effective investigation may lead to those responsible for suspicious deaths evading justice because accidental death or natural causes can seem a simpler, more convenient, or kinder explanation.

The Government have accepted responsibility for maintaining the effectiveness and efficiency of the armed forces. The exercise of the duty of care is a vital part of discharging that obligation. Service families are in the front line of that battle and should be treated as allies. We have a number of problems in the armed forces and I believe the Deepcut And Beyond families should be regarded as partners in helping to resolve them. I pay tribute to the approach of the Surrey police force and its chief constable, who worked with diligence to involve the families in the investigation. I am grateful to the Minister of State, Ministry of Defence, for agreeing to place in the Library a number of the documents connected with the Army's investigation of the matters. However, I understand that many more documents are still to come; I hope that they, too, will be available.

In examining the systemic issues arising from its 15-month investigation, the Surrey police drew precisely the same conclusion. Once the problem is acknowledged, the appropriate remedies must be identified. Those measures must be put into effect and maintained; they must be monitored and subject to further assessment. I join in congratulating the Surrey police on a well crafted and finely tuned report. The three central recommendations are well considered and will represent an enormous step forward if acted on promptly.

The broader inquiry that Surrey police propose must consider whether the risks identified at Deepcut are replicated elsewhere and how they may relate to the incidents of self-harm, suicide and undetermined deaths. It must also consider how the Army's care regime can be further improved and how independent oversight might help the Army to define and maintain appropriate standards of care for young soldiers. We are grateful that colleagues on the Defence Committee have decided to undertake their own inquiry into the exercise of the duty of care. However, as its Chairman has stated, that is not and cannot be a substitute for the broader inquiry recommended by Surrey police.

In launching the final report, Surrey's deputy chief constable, Robert Quick, left no room for doubt: to satisfy the Surrey recommendation, a broader inquiry must be independent, it must function transparently, it must have equivalent judicial powers in relation to documents and witnesses, and it must involve the families of victims. The Human Rights Act 1998 requires that all deaths involving state parties be independently investigated, promptly and effectively. New obligations arise from the judgment in Amin *v.* Secretary of State for the Home Department, given in

the House of Lords, on 16 October 2003, in which it was found that the obligation to hold an effective and thorough investigation may in certain circumstances be met only by holding a public and independent investigation with the family legally represented, provided with relevant material and able to cross-examine principal witnesses.

Next week it will be two months since the final report of Surrey police was published. My right hon. Friend the Minister of State was made aware of its conclusions at least two months before that. I urge the Secretary of State to set aside any reservations that he may have and recognise the overwhelming case for a full public inquiry or, at the very least, a comprehensive inquiry in public at which the families may be properly represented.

Mr. Deputy Speaker: Before I call the next speaker, I should inform the Chamber that it is my intention to start the winding-up speeches at half-past 10, because I am sure that hon. Members will want the Secretary of State, whom we are delighted to see here, to have sufficient time to wind up this important debate. I shall be grateful if hon. Members bear that in mind.

10 am

Annabelle Ewing (Perth) (SNP): I, too, congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing this important and timely debate, and I welcome the fact that the Secretary of State has come along to respond to it. I am sure that the families involved will appreciate that.

James Collinson from Perth, aged 17, had been in the Army for six months when he was found dead with a gunshot wound to the head at Deepcut barracks on the evening of 23 March 2002. He had been dropped off at Deepcut some five hours earlier by his mother, Yvonne Collinson. He had been in good cheer and was excited about having recently passed his driving test and the fact that he was soon to sit his HGV licence test.

Three days after James's death, when his father Jim Collinson phoned Deepcut to inquire about how the investigation into his son's death was proceeding, he was told, "One body, one bullet. Draw your own conclusion." Three weeks after that, Mrs. Collinson contacted Surrey police, having heard nothing from either the civilian or military police about the taking of her statement and given the fact that she had seen her son so close to the time of his death. It was only as a result of her persistence that a statement was eventually taken from her. Indeed, it was only as a result of the persistence of Mr. and Mrs. Collinson that a proper police inquiry was finally embarked on some four weeks after James's death.

As we have heard this morning, Surrey police's fifth report includes an express recognition that the deaths of James Collinson, Sean Benton, Cheryl James and Geoff Gray were not originally properly investigated. I would contend that such failure and omission on the part of both the military and Surrey police serve to undermine fundamentally the conclusions that were reached by Surrey police in September 2003.

Hon. Members may recall that Surrey police sent reports of the reopened investigations into the four deaths at Deepcut to the coroner. In it, they stated that

"no evidence has come to light so far to indicate any prospect of a prosecution",

and that

"It is not the role of Surrey Police to come to a verdict on these deaths, and we have not done so."

As the hon. Member for Montgomeryshire mentioned, with respect to evidence gathering in the crucial period following James's death, Surrey police apologised for

"our failure to overturn the custom and practice of the day, which allowed for the investigation to be delegated to the Army. We have recognised that we should have maintained primacy for these investigations over the Army."

It is clear that in the initial days following the deaths, the Army assumed control of the investigation. However, the key problem was that there was no investigation; instead there was simply an assumption—suicide. There was no proper forensic post-mortem, no photographs were taken and fingerprints were not lifted from the gun. The scene was not secured, and witness statements conflicted with the two photographs that were taken of James's body on the night of his death. Some 160 wedding guests who were at Deepcut base that night for a function were not automatically interviewed. James's cap badge was found some nine months later within the Deepcut perimeter. It had somehow become separated from his cap, which was on his head at the time of his death. I could go on, but I am conscious of the time constraints this morning. The experiences of the other three families are depressingly similar, and we have heard specific information this morning about the way in which Cheryl James's death also was not investigated.

Not only was the subsequent Surrey police investigation hampered by the initial failures of the military police, but the Collinsons and the other families have so far been denied full access to the reports that Surrey police sent to the coroner last September. Some seven months after their investigation was concluded, the families remain completely in the dark as to the evidence gathered, the questions asked, the contents of statements and whether there was full co-operation from the Army and the Ministry of Defence. The refusal to allow proper access to the information has continued, notwithstanding repeated requests from the families' legal teams. Hence, any suggestion that the police investigation is complete and that the conclusions are sound is somewhat premature.

Moreover, hon. Members may be interested to note that Devon and Cornwall police are conducting an investigation into the way in which Surrey police handled the subsequent investigation. As has been said, Surrey police had a wider remit for their fifth report, which was published in March 2004. They were to consider how the Army in general had discharged its duty of care, particularly to young soldiers. The report served as a damning critique of the way in which the duty of care had been discharged over the years. It indicated that there had been repeated failures to learn any lessons over some 15 years and recommended a broader inquiry to examine the sufficiency of the care regime for young soldiers in training at Deepcut and beyond. In a briefing that we received from the deputy chief constable of Surrey police on the eve of publication of the fifth report, there was recognition that an independent inquiry would certainly fit the bill for the broader inquiry that Surrey police were recommending. However, to be fair to the deputy chief constable, he made it clear that that was a political decision for Ministers and not a matter for his force.

[Annabelle Ewing]

The Collinson family and the other families deserve to know how and why their children died. Unfortunately, they are no nearer finding that out. The Defence Committee inquiry that we have heard about this morning, while very welcome indeed, will not consider the individual circumstances of the four deaths. Again, it will have a wider remit to review the care regime across the armed forces as a whole. A previous Defence Committee report published, I believe, in 1994 did not lead to any significant changes, yet, after four deaths between 1995 and 2002 at the same barracks, we are told by certain spokesmen for the MOD that a Select Committee inquiry should suffice. I say to the Secretary of State that it will not suffice.

Lembit Öpik: Does the hon. Lady agree with my interpretation of what the Defence Committee has said—that it excluded itself from the prospect of being able to answer the specific questions of the parents and the Army? It said that that would go way beyond any remit that it could possibly handle.

Annabelle Ewing: The hon. Gentleman is absolutely right. When the Defence Committee inquiry was announced a few weeks ago, it was made clear that its remit would not include reviewing the circumstances surrounding the four deaths. Indeed, the Collinson family have been told that it will not even consider information that is already in the public domain. Clearly, the Defence Committee inquiry will not get to the bottom of what happened at Deepcut barracks.

As hon. Members have said, an inquiry is needed that will be sufficiently empowered to compel witnesses to appear and documents to be produced. It must be public, open to scrutiny and directly involve the families. Only a public inquiry will fit that bill. We, the public, must be confident that this time lessons will be learned. Public confidence must be restored.

I say to the Secretary of State that the Ministry of Defence should reflect carefully on the issue, because it will not go away. If the reasonable requests for a public inquiry in these particular circumstances are not adhered to, the question that must be asked is, what is the MOD afraid of?

10.10 am

Mrs. Joan Humble (Blackpool, North and Fleetwood) (Lab): Thank you, Mr. Deputy Speaker, for allowing me to take part in this debate, which is very important, not only for the Deepcut families, but for other families, too.

I congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing the debate; he and other hon. Members have worked together to raise awareness about what happened at Deepcut. The matter has brought together other families who are carefully watching this debate, so that lessons can be learned across the board. I am especially pleased that my right hon. Friend the Secretary of State for Defence is here, because by his presence he acknowledges how important the debate is. His answers to the Deepcut issue are key, and they will be key to any future investigation into the armed services' wider duty of care to their personnel.

Like my hon. Friend the Member for Hastings and Rye (Mr. Foster), I start by congratulating the families themselves. In Blackpool last weekend, there was a meeting involving many parents who have tragically lost children in peacetime to deaths in barracks, mainly at Catterick. They share the concerns of the Deepcut families, and they, too, want answers. I congratulate hon. Members who have given detailed accounts of the deaths of the young people at Deepcut in desperately tragic circumstances. When I meet the families I am genuinely humbled by their dignity and their determination. They want answers: they want to know why they lost their children, who had gone to serve their country. There is no excuse; there must be answers.

I shall consider some common threads in the contributions to the debate and in the investigations thus far, because the lessons to be learned from Deepcut come not simply from looking at the individual cases but from pulling together common threads, the main one being the issue of bullying, which is the principal concern of my constituents and the other families. They want to know how vulnerable 16, 17 or 18-year-olds, who are perhaps not as prepared as their predecessors for a life in the Army and its training centres, cope with being away from their families. They recognise that they have to learn military discipline as well as skills, but they are perhaps not used to the environment in which they find themselves. The Army and the other armed services have a duty of care, which they must acknowledge and to which they must respond properly.

Military suicides are a serious issue. Why do so many young people kill themselves? My constituent, Derek MacGregor, killed himself at Catterick. Why? His family believe that bullying was involved, and that needs to be investigated.

Mr. Joyce: I hear what my hon. Friend says about the human dimension to the tragedies. However, on the one hand she appears to recognise the inherent risk that military organisations take when they train people who are not always from a traditional military background, but on the other she appears to make the assumption that something like bullying must be at the heart of the matter, calls for a public inquiry, and appears to have a preconceived idea of what that inquiry should find. Is that not somewhat inconsistent?

Mrs. Humble: I understand my hon. Friend's expertise in the matter. However, I am not drawing conclusions but pulling together the common threads that have emerged from all the debates that have taken place on the matter. I shall make some points later that I hope will reassure him that I recognise that the Army is addressing some of the issues. However, before I make those points, I want to mention some of the common threads that have emerged from the discussions about Deepcut, which can be used to address the issues raised by other families beyond Deepcut.

One of those common threads concerns independent police investigations. The hon. Member for Perth (Annabelle Ewing) spoke in some detail about the inadequacy of the forensic investigations into the death of her constituent. That seems to be symptomatic of all the investigations of the deaths that have occurred at Deepcut. Parents are concerned that there should be early intervention by the civilian police in such incidents

to secure the scene, and that a proper investigation should be carried out into all the circumstances surrounding such peacetime deaths in barracks.

I have been asked by my constituent to raise the issue of health and safety in general, and the role of the Health and Safety Executive. Who goes into barracks to examine safety and carry out risk assessment? I acknowledge, especially with regard to the earlier intervention by my hon. Friend the Member for Falkirk, West (Mr. Joyce), that that issue is not easy to address. We should not underestimate the fact that when young people go into the armed forces, they are, by definition, going into a dangerous job.

There is also a serious concern about the need for an independent helpline. To whom do young people go when they want help? I know that there are telephone numbers that they can call and organisations that can offer help—the Army chaplaincy service, for example—but do young people use those helplines, and how independent is the help that is available? Is that independent help still available when those young people leave the training centres and go out to their regiments? The Army has an ongoing duty of care to all its staff.

I welcomed the opportunity given to me by the Ministry of Defence to visit two training establishments, and I compliment my right hon. Friend the Secretary of State and his colleagues on arranging that visit for me and four or five others. It was clear from talking to Army and Air Force training staff at the two establishments that things are moving on. It is recognised that the armed forces take in young people who are not the same sort of intake as 10 or 20 years ago. It is also recognised that a duty of care is owed to those individuals, and that their concerns must be listened to.

I took time out during those visits to talk to some of the trainees. They acknowledged that most of the training staff who dealt with them listened to them. The staff may have barked out orders on occasion, but the trainees to whom I spoke accepted that. There should be a balance between what must be a rigorous Army training regime for young people who will go into the most difficult situations and risk their lives, and an acknowledgment that it must not be accompanied by unnecessary aggression by the training staff or bullying among the trainees. We must achieve that balance between having trained armed forces and caring for young people.

I shall finish by quoting from correspondence that I received from my constituent, Joe MacGregor, who says:

"I am not a politician. I am a Father who wants nay demands to know what happened to my son a lad who loved the army, who had so much going for him should in the space of a month see his world collapse and be driven to a point where life is not worth living. Where when he asks for help he is refused. I WANT ANSWERS."

We all want answers.

10.20 am

Mr. Brian Sedgemore (Hackney, South and Shoreditch) (Lab): I, too, congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on obtaining this important debate, and on the succinct and eloquent way in which he put the case on behalf of the four families whose children died at Deepcut. We are right to praise our soldiers for their heroism in war, but equally right to condemn their betrayal in peacetime by those who are charged with their welfare. All we seek is the truth. Sadly, both as a lawyer and a Member of Parliament, I feel that the whole truth may be beyond us now. A lot of time has passed since the four deaths, and a lot of evidence was disregarded, not found, or subsequently destroyed. I agree that the conduct of the Army and the military police was, at best, complacent, and at worst, disgraceful. Having said that, I praise Ministers' efforts. I was pleased to be able to take Mr. and Mrs. Gray to see a Defence Minister—although it was not the Minister of State—and the Secretary of State is to be commended for coming here today to face certain criticism.

Mr. and Mrs. Gray have been deeply concerned because they do not accept that their son's death was simple suicide. Clearly, it was not. They do not accept that it was suicide through negligence, and they are concerned that Private Gray may have been unlawfully killed, which the hon. Member for Montgomeryshire, somewhat brutally, described as manslaughter or murder. I cannot answer or deal with that question, and I do not suppose that anyone else in this Chamber can: as I have said, the sad fact is that it may be impossible ever to come to the correct conclusion. However, that is not a reason not to hold an inquiry, given the wide ramifications, not only for Deepcut but, as my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble) said, for the community more generally.

We need an inquiry to consider the causes of similar repeated and suspicious deaths at Deepcut, and to call the officer commanding Deepcut, or in this case, officers commanding to account their actions. We certainly need an inquiry to consider the conduct of the military police at Deepcut, who seem to have said, "It was suicide," then looked for the evidence to fit that verdict, and an inquiry must consider the relationship between the military and civilian police forces. In this case, it was Surrey police, whose initial attitude in the case of Private Gray was somewhat peremptory, but who have been praised for their subsequent efforts. I have spoken to them in order to get to the bottom of what actually happened, and to point to some directions in which any inquiry might go.

I should like in particular to praise Mr. Gray, who has performed heroically. It was he who pointed out to me—I subsequently, quickly pointed it out to Surrey police and to Ministers—that all kinds of very odd things were going on at the time of Private Gray's death. An intruder was rampaging in the grounds and escaped; a drunken visitor to the officers' mess was behaving appallingly; and during the search there were discrepancies about the position of the body. In addition, there is the evidence of the ballistics expert who believes that Private Gray could not have killed himself, and the fact that Private Gray appears to have killed himself and then to have fired the gun again—a very strange happening, although the guns in question not only fire single shots but can be pressed on to automatic fire.

Mr. Gray has not had satisfactory answers, nor have we as Parliament; nor do I believe that I have done so, in my capacity as a lawyer who has regularly appeared in the criminal courts. Indeed, I consider the standard of

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conduct of the inquiry to have been dreadful. If that is how the military police operate in conjunction with the civilian police, a good shake-up is needed.

Was Private Gray's death a simple suicide? That seems almost impossible not only in the case of Private Gray but in the others. Was it suicide caused by the Army's negligence? Quite probably. Were third parties involved? That is the deepest question, and we need an answer to it. I hope that the Secretary of State will allow us to have a public inquiry, so that we can get some of the answers.

10.26 am

Mr. Paul Keetch (Hereford) (LD): On behalf of the Liberal Democrats I welcome this debate and congratulate my hon. Friend the Member for Montgomeryshire (Lembit Öpik) on securing it. Like him and other hon. Members, I welcome the Secretary of State for Defence to the Chamber this morning. We are very pleased to see him.

All those who have spoken this morning, particularly the hon. Member for Hastings and Rye (Mr. Foster), have rightly spoken about the families' dignity. The hon. Member for Blackpool, North and Fleetwood (Mrs. Humble) was right to use the word "humbled". I and other hon. Members whose constituents have been killed, either on active service or in peacetime, are truly humbled by the way in which the families react. The hon. Member for Hastings and Rye was right to mention the hon. Member for Hull, North (Mr. McNamara), who has campaigned vigorously on this issue. The hon. Members for Perth (Annabelle Ewing) and for Hackney, South and Shoreditch (Mr. Sedgemore) have spoken eloquently about their constituents' tragic cases.

None of them, and certainly not I, doubt the armed forces' great traditions and history. We accept that their continuing excellence and the skills that they demonstrate are largely the result of the great training that their personnel receive. The training regime for the armed forces is undeniably, and rightly, tough, but I reject the idea that it should place on young recruits pressures beyond those that they can face. There is no contradiction between a tough training regime and one that respects the rights of individuals. Bullying and harassment are unacceptable in the modern Army. Behind the cases at Deepcut, and those at Catterick and elsewhere that have been mentioned, lies the issue of bullying in the armed forces, which must be addressed.

I shall not speak for too long, because I want the Secretary of State to have plenty of time for his concluding remarks. I do not want to give the impression that bullying and harassment are widespread in the armed forces, because they are not, but it is deeply irresponsible to bury our heads in the sand and say that there is no issue to address. The Ministry of Defence's own survey shows that there is a problem that needs to be looked into. A parliamentary answer to me in December last year showed that half the Army personnel who responded to a continual attitude survey felt that harassment, discrimination and bullying were problems in the British Army. When members of the armed forces themselves provide such figures, the matter must be taken seriously. The tragedies that we have discussed today lend weight to that argument. When we have debated the issue in the past, Ministers have pointed out that the problem is often one of perception among young soldiers. I hope that this morning's debate has shown that that perception is important, not only to the soldiers, but to their families.

I accept that changes are happening and that the Government have reacted to some of our concerns. The Ministry of Defence has implemented programmes to reduce levels of bullying, but they have not gone far enough, and in the case of Deepcut there is a significant problem that must be addressed. The facts are simple: between 1995 and 2002, four young soldiers died at one training establishment in Surrey. They were all members of the same unit—the Royal Logistic Corps—all were in phase 2 training, and all were shot, some of them several times.

The Government have rightly held public inquiries in the past when they have felt the need to do so. My hon. Friend the Member for Montgomeryshire and other hon. Members have given compelling reasons why there is a need for a public inquiry in the Deepcut cases. I will leave as much time as possible for the Secretary of State to explain why he will, I hope, accede to that need.

Mr. Deputy Speaker: The House is grateful to the hon. Gentleman for his succinctness and brevity.

10.31 am

Mr. Gerald Howarth (Aldershot) (Con): I too congratulate the hon. Member for Montgomeryshire (Lembit Öpik) on securing the debate and I congratulate all hon. Members who have taken part. Today's debate echoes a debate a year ago, in which hon. Members put forward the concerns of their constituents as well as the wider concerns of a nation that is proud of its armed forces and is anxious to ensure that they can continue to serve with the distinction seen in recent campaigns. I also welcome the Secretary of State and, like the hon. Member for Hereford (Mr. Keetch), I will endeavour to keep my remarks brief to allow the right hon. Gentleman plenty of time in which to respond. I have a special interest in that my constituency, Aldershot—the home of the British Army—is next door to Deepcut. There is a feeling that what happens there permeates through to Aldershot, as it does to the rest of the country.

In last year's debate, I said that it would be wrong to pre-empt Surrey police's report, which was in the process of compilation. Let me place on record, I hope on behalf of everyone present today, our congratulations to the Surrey police on producing a comprehensive, professional and thorough report. It has shown not only that there was a succession of failures, to which I shall refer later, but that lessons have been learned and implemented—the story is not completely negative. Notwithstanding their desire to speak up vigorously on behalf of constituents who want answers, hon. Members have been careful to be balanced. The report is helpful in that respect: for example paragraph 1.22 states:

"It is important to recognise the significant challenges faced by the Army in reconciling the potentially conflicting demands of maintaining a necessarily robust training regime, designed to sustain it among the most professional armies in the world, while at the same time discharging its duty of care to young recruits."

Several hon. Members have referred to the need to strike a balance. It is clear that Surrey police recognise that need. Their statement encapsulates the position that I hope we wish to maintain.

The report traces back the chronology over the 13 years from 1998 to 2001, and goes on to cover the period to 2003. It spans a 15-year period in which there was a succession of inquiries into the Army's training regime, with concerns raised every time. Recommendations were made following each inquiry or internal review, but it is apparent that those recommendations were either ignored or not implemented to the necessary extent. Several themes recur throughout the report. One common theme is the training given to supervisors and the ratio of supervisors to trainees. Clearly, there has been pressure on our armed forces to do more with less, but the instructor to pupil ratio has been questioned throughout, for example, in 1995 when Brigadier Evans undertook his review, and more recently in 2002 when the deputy adjutant general produced his report. The DAG calculated that the supervisory ratios at Deepcut were 1:60, compared it with Catterick and Larkhill, where the ratios were 1:12 and 1:40 respectively, and observed that the latter levels would be appropriate at Deepcut. His assessment was that the level of supervision was wholly inadequate and greatly magnified the risk. He attributed the Deepcut ratio to reductions driven by the serious undermanning and cost savings in the Army since the early 1990s. The pressure on the Army to do more with less recurs throughout the period under discussion. The impact of that in Deepcut meant that the instructor to trainee ratio was "wholly inadequate". The Army, the Government and the Ministry of Defence must shoulder some blame for that unsatisfactory situation. Lieutenant-Colonel Haes's 2001 report said that ATRA—the Army Training and Recruiting Agency—

"does not have a coherent duty of care and supervision policy that can be costed/measured. ATRA is failing in certain aspects as a result of reduction in the military workforce and increased obligations. There is an unrealistic and therefore false expectation of the staff, but without a clear definition, to what degree remains subjective. The current situation is tenable only as long as there is no major incident or complaint."

So, throughout the period under discussion, assessments have been made that something must be done, but action has not been taken.

Another important issue is that the Army is recruiting in an increasingly competitive marketplace. Hon. Members have already said that the parents of the young people whom the armed forces wish to recruit in order to sustain the operations that we are undertaking must be convinced that they are not sending their children to an organisation that does not have a proper sense of its duty of care. Such concerns will result in the armed forces being unable to recruit. If the Army does not enjoy public confidence, recruitment will be affected.

None the less, I am not convinced that a public inquiry is the right answer. The hon. Member for Hackney, South and Shoreditch (Mr. Sedgemore) was right to say that a lot of time has passed. He is a lawyer, as is the Secretary of State, and they understand the rules of evidence. I am not convinced that an inquiry would yield any more information than has already been secured. However, the Defence Committee is right to undertake its inquiry. I was a member of that Committee when such an inquiry was foreseen. The hon. Member for Portsmouth, North (Syd Rapson) was also a member of the Committee, and we both concluded that that was the right thing to do after the Surrey police had reported. The Defence Committee will do precisely what the Surrey police wanted.

I hope that the Secretary of State will be able to answer some questions about the recommendations of the Surrey police—for example, whether there should be any independent oversight of Army recruitment and training. It would be helpful if he also made an announcement today about staffing ratios.

Annabelle Ewing: The hon. Gentleman said that a public inquiry would not unveil more than we already know, but we do not know what Surrey police concluded in their report to the coroner last September. No one knows that because no one has been allowed to see the report. Surely the families are entitled to the best shot that they can get to discover what happened to their children, and a public inquiry is the only route that could secure that.

Mr. Howarth: It is for the coroner to respond to the Surrey police report. The easiest thing for me to say would be, "Yes, let's have a public inquiry," but I am not sure that it would achieve what the hon. Lady and others want it to.

I shall conclude in order to leave the Secretary of State enough time. It is important to get the balance right and see the situation in perspective. In the past seven years, 12,000 recruits have successfully passed through Deepcut and contributed to the outstanding professional combat operations that we have recently seen in Iraq. It is important not to lose sight of that, but it is also important, not just for the families to whom tribute has rightly been paid today, but for the entire nation that we can have confidence in the duty of care given by our armed forces to those in their charge.

Mr. Deputy Speaker: The House welcomes the Secretary of State to respond to this debate.

10.41 am

The Secretary of State for Defence (Mr. Geoffrey Hoon): I begin by congratulating the hon. Member for Montgomeryshire (Lembit Öpik) on securing this debate. He has raised an important subject that has attracted considerable attention both inside and outside the House. I am also grateful for each of the contributions that have been made and the general and specific points raised by hon. Members. I take this opportunity to apologise on behalf of my right hon. Friend the Minister of State that he is unable to be here today due to a prior commitment to visit our forces in Afghanistan.

The events that we are discussing have one common, central truth. Four young soldiers died tragically and before their time between 1995 and 2002. The deaths of Sean Benton, Cheryl James, Geoff Gray and James Collinson represent personal tragedies for them and each of their families. They are also a source of great sadness both in the Army and throughout the services. I extend my sincere condolences to each of the families. I respect the sorrow and difficulty that they have borne over the years, I understand their desire for answers, and

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I accept that in some respects they have not been looked after to the highest standards that we now expect. For that, I apologise unreservedly. I share their desire to ensure that others do not suffer as they have suffered. The personal and tragic events at the heart of this debate should remain in our minds throughout.

We have heard several concerns expressed this morning, and a number of accusations have been made. However, there are two principal questions at the heart of this debate. First, do the deaths, together with deaths at other locations, somehow suggest that the Army is failing generally in its responsibilities to its young people? Secondly, do we know all that we can reasonably expect to learn about the circumstances in which the young people lost their lives?

The first question is exercising members of the Select Committee on Defence, which recently announced its inquiry into how the armed forces discharge their responsibilities to recruits in training. I must be careful not to pre-empt its judgments, but I hope that it will help the House if I set out the broader context of today's debate. Our armed forces are approximately 190,000 strong, and the Army consists of some 103,900 regular and full-time reserve personnel. Last year, 9,794 recruits passed through the Army initial training organisation and joined the field Army. Most will go on to have challenging, enjoyable and rewarding careers and will eventually leave the Army equipped with a range of skills and experiences that in many cases were beyond their hopes or expectations before they signed up.

The Army is extremely successful at training its people. It takes young people and turns them into the likes of Trooper Chris Finney, whose quick thinking and exceptional bravery last year saved the lives of his crew mates in Iraq. The ultimate and enduring proof of that is the Army's effectiveness on operations. They range from war fighting through peace support operations and counter-terrorist operations to supporting the United Kingdom civilian community in a variety of different roles. Operations take place in such diverse theatres as Iraq, Afghanistan, Sierra Leone and the Balkans. It is not an organisation unable to look after its own, reeling under the burden of systemic weaknesses in its training and support structures or incapable of self-criticism and improvement. It is a healthy institution of world renown, of which we should all be proud. The health of the armed forces rests on the quality of the men and women who join voluntarily. They draw their recruits from the society around them.

In training, we seek to provide not only the skills and expertise to do what is required on the battlefield but, just as important, the character to apply those skills. The armed forces exist to defend the nation's interests and, where necessary, to apply lethal force in that national interest. At the heart of that requirement is a need to do so in a disciplined manner.

Force is not the only means by which our armed forces achieve their aims. Much is spoken of the ability of our armed forces to win hearts and minds. That relies in no small measure on the judgment, discipline and self-confidence of the young men and women on the ground. To achieve that, their training is demanding and, necessarily, progressive. Integral to the training is the requirement to develop the ability of recruits to accept responsibility for their actions. We value our people highly and pride ourselves on the exacting standards that we maintain, both in the training that we provide and in the care that we offer.

I accept that there is risk, but the purpose of the armed forces is to operate and succeed in an uncertain and dangerous environment. A training regime that failed to develop individual responsibility and foster a willingness to take measured risk and address danger would fail the country. That is a point well made and recognised by my hon. Friend the Member for Blackpool, North and Fleetwood (Mrs. Humble). I am grateful to her for taking the time and trouble to visit various military training establishments.

I will now deal with some of the more specific points raised by the hon. Member for Montgomeryshire. Statistical analysis has shown that, in overall terms, the number of coroner-confirmed suicides and undetermined deaths in the armed forces is significantly below the norm for Britain as a whole. In fact, the rate is less than half that which could be expected across the civilian population.

However, more detailed analysis has shown that more young men in the under-20 age group die in such circumstances in the Army than would be expected compared to the UK civilian population, although the small numbers involved mean that a small change can lead to a significant variation. There have been 27 such deaths over a 10-year period, against a civilian cohort of 18. That statistic is, of course, concerning and we are therefore insisting on further investigation of the subject. Ministers will continue to require that a proper explanation is given of those statistics or they must be persuaded that action has been taken to deal with whatever problem the statistics display.

Every death is deeply regrettable, and when it occurs we strive to learn lessons to ensure that, in so far as we can, processes and procedures are modified to avoid a similar incident occurring in future. The figures do not show that suicide and undetermined death are endemic in our Army. The Princess Royal barracks at Deepcut has come under particular scrutiny. There have been four tragic deaths there in the past nine years. That is, certainly, four too many. The death of Private Sean Benton in 1995 was the first at that establishment since 1965.

There is no doubt that bullying is insidious and corrosive and is the very antithesis of the principle of self-discipline and the concept of teamwork on which so much of the success of the armed forces is founded. I accept that there is a fine line between unnecessarily overbearing behaviour and the robust approach to training and discipline that the armed forces have to take to prepare their people for the harsh environment in which they may be asked to operate. That is a line that the armed forces are well practised at treading. No one should be in any doubt that bullying has no place in the Army or the armed forces. It is rooted out whenever and wherever it is discovered.

There have been many assertions in the media and elsewhere of systemic bullying in the Army. Our policy of zero tolerance to bullying is simply that. It does not mean that bullying does not occur. We can, and do, make our policy clear, but even with the best regime in the world, bullying may occur. Where we are aware of

it, we will deal with it robustly. What we cannot do is investigate rumour and hearsay. Without the co-operation of those affected, we cannot succeed. Those who allege bullying must come forward. I assure hon. Members that allegations properly made will be thoroughly investigated.

Of course it is right to probe, to verify and to seek improvements. That is what this debate is about. During the course of their investigations, Surrey police provided some helpful suggestions about how to discharge the Army's care responsibilities. Their work in the supporting investigation by the deputy adjutant general has produced real changes in the way we work.

I want to pick out a few of the measures that have already been taken. We have accepted that the ratio of recruits to instructors rose far too high in the mid-1990s, particularly in phase 2 establishments. Ratios in excess of 50:1 were not untypical then, but that has now been directly addressed with the provision of an additional 179 instructors in the training organisation. The target ratio of 38:1 is being achieved or exceeded in all phase 1 and phase 2 training establishments. That change is already having a real effect.

The situation of soldiers awaiting trade training—SATT—in which recruits are required to wait between completing one trade course and starting the next, has been cited as one of the potential causes of frustration, anxiety and lack of focus among young recruits. I can report some significant improvements on that. SATT figures are now at an all-time low right across the Army's training organisation.

Guarding routines were identified by the deputy adjutant general as a substantial contributory factor in the level of opportunity risk to young recruits, specifically at Deepcut. Day-to-day responsibility for managing the guarding function at the Deepcut site now falls to the Military Provost Guard Service, which is also taking on an increasing proportion of guarding duties. That has significantly reduced the burden on trainees and the opportunity risk identified in the DAG's report.

In addition, the MOD director of operational capability has examined the initial training of non-officer recruits across all three services. That work has produced 58 different recommendations, the majority of which have been implemented. Others still require funding, but we are addressing that and making progress. The director's report has established a co-ordinated system for the identification and application of best practice in initial training across all three services.

I hope that hon. Members will accept that that amounts to a persuasive case that the MOD is not failing, that its leaders are not complacent but are taking their responsibilities seriously and that we remain sensitive to the needs of our people. I am happy for that to be tested by others and therefore welcome the Defence Committee's interest in the same way that I welcomed the analysis in the fifth report of the chief constable of the Surrey police, which was published last month. He acknowledged our efforts to secure improvements, but he was far from uncritical. He believed that we could have been quicker at learning lessons from the two earlier deaths. He went further by saying that, although it is clear that a change process has been initiated, in his view

"a broader enquiry is necessary to provide assurance that the current momentum in the development and implementation of regime improvements is sustained".

He went on to suggest, among other things, that the inquiry should consider

"how independent oversight might help the Army define and maintain appropriate standards of care for young soldiers."

The issues raised are complex and have significant implications. We are not yet in a position to announce what action we intend to take in response. I am sorry if that proves frustrating for the families and for hon. Members, but this is not a case of prevarication. Several factors must be considered and we are determined to get this right. For example, the possibility of engaging with an external organisation to provide some independent oversight of our training arrangements and the discharge of our care responsibilities has certain attractions, but we must think carefully about which organisation would be best qualified to carry out such a role and what should be the limits of its responsibilities. It will be a challenging task, which will require experience of care issues, ideally in relation to young adults, and armed forces training, as well as a demonstrable independence from the MOD.

In addition, my right hon. Friend the Minister of State is anxious to meet all four families before final decisions are made. He has already met two of the families and is in contact with a third family about a meeting in the near future. I hope that we will be in position to make an announcement to the House next month on the way ahead.

Each of the four families has suffered a grievous loss that will affect them for the rest of their lives.

Lembit Öpik: Will the Secretary of State give way?

Mr. Hoon: If I may make a little more progress, I shall give way in due course.

It is clear that in certain respects the support that we provided to grieving relatives fell short of the standards that we demand of ourselves. I extend my sincerest apologies to the families for the additional pain that that caused. It is clear that each family feels poorly served not only by the institution whose responsibility it was to protect their loved ones but by those who were responsible for finding out what happened. That said, the deaths and the actions taken in response to them have been subject to thorough and detailed examination. Surrey police spent 15 months and have been assiduous in their scrutiny of each case. They declared that they had no intention of pursuing any criminal charges in respect of the deaths. Their press release of 19 September 2003 stated:

"Despite the scale of the investigation, no evidence has come to light so far to indicate any prospect of a prosecution directly related to these deaths."

Their conclusion on causation was clear.

A coroner's inquest provides the established route by which the legal right to a public investigation following a death is satisfied. Inquests into three of the deaths have already been held, and the coroner has confirmed that the Surrey police investigation brought to light no new evidence that would warrant him seeking to open new inquests in these cases. He will in due course examine the circumstances of the fourth death—that of James

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Collinson. Internally the Army has commissioned two boards of inquiry and made the findings known to the families. It will convene a third and fourth when the coroner has completed his work.

I therefore see several difficulties associated with the kind of inquiry proposed in the debate, and I return to the second of my initial questions. What could a narrowly focused inquiry reveal about the circumstances of individual deaths that successive internal and external inquiries have not? What evidence is a further inquiry likely to uncover that has not already come to light, particularly with the passage of time since the first two incidents? What reasonable grounds are there for suspecting that the truth, in so far as it is knowable, has not already been established?

I wonder, too, whether there is a uniformity of view among those calling for a public inquiry about what such an inquiry would cover. If an inquiry were to focus on the individual circumstances surrounding specific incidents, should it relate to the four deaths in question, or, as has been suggested, have a wider remit to investigate other deaths in other locations? If the latter, which and why, and where should a line be drawn?

The intended purpose of such an inquiry is to get closer to the truth about what happened; I ask how realistic that is. If the purpose is to reveal weaknesses in procedure and inadequacies in the Army's handling of the families, which appear to be the basis of the case presented by the hon. Member for Montgomeryshire, it is arguable that its work has already been done and its conclusions already accepted. Errors were made, which I hope will never be repeated. I accept that we are still not yet as good as we should be as far as this matter is concerned, but we have worked hard to put things right and we continue to work hard to implement the wider lessons.

Lembit Öpik: Given the lack of time, I will not rehearse the arguments made by hon. Members. However, I am concerned about having an inquiry into the four deaths at this stage, so there should be no confusion in that respect. Is the Secretary of State saying that he does not have any concerns about the contradictions, the lack of compassion, the fears about bullying and the apparent lack of evidence that have been highlighted? How does the right hon. Gentleman respond to the belief of Surrey police that a more specific inquiry with regard to Deepcut is necessary and appropriate?

Mr. Hoon: I think that I have addressed those issues. The matters and inconsistencies were thoroughly considered by Surrey police in the course of their 15-month inquiry, as my hon. Friend the Member for Hackney, South and Shoreditch (Mr. Sedgemore) pointed out. It is difficult to see how a further investigation, which could only rely on the same investigatory techniques deployed so effectively by Surrey police could produce any further facts that would allow us to reach a conclusion.

Several hon. Members *rose—*

Mr. Hoon: I can give way, but I will not be able to deal with the points made in the debate if I do so.

Mr. Deputy Speaker: Order. May I suggest that the Secretary of State be allowed to complete his speech? This is a sensitive and important debate.

Mr. Hoon: Thank you, Mr. Deputy Speaker. In conclusion, I assure the House once again that my ministerial colleagues, the Army chain of command and I are acutely aware of the sensitivity of these issues and the continued public and parliamentary interest in them. We deeply regret the death of anyone in our charge; we recognise that we have a duty to the families of those who have died and we apologise unreservedly where that duty has not been fully discharged. We know that there is nothing that we can do to restore loved ones to their families; what we can do is continue to ensure not only that our house is in order, but that it is demonstrably so.

Mr. Gerald Howarth: Will the Secretary of State give way?

Mr. Hoon: No, I will not. This is a theme that my right hon. Friend the Minister of State with responsibility for the armed forces will take up in more detail when he makes an announcement to the House in the coming weeks. In the mean time, we continue to demonstrate that we have nothing to hide. We co-operated fully with the Surrey police and gave them full access to our archives; the joint Army-police learning account, which is a mechanism for recording lessons learned and tracking progress made in implementing them, is testament to that co-operation.

Now that the police investigation is concluded, we intend to give similar access to the wider public. Many of the documents on which the chief constable drew in his fifth report are now in the public domain. We published those documents; they were not dragged out of us.

We have for some months been encouraging hon. Members to visit training establishments, and seven have so far been visited, but the take-up for the programme has been low. We continue to stress the importance of hon. Members seeing for themselves what life is like for recruits in training, and how we approach the training task.

One further visit is currently planned, which will take place on 16 June and will include Princess Royal barracks, Deepcut and the Army training regiment at Winchester. Other visits will be arranged subject to take-up so that as many as possible can take advantage of these opportunities and see for themselves what an outstanding job the Army does in training its people.

Mr. Deputy Speaker: I congratulate hon. Members who have contributed to the debate on their balance and the responsibility that they have shown. The House is grateful.

Touring Circuses

11 am

Mr. Peter Luff (Mid-Worcestershire) (Con): I am grateful for this opportunity to debate a subject of great importance to those affected by it. I welcome the Minister for the Arts to her position on the Front Bench, and express my gratitude to her colleague, the Minister for Sport and Tourism, who normally leads on this subject. I must emphasise that we are here today to find solutions, not to point the finger, and the Minister should read nothing whatever into the fact that my tie depicts the Government's own big top, the millennium dome.

The central question is this; for how long will families be able to "roll up, roll up" to the big top on their village green, town park or farmer's field? Is this the end of the road for the big top? It is appropriate that we should consider this because, when one thinks about it, Parliament is itself something of a circus. The Speaker—or you, Mr. Deputy Speaker—holds the ring, while the tightrope artists walk the difficult line between popular opinion and political reality, or between party view and personal convictions. The jugglers keep all those challenging balls in the air, while the trapeze artists swing from one side to the other of every argument, the lion trainers face up to the big issues of our time and—let us be honest—the parliamentary clowns perform. Most of the time, I feel that I am juggling lions.

My interest in the circus began 42 years ago at school when I made a friendship that has lasted for life with Gary Smart, grandson of Billy Smart. With him I visited Billy Smart's winter headquarters at Winkfield row, near to where I lived. His guilty secret, and mine, was that we went on regular school trips to Billy Smart's leading rivals, Bertram Mills at Olympia, and enjoyed them greatly.

The problem that we are addressing today is that the Licensing Act 2003 was intended to deal with alcohol, entertainment and sporting events in permanent structures, not with tents visiting up to 60 different venues a year. The Act was not designed for the particular needs of touring companies in tented venues pitched on grass. That is hardly surprising as—for reasons of cock-up, not conspiracy—the circus industry was excluded from the consultation on the Bill. It is no surprise that that the Government do not know why they need to license circuses. Is it on health and safety grounds, which are well covered by existing provisions, or is for the protection of children and public order, which is pretty irrelevant at a family circus?

The threat to circus is an even greater tragedy as it was invented in Britain. It is a little known fact that it was born a couple of hundred yards away from where we are now, on the south side of Westminster bridge, on land owned by St. Thomas's hospital, in 1768. Philip Astley was a sergeant-major who had served in the 15th Light Dragoons in the seven years war. He was a gifted horseman and when he retired from the Army, he became an equestrian trick rider and performed at pleasure gardens in London. Astley opened his riding school just across the river in 1768. He set up a ring, calling it "the circus"; derived, I believe, from the French word for a circle.

By 1772, the circus needed some variety, so Astley hired jugglers, acrobats, tightrope walkers and clowns, inventing the format of the modern circus. Circus spread from this small ring adjacent to Westminster to Russia and the court of Catherine the Great, and to the rest of Europe and to America. Indeed, as a British cultural export, it is easily as successful as my great hero, Shakespeare.

However, the burden of licensing under the 2003 Act now threatens to kill or seriously maim touring circus in the UK. The industry believes that if the Government do not change their mind, we could lose up to 80 per cent. of touring circuses. There are three main reasons why we should be concerned about that, and why the Government must act. First, the assurances that were offered that circus would be exempt from the Licensing Act 2003 have not been kept. A letter in November 2000 from an official in the Home Office—which then had responsibility for the legislation—to Malcolm Clay of the Association of Circus Proprietors said:

> "I have spoken to colleagues within the Home Office and at the Local Government Association and at present the Home Office does not plan to include circuses in the scope of the White Paper or any future legislation."

The Government never meant to license circuses, which have been dragged into legislation by accident. When the policy changes took place that led to that accident, no one told the circus industry.

Secondly, the purposes of the Act are being inconsistently applied. Those purposes were to prevent crime and disorder, maintain public safety, prevent public nuisance and protect children. However, bizarrely, travelling fairgrounds are not covered by the Act and they are all too often scenes of crime and disorder. They are often unsafe, a public nuisance and a danger to children, unlike the family entertainment that is circus. Why do the already well-regulated circuses not enjoy a similar exemption, and why do fairgrounds and circuses not share the same regulatory environment?

Thirdly, and perhaps most important, we do not want to harm circus. Circus is probably our most undervalued art form. Despite the cultural elitism of the reviewers in the leading national newspapers who too often ignore circus, it remains immensely popular and very skilful, too. Millions of people visit circus every year and circus is, of course, the ultimate touring art—something that the Arts Council has always been very keen to promote—visiting even the smallest communities in our islands. And—joy of joys—it is unsubsidised. What is more, there has never been so much interest in circus skills, from juggling on street corners to circus societies at universities. If that interest is to flourish, there must be the opportunity to see real circuses locally.

It is true that the death of circus would be the death of a whole way of life. Many circus performers and circus proprietors follow a family tradition that reaches back many generations. The significance of "classic" circus was acknowledged by Arts Council England in its "Strategy and Report on Circus" in 2001. That report, and a more recent one from the Circus Arts Forum, cites recent survey figures stating that on an average Saturday during the circus season—between early spring and late autumn—more than 180,000 people will see a circus performance. Just over one in five people will visit a circus each year, and 50 per cent of the population have visited a circus in the previous five years.

[Mr. Peter Luff]

Circus is a living art form. Traditional circuses have been influenced by more modern approaches to circus, such those of Cirque du Soleil, and there has been a conscious move away from the use of trained animals. Some people welcome that, others do not; but it has happened.

Some 90 per cent. of British circus organisations provide outreach and education activity. For example, only two weeks ago, in the area of the country where the Minister and I come from, Billy Smart's Circus donated its facilities for the launch of a new initiative by Wolverhampton city council and other organisations to guide children in safer surfing of the internet. Circus is increasingly used in regeneration projects and as a means of reaching disaffected youth; 86 per cent. of young people using circus to develop circus skills showed a marked improvement in general school performance.

The traditional touring tented circus, by travelling from town to town and from village to village, reaches people who would not otherwise experience live performance. Almost everywhere in the country—from villages to large cities—will usually receive a visit from at least one circus during a season. Circus introduces very young people to performance and, I strongly suspect, is a powerful but insufficiently recognised recruiting ground for performances by dance and theatre companies as those young children grow up.

As is the case in the production of theatre, if the small ones are closed down, the opportunity to bring on young performers is squandered. However that is more important to circus than theatre because the performers do much, much more than perform and must learn every aspect of circus life.

There are about 35 tented circus operating in the UK, and although circus is an established part of the cultural life of the country, the majority of those remain family businesses. Most tented circuses do not have a permanent administrative base, but instead operate from the back of a caravan. That is the root of the problem. Such very small businesses, already overwhelmed by coping with running their businesses—planning routes for example—cannot cope with an intrusive licensing regime.

What is the problem? There are three separate problems. The first is the substantial, additional and unnecessary regulatory burden placed on circuses. They are, after all, already subject to substantial health and safety, and planning, regulation. The second is the imposition of an inflexible licensing regime on an industry that simply has to be flexible and entrepreneurial to survive. The third is the simple question of cost.

I shall consider those one at a time. As regards regulatory burdens, the legislation could not sustain a regulatory impact assessment for a touring circus. Most circuses perform on up to 40 different sites a year, often visiting a venue for only three days. Under the new regime, most circuses will have to secure a full premises licence for each site that they visit. A typical circus will have to bear the administrative burden of applying for and negotiating up to 40 licences a year, with varying sites each year—circuses return to different places in different years—and 40 sets of fees.

We face the odd prospect of a circus facing a licensing system that is 40 times more burdensome and costly than the system faced by Old Trafford football ground, the Royal opera house or even a yearly heavy metal festival, such as Knebworth or Donington. Small businesses run from the back of a caravan and with no administrative support except the proprietor's wife simply cannot cope with that.

The second issue is inflexibility. I think that there are signs that the Government understand the significance of that threat to the future of circus, for which I am grateful. That issue is important because the Act has an impact on circuses' ability to change site at short notice. Circus relies heavily on the weather. Heavy rainfall and saturated ground conditions can mean that a site is unsuitable and possibly dangerous for erecting the big top. In such circumstances, circuses must find another, more suitable site at short notice. Alternatively, a circus may arrive in town, discover that a competitor has just been there and need to move to find a fresh audience.

Under the new licensing regime, however, the option of moving site at short notice risks being denied to circuses, because a full premises licence is likely to take four to six weeks from application to approval. A circus facing that problem will typically lose a week of performances and the box office revenue that that generates. The loss of only a week's revenue is financially damaging to many smaller circuses, and an unseasonably wet summer, for instance, could devastate the whole industry.

The third issue is cost. The circus industry already operates on very tight margins. If a small touring circus visits 40 or more venues a year and we assume that there is a charge of £500 each time—that is a big assumption—the cost will be £20,000 for the circus. Of course, we do not yet know the cost of the licences. A sliding scale of charges based on rating valuation has been suggested but as farmers' fields are not valued for rating purposes, how on earth will it be calculated? The cost will be even higher for the smallest circuses. One small circus that tours mostly Kent and the south and that could quite possibly play 60 or so venues annually is John Lawson's circus. There is also Peter Jolly's circus—I rather like that name; no relation—which was in Chasewater park in Staffordshire on Sunday. Bills for those tiny enterprises could be some £30,000 a year.

What is the solution? We must find one because there is no evidence of public harm associated with circus, the industry is already covered by a stringent safety inspection regime and local planning requirements, and the Government originally intended to maintain the exemption for circus. The need to re-examine the issues is therefore overwhelming.

I do not expect the Minister to rule anything in or out today, but I want her to commit her Department to an even more urgent search for a solution. There are at least two options. The specific exemption of circuses from the definitions of entertainment or sport—there is some uncertainty about which category of the Act they are caught under—in the guidance to licensing authorities would help. I understand the insuperable legislative difficulties that that might involve, but a block exemption is by far the simplest solution.

More technical—I do not have time to explain this at length—is the option of including all circuses, at all audience capacity and for a longer period than the

current 96 hours on a site, in the regime for temporary event notices. That option would, I believe, require circus proprietors to be eligible for a personal licence within the temporary event notice regime. The temporary event notice provisions of the Act offer little help to circuses, as most are too large to benefit, or stay on a site too long to qualify. Had the Act been developed with circuses in mind, a temporary event notice could have been available for, say, a week or 10 days.

One approach that officials have helpfully suggested is for the Government to encourage local authorities to license in their own name areas of public land that could then be used by circuses without the need for a separate licence. That might help some circuses in some parts of the country, but it is far from a complete solution; it would cause a number of practical problems, not least the creation of a line of legal liability for the local authority. Indeed, Birmingham city council has already said that it would not be prepared to do that. Anyway, how many circus sites are controlled by local authorities?

Licensing in Scotland has deterred touring circus north of the border. There is a real risk that we will pay a fortune for local authority bureaucrats to come and look at things that simply do not need looking at. This is not only about circuses; Punch and Judy shows could also be caught. Those shows may have a dubious approach to domestic violence, but I do not suppose that the Government want to end up banning them.

Encouragingly for the Minister, most circuses, and their trade body, would be happy to accept the principle of a genuinely workable licence. However, the talks with the industry have been dragging on for a long time now and there is an urgent need to move them up a gear.

I am not asking the Minister to offer a solution today, but I entreat her to signal that the Government accept that there is a problem, and that they will work out a solution in close consultation with the industry. The Licensing Act 2003 was intended to be a flagship piece of legislation. It must not become an epitaph for the travelling circus.

11.15 am

The Minister for the Arts (Estelle Morris): I am grateful to the hon. Member for Mid-Worcestershire (Mr. Luff) for introducing the debate and for the way in which he has presented the issues.

I am not sure that I shall be able to answer all his questions today but, as he said at the beginning of his remarks, it has been agreed that he can bring a delegation to meet the Minister for Sport and Tourism. It is essential that the detailed issues that have been raised by the hon. Gentleman today continue to be discussed between the Government and the industry. I am grateful to the hon. Gentleman for agreeing to bring that delegation.

The hon. Gentleman said that it is not the case that the sector does not want to be regulated, but that it wants a regulatory system that meets its needs as well as those of the wider community. That is also the Government's aim; to find something that we and the industry believe will achieve that.

Before I address some of the detailed points raised by the hon. Gentleman, I should like to acknowledge that circus is something that we treasure in the UK. It is part of our heritage and, as fashions in entertainment have come and gone, circuses have remained. We can all remember them in our own childhood, as our grandparents can remember them in their childhoods.

Some months ago, I went to see the Jerwood circus awards in east London. I am not sure whether circus is a sport or an art—it is one of those crossover areas—but it involves a huge level of skill, commitment and expertise, and is both graceful and energetic at the same time. I was particularly impressed by the number of young people who were engaging in it, which shows that the sector is carrying out its obligation to the next generation in training and in contributing to social cohesion.

I also acknowledge the strength of feeling in the circus industry. I accept that a letter was sent that gave people in the industry reason to believe that they would not be covered by the regulations, and I know that it has not been an easy time for the industry. However, it has not been an easy time for anyone covered by the licensing regulations; balancing the interests of the public and the wider community with those of performers is not easy.

Mr. Luff: But does the Minister accept that most sectors had the chance to contribute to the consultation, but circus did not, because it was thought to be exempt? That is the crucial point for circus.

Estelle Morris: I will come on to that in a moment. Circuses feel more strongly about the matter than anyone else and more aggrieved than any other entertainment sector. Most of the other industries have settled their differences with the Act and with the Government, but the circus sector has not done so.

I remind the House that the 2003 Act was intended to be broadly beneficial to industry and to the entertainment sector, because it integrated six existing licensing regimes into one. The aim was to reduce the bureaucracy and paperwork to which the hon. Gentleman referred. The deregulation affects some 180,000 businesses, of which circuses represent about 30. That does not make the issue any less important for circuses, but part of the problem has been that one law covers so much of the entertainment industry, which has different interests.

It is important to remember that the current regulatory system governing circuses is not perfect; it is a patchwork that offers neither stability to the circus industry nor the necessary assurances to the public. Circuses have been subject to regulation that is confusing and not always consistently enforced across the UK.

As the hon. Gentleman said, circuses are covered by health and safety legislation and, in some cases, by local byelaws. Some of their activities fall under the requirements of the Theatres Act 1968, but whether that Act has been applied and enforced depends on different local authorities and their understanding of the provisions.

It is therefore important to remember that we were not moving from a perfect system to a less-than-perfect system. I am not saying that there have been major embarrassments, but the licensing system was not logical, nor was it consistently applied. The aim of the 2003 Act was to provide that consistent, unified system for the licensing of certain activities.

[Estelle Morris]

It is often said that health and safety legislation should license circuses, but it does not deal with issues such as crime and disorder, the prevention of public nuisance or the protection of children from harm, which are just as relevant to licensable activities at circuses as to other forms of entertainment.

Mr. Luff: I should like to challenge that assertion. How much antisocial behaviour or public disorder has the Minister seen at a circus?

Estelle Morris: I am not sure that I have seen any. Circuses are held in my constituency, as are funfairs, which are subject to the same regulations and are not exempt. Urban areas such as the one that I represent contain open space on which circuses and funfairs can be held. They are well-run institutions, but nobody could argue that the potential for antisocial behaviour does not exist. That may be sad, but it is probably true.

There are four licensing objectives: the prevention of crime and disorder; public safety; the prevention of public nuisance; and the protection of children from harm. The argument is that those objectives are as relevant to circuses as to any other form of entertainment.

As I said, the circus industry has a good record, but circuses are large commercial events that attract big crowds, a significant proportion of whom are children who are not always accompanied by parents or do not go as part of a family unit. Perhaps that was the case when the hon. Member for Mid-Worcestershire and I went to circuses as children. I hope that the circus industry will acknowledge the possible risks.

I accept that the circus industry has no objection to being licensed, but does not like the scheme approved by Parliament as part of the 2003 Act. The circus is licensed not by the 2003 Act but by the extent to which it carries out licensable activities—

"the sale by retail of alcohol ... the supply of alcohol by clubs",

under neither of which would circuses be caught,

"the provision of regulated entertainment",

under which circuses would be caught, and

"the provision of late night refreshment",

under which they may or may not be caught. Therefore, only circuses that carry out any of the four licensable activities, as defined in the Act, would require authorisation.

Circuses may be involved in the provision of regulated entertainment, which includes the performance of live music or the playing of recorded music, a performance of a dance or an indoor sporting event. For the purposes of the 2003 Act, sport includes

"any form of physical recreation which is also engaged in for purposes of competition or display".

Acrobatics or trapeze acts are likely to be caught by that definition. It would ultimately be for the courts to determine whether circus activities fell into one of those four categories, if somebody chose to take the matter to the courts, but our intention is that they should be covered by that licensing regime.

With regard to consultation for the 2003 Act, the hon. Member for Mid-Worcestershire referred to the Home Office undertaking that there were no plans to license circuses. That is the case. Nobody denies that the letter exists. We have all had a chance to see it. It was a letter in November 2002 from a Home Office official in response to a letter from the Association of Circus Proprietors of Great Britain about the licensing White Paper. The Act was at the White Paper stage then.

Ministers subsequently considered more than 1,200 responses to the White Paper consultation and announced their conclusions and their intention to legislate in May 2001. When the results of the consultation were published, people changed their minds, and it was decided to bring circuses under the remit of the new Licensing Act. Therefore, when the Bill was published in late 2002 it did not include an exemption for circuses or pleasure fairs.

I can see that that was a disappointment for circuses and that it would have come as a surprise or a shock—they had been given assurances that they would not be covered and then they were—but I do not accept that they did not know that the change had been made. Indeed, the Association of Circus Proprietors of Great Britain wrote to Ministers in January 2003 to clarify the position, and all correspondence during the passage of the Bill made it clear that circuses were not exempt.

Mr. Luff: The Government did not reply to that letter until 14 April, three months later. That is a pretty sorry story.

Estelle Morris: That was wrong, and I apologise. That letter should have been replied to sooner, especially in the context of a Government changing their mind after consultation. I was not in the Department at the time, but I remember during the passage of the Bill that the issue was raised. Although there was disappointment, there can have been no doubt that circuses would be included in the Bill. Circuses should understand that the Arts Council has actively raised their concerns and been a strong advocate of their position with Government. The Arts Council was included in our advisory group from an early stage and considered the contents of the draft Bill between July and its publication in November.

I shall make a few more points before summing up. The first is about the cost of licence fees. The licence fees for premises have not been finalised, and I understand that that is an important point. We have said on many occasions that we estimate the fees to be between £100 and £500. They are likely to be based on non-domestic rateable values. I take the point that the hon. Gentleman made about agricultural land, often the location for circuses, not being rated for that purpose and I will either drop the hon. Gentleman a line or ask my right hon. Friend the Minister for Sport and Tourism to take that point up later. However, it is clear that most open land that would be a location for circuses would be expected to pay no more than about £100 for a licence fee.

An important point that was not mentioned and will be helpful for circuses is that there is no bureaucratic renewal process under the new regime; licences will be valid indefinitely if they are not revoked or suspended. If circuses follow a pattern of visiting similar sites each year and have gone through the paperwork and paid the fee for the first year, they will stand in good stead for the second year because they will have a licence to perform on that piece of land. It might be difficult for the first year or cycle,

but it will get easier as time goes on. To be absolutely clear, in subsequent years, licence holders will pay only an annual charge to cover inspection and enforcement activity. That will not involve paperwork and the fee will be lower than for the grant of a premise licence.

We have been exploring with local authorities the hon. Gentleman's point about the possibility of them seeking a licence for the area of land that would cover visiting circuses or funfairs. Local authorities are nervous about their liability if they seek a licence, but we believe that they will not be subject to any greater exposure than at present. The Department is still actively working with local authorities on that. That is our preferred way forward; if local authorities license the land, many problems would be solved.

I clearly cannot promise to reconsider either the legislation or Government's decision to not exclude circuses. However, I can give an assurance that we are happy to discuss the details and areas that have been raised today, for example surrounding the activities and charging of local authorities. An appropriate way forward might be for me to report to my right hon. Friend the main points that have come from this debate. I hope that when the hon. Gentleman takes a delegation to the Department, the details raised today can act as a starting point for that those discussions.

11.30 am

Sitting suspended until Two o'clock.

Ceramics Industry

2 pm

Ms Joan Walley (Stoke-on-Trent, North) (Lab): This is an important debate and I am grateful for the opportunity it gives to north Staffordshire Members, who are present in force, to debate the effect of the closure of Royal Doulton's last remaining manufacturing plant in Nile street, Burslem, in my constituency, which is not far from your constituency, Mr. Deputy Speaker. The closure was announced on 26 March.

I am very pleased that the Minister is in his place in good time for the debate, fresh from his travels yesterday to Stoke-on-Trent. I know from his stance and from his work in the Treasury and in the Department of Trade and Industry that he is au fait with the problems that Stoke-on-Trent faces. He has a detailed grasp of the ceramics industry, and I want him to take on board the experience of people in Stoke-on-Trent and to work with us to improve the industry.

We want the Minister to reaffirm the Government's long-term support for business and enterprise in the region, especially in the ceramics sector, which must involve all Departments. The Government must continue to take a special interest in the outcome of the Lyons review, which was set up to oversee the transfer of Departments away from the south-east to areas such as mine, where the benefits will be so much greater. We hope to be able to take a clear message on the matter to the Deputy Prime Minister and to the Chancellor.

I shall explain the background to the debate. Royal Doulton came to Burslem from Black Prince road, just over the river from Westminster, following the successful collaboration with Pinders. By 1884, Royal Doulton became the sole owners of the Nile street site and built a china section. From then on, Royal Doulton built its profits and its business on generations of skilled pottery workers in our area.

Fifteen years ago, when I was part of a parliament and industry fellowship trust with the company, it employed about 7,000 workers, and the Royal Doulton brand was to die for. It was a symbol of the best of British industry, by appointment to Her Majesty the Queen, and renowned worldwide. However, since then, successive managers of the company, especially the latest duo, Hamish Grossart and Wayne Nutbeen, who were supposedly brought in to rescue the company, have succeeded in closing the last remaining factory in Stoke-on-Trent. Workers have been let down by successive managements, but nothing can compete with the callousness of Grossart and Nutbeen in handling the announcements, as my hon. Friend the Member for Newcastle-under-Lyme (Paul Farrelly) made clear at an annual general meeting earlier this month.

This is a double-edged debate: it is about the sheer incompetence, betrayal and failure of Royal Doulton, and it distinguishes between the deplorable way in which one company has conducted itself compared with the approach of responsible companies in Stoke-on-Trent and north Staffordshire, which, however challenging the market conditions in the global economy, strive to improve competitiveness and contribute to the local economy by working jointly with all the stakeholders.

[Ms Joan Walley]

Although today's debate was prompted by the Nile street announcement, even if that had not happened, we were due a debate on the ceramics industry, and we would have secured one. Away from the glare of publicity of the Royal Doulton announcement, there have been many meetings and discussions, followed up by Ministers, to address in detail the issues relating to the ceramics industry that north Staffordshire Members have identified. However, before we can consider in detail what more we can do to support and help to restructure the industry, we must deal with the anger in Stoke-on-Trent about what Doulton has done and how it did it. In my 17 years in Parliament, I have never known anger like it, and it needs to be expressed here, in Westminster.

The anger is everywhere in my constituency and across north Staffordshire and is all-pervasive. One prominent local company director thinks that the situation at Royal Doulton is scandalous and points out that when the chairman and chief executive were appointed to sort out the company, Doulton shares stood at £1.74, whereas when he wrote to me, they were at 8p. He feels that they have shown no concern whatever for the skilled work force. The general secretary of the Ceramic and Allied Trades Union, Mr. Geoffrey Bagnall, accurately summed up the situation as lions led by donkeys.

The anger is felt by the workers employed on the shop floor, who sat on their benches listening to rumours of the factory closure on their local radio stations—BBC Radio Stoke and Signal—on the Friday, while all the time Mr. Nutbeen denied that a decision to close the factory had been taken. The concern is shared by prominent business leaders, who understandably distance themselves from the company for fear of being tarred with the same brush. Shop-floor workers are united in anger. They resent the way in which their loyalty to successive so-called final restructurings has been rewarded with a total factory closure, the transfer of 525 jobs to Indonesia and all the attendant uncertainty in the immediate aftermath.

There are, then, questions that require answers from Royal Doulton. However, its attitude until now has been that it takes its decisions behind closed doors and only once it has taken them does it tell the rest of us what they are. If Royal Doulton will not give those answers, it is up to the Government and the shareholders to investigate and call the people responsible to account to find out exactly when and how they made the decisions and the effects that their announcement will have on the livelihood of the workers, their pension rights, retraining and employment needs in the area, and the Nile Street visitor centre in my constituency, which is financed by European funding and the Government office for the west midlands. I am sure that my colleagues will pick up that point later. It may be worth asking whether, even at this late stage, there is still some way in which the visitor centre can be salvaged as part of the tourism and heritage legacy of Burslem. Also there we have the Royal Doulton heirlooms, which morally belong to their city of origin—Stoke-on-Trent—but which the company says it intends to sell on the open market.

We must also address the wider impact on the local economy just at the time when the Burslem masterplan and urban design plan have been agreed and are being taken forward, hand in hand with the initiatives of the North Staffordshire regeneration zone and housing pathfinder market renewal, which comes under the auspices of the Office of the Deputy Prime Minister.

Will the Minister give us assurances that, where appropriate, Departments will investigate all the ramifications of the Doulton decision? Will he take account of the bad taste of the company's decision to agree a land sale for the factory site at Nile street with St. Modwen before any announcement or detailed consultation with the trade union? That raises all manner of questions about the timing of the company's business announcement.

There is the same incredulity locally that the company could approach the Stoke-on-Trent regeneration company—19 per cent. of which is owned by Stoke-on-Trent city council and the rest by the St. Modwen property development company—and present drawings of a proposed new factory and visitor centre to be leased by Royal Doulton at Festival park in relation to the announcement of the factory closure, and still not meet its statutory obligations to consult about job losses.

How can a large-scale manufacturing outsourced outlet, which is what it will be, dressed up as selling ware made in Stoke-on-Trent and presented as a showcase on an industrial estate selling goods made overseas, benefit Royal Doulton or north Staffordshire? In fact, many people want to take the "Royal" out of Royal Doulton. All its actions fly in the face of the partnerships that so many of us have taken so much time to establish through the work of the regional development agency—Advantage West Midlands—the CATU, the North Staffordshire partnership, the local authorities, the chamber of commerce, the Ceramic Industry Forum, the renowned CERAM Research and the trade association, the British Ceramic Confederation.

The first and last word on the effects of Doulton's announcement must go to the workers. The CATU is working hard to obtain legal redress. I want a strong message to go out to its members that we support them. That prompts the question whether the time is now right for the Minister's Department to carry out further fine-tuning of employment relations legislation and regulations. For example, will he review the redress available to a trade union when a company blatantly ignores its statutory obligation to consult?

John Mann (Bassetlaw) (Lab): The horror that my hon. Friend outlines for Staffordshire Members of Parliament is shared by hon. Members across the country. Should we not have the best employment laws in Europe rather than laws that rank somewhere in the middle?

Ms Walley: I absolutely agree. That is why I hope the Minister will carry out a thorough review of further progress that can be made. I want to see the speedy implementation of the European directive on consultation and information.

However, there is another side to the argument. The House should know—the Minister showed that he understood this when he visited my constituency

yesterday—that the main concentration of the United Kingdom ceramics industry is based in north Staffordshire, predominantly in Stoke-on-Trent, so its survival and success are crucial to the area. That is why the Government have supported funding for the Ceramics Industry Forum and why the industry must continue to go from strength to strength. Support for innovation, design, skills and training must be high on our shopping list of future Government support.

The Minister saw for himself yesterday the real difference that the facilities at work funded by the Government is making to workers. The CATU has also shown what a difference a work force development project can make. Supported by Jobcentre Plus and the Learning and Skills Council, I seek an assurance that he will ensure that the next stage of this funding is speedily—we cannot wait until October—appraised and agreed by Advantage West Midlands. Funding from the European social fund has already been approved, and it simply remains for AWM to agree its contribution.

Will the Minister update us on the progress on tariffs on hotelware, especially in relation to the United States and China, which my hon. Friend the Member for Stoke-on-Trent, South (Mr. Stevenson) and many other hon. Members have raised on numerous occasions, and say what scope there is for further bilateral trade talks? Will he update us on counterfeiting, backstamping, liaison between Customs and Excise and trading standards legislation—and enforcement of that legislation—all issues that we have raised repeatedly, and constructively, with Government?

Will the Minister take account of anxieties over the underfunding of pension funds and the need to compensate employees who worked for local ceramic industry companies that have gone under and who have lost their pension? There is still time for the Government to address that point in the Pensions Bill.

In view of the Minister's combined DTI and Treasury expertise, will he initiate talks with the directors of the main banks to review the way in which the loan guarantee scheme works and see whether it can be used to support investment in the ceramics industry? There is not time to list all the issues, such as transport, packaging or the operation of the European emissions trading scheme, on which I understand talks were taking place with the trade association earlier this morning, but we shall continue to flag them up across Departments to ensure that north Staffordshire remains the centre of ceramics.

If the Minister cannot answer all those points during our short debate this afternoon, will he find the most appropriate way of ensuring that we continue to tackle each and every one of these issues?

2.14 pm

Mr. Mark Fisher (Stoke-on-Trent, Central) (Lab): I congratulate my neighbour, my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley), on securing this debate. As she said, it is badly needed to explore what has gone wrong, to express the horror and anger felt throughout north Staffordshire and by anyone who cares about British manufacturing—feelings run further than just the ceramics industry—and to explore what Government can do and what lessons we can learn.

When great names, including industrial names, fall, a shudder is felt through the world. When the announcement was made, there was a sense of disbelief in north Staffordshire. It seemed incredible that anything could touch the pillars of the industry—Royal Doulton, Wedgwood and Spode—which had been great names throughout the world and symbolic of British industrial brilliance and success for, in the case of Royal Doulton, about 125 years, and in the case of Wedgwood and Spode, about 250 years. We must ask what that means and what can be done.

I want to impress it on the Minister that the industry has been great for the past 250 years and still is, as I hope he saw when he visited north Staffordshire yesterday. Those brand names sell throughout the world because the wares are beautifully made and superbly crafted, and are great designs that are prized and valued. We have a worldwide reputation for quality, innovation and design.

Profits have always been made in the industry and continue to be made. As the Minister will have seen yesterday, several companies, such as Dudson, Steelite and Spode, which trade in the same general market conditions as Royal Doulton, not only survive but thrive. It is difficult, for reasons that we might explore in this debate, for companies to be successful in this complicated industry, because of international market conditions and in the light of new technology, but it is possible. If Royal Doulton has not succeeded, questions must be asked about the management.

Employment in the industry in this country is declining because of technology and lower labour costs elsewhere. However, at the same time, more ceramic ware is produced in north Staffordshire than has been during the 250-year history of the industry. Sadly, few people are now employed. When I first became a Member of Parliament 21 years ago, more than 50,000 people in north Staffordshire worked in the industry; now there are probably fewer than 10,000. Nevertheless, profits are being made, the ware is being produced and there is a future, albeit for a smaller work force. However, according to Royal Doulton's management, they have no future in north Staffordshire.

Nobody disputes that there are difficult market conditions. Labour costs abroad and Government subsidies for the manufacturing industry in other countries, such as China, are factors, as is new technology. Many aspects of the industry, but by no means all, can be carried out effectively by robotics. We have invested well in this country, but those factors put international pressure on the industry. There have also been unfair practices, such as backstamping and dumping, which the Minister will have heard about yesterday. Over the past 10 or 15 years, we have recognised that we cannot compete on cost, only on quality, design and promoting the great brand names. To do that we need skilful management, both industrially and financially. In recent years, Royal Doulton has failed the stringent but realistic tests that others have passed.

When I was first a Member of Parliament, Royal Doulton was owned by the Pearson group as part of a package of high-quality companies. With its great industrial, marketing and financial skills in the City of London, it kept the company going and made it prosper. Since the strategic demands of the group led to its being

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reshaped into a media company, which has different management and ownership now, it has done less well. In recent years, it has appeared to be panicking, selling off good elements like Royal Crown Derby, and last year there was an undignified and rather shameful scrabble to sell off the core symbols of its heritage—its great museum collection. That was done in the stupidest, most ill-considered and thoughtless way, and was symptomatic of the sort of poor thinking that has bedevilled the company in recent years.

As my hon. Friend has said, some difficult questions should be asked by the Government and the financial regulators about the management of the company. This problem is occurring throughout industry when companies fail. The public, employees and—I hope and believe—the Government do not like to see companies that are failing sacking huge numbers of loyal, skilled and important workers, while the directors and management walk away with huge pension schemes and bonuses, having had large increases in salary, packages of relocation and other things during the failing years of a company. To see directors go away lining their pockets substantially while people who have worked for a company for 20, 30 or 40 years are left with nothing, offends the British sense of justice and fair play.

The Department of Trade and Industry must look into the management of the pension scheme and the management of directors' and boards' salaries in recent years, in order to ensure that everything is in order in the company. That needs to be examined, and I hope that the Minister will hear that. It is not an easy thing for him or the financial authorities to do, but it is necessary because there are plenty of signs that in many companies—and Doulton may be one of them—things are not right. That cannot be left unquestioned.

We need a DTI investigation into the financial circumstances of the company in recent months and the whole way in which it has been managed. We also need, as my hon. Friend has rightly said, some assistance from the Government, because the industry is still a good, thriving industry. We are not going to the Government on our knees with a begging bowl saying, "Please save us." The industry is still strong, albeit one that employs fewer people.

The Government have done some good things in setting up the Ceramics Industry Forum and supporting CERAM Research, which is one of the real leaders in high-technology manufacturing research in this country. However, as my hon. Friend says absolutely rightly, there is a possibility—we need to make it a certainty—of getting European Union money. The European side of the £2.7 million has been secured. We now need the regional development agency in the west midlands, Advantage West Midlands, to fulfil its side of the deal, and anything that the Minister can do to speed up the process would also be helpful.

On paper, the European money is lost at the end of June, and Advantage West Midlands is saying that it needs six months to reassess the bid. We do not have six months to spare in this case. We need a little bit of pressure from the Minister to encourage the good people at Advantage West Midlands to consider the matter with slightly more dispatch and make a decision. That is the sort of practical help that the Government can provide.

I very much welcome the fact that the Minister visited Stoke yesterday, and took the trouble to listen to some of the best people in the industry, such as Mr. Ian Dudson. He will have learned a great deal, and I hope that he will be encouraged that what has happened to Doulton is the exception rather than the rule. We have to ensure in what we do during the next few months that it continues to be the exception, and that the rest of the industry thrives, even if weaker brethren like Doulton fail.

2.24 pm

Mr. John Randall (Uxbridge) (Con): I ought first to explain my interest in this subject. I am still the director of a family retail business. Items that we have sold over all those years, going back to 1891, include ceramics, china and glassware.

At one stage in my career, I was the buyer for the china and glassware department, so I understand exactly how much the names that have been discussed by the hon. Members for Stoke-on-Trent, North (Ms Walley) and for Stoke-on-Trent, Central (Mr. Fisher) mean. Those names are part of British heritage; Royal Doulton is part of the British way of life. It was with great sadness that I heard about the demise of production in the UK.

I do not know many of the details of the Royal Doulton case, and I will not comment on what has happened, except to say that when I took over the china department many years ago, I was surprised to find that we had 50 tea plates of one design. Asking the previous buyer why that was, I was told with a certain degree of irritation that it was because that was what the company had sent us. Going back a long time, there was a great arrogance about some of these companies. They were so keen on exports that they ignored the home division and they decided that one was very lucky to be sent anything. If one was sent tea plates with the wrong pattern, it was just bad luck.

Sadly, I could almost foresee problems occurring, yet because of the Royal Doulton name, I could never have envisaged what has happened. It has not always been the best company to deal with, but it would be a great shame for the whole ceramics industry to be tainted by what has happened to it.

Away from tableware and giftware, the industry is thriving. The industrial and construction markets are doing very well. However, it has been extremely difficult for all British manufacturing industry. I was in a debate on the British furniture industry recently where the Minister was present. It has gone through very similar problems, as has the cutlery industry in Sheffield.

About 15 to 20 years ago, I prided myself on the fact that we were selling and could stock our departments with British goods. Sadly, the price became a little high for the good burghers of Uxbridge, and although they wanted British goods, they were pulled towards imported goods. I understand that that is what the market is all about. As the hon. Member for Stoke-on-Trent, Central said, successful companies have relied on quality and a niche market, and I am surprised at some of the companies that have gone under, because of the power of their trade name.

Customers often visit my gift department wanting to buy something British to take abroad or give to a foreign visitor. Recently, they have been appalled to find how many products with British trade names are manufactured abroad. If we promote British industry in the correct way, there will still be a great deal to say for it.

As the hon. Lady said, counterfeiting, copying and illegal imports are real problems, and it is very difficult for companies to live with them. One has only to tweak a pattern on tableware to make it not exactly the same thing, and hence get away with it. One can also change the name: I must be careful because the companies in question may still exist, but I have seen Royal Doulton spelled differently in several ways, such as Royal Dalton.

I, from the other end, not the manufacturing end and not with a constituency interest, say for heaven's sake we must support the ceramics industry. It is part of Britain's heritage and is something that we should be proud of.

I had not heard about the selling off of the heirlooms. I think that it is appalling. Perhaps the Minister can talk to his chums in the Department for Culture, Media and Sport and see whether they can do something about it. To lose some of those pieces would be absolutely irresponsible. I am pleased that I have been able to speak a little from the customer point of view and to say my little piece. It is incredibly important that we support British ceramics. Each Member of Parliament should do their bit and go out and buy some. They do not have to buy it from my store—although there is a generous discount on production of the House of Commons pass.

2.30 pm

Mr. George Stevenson (Stoke-on-Trent, South) (Lab): I add my congratulations to my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley), of our great city, on securing this debate. It is sad that the background to it is one of so much anger and frustration in north Staffordshire—and in Stoke-on-Trent in particular. Those feelings are based on our facing an unacceptable situation.

We recognise that, like many other areas of Britain, north Staffordshire is going through the most profound economic and social changes. We do not deny that, and although we still have a long way to go, we are managing those changes with a certain degree of success. Those changes are no less profound and serious for that success. We no longer have a coal mining industry at all; after 70 years, Michelin no longer produces tyres in Stoke-on-Trent; and the ceramics industry, one of the mainstays of our economy through the years, faces enormous problems and significant challenges.

As has already been said, particularly by my hon. Friend the Member for Stoke-on-Trent, Central (Mr. Fisher), there are success stories in the approach to managing those changes that we have adopted with the industry, the Government, the Ceramic and Allied Trades Union and the local community in north Staffordshire. We cannot succeed on our own. In that context, the recent events at Royal Doulton have dealt a body blow, not only to the company and, more important, to the people who lost their jobs, but to the heart of that important partnership between the industry, the trade unions, the employers, the employees, the local authorities, Members of Parliament and every stakeholder in the great industry. Despite all the problems and challenges that it faces, the industry remains great. That is why the unacceptable activities of the Doulton company and its management have dealt such a body blow. There is a feeling of real anger about the way in which people have been treated.

To give the impression that the incident has had its gestation in recent months would be wrong. It has been going on for years. When such events happen in different parts of the country—including north Staffordshire and Stoke-on-Trent— we sometimes hear the siren voices saying, "The work force is to blame. They've been too intransigent. They haven't recognised the changes that the industry is facing. The trade unions have not been prepared to be flexible to meet the issues head on." We sometimes hear that the management or shareholders are to blame, because they are concerned about only their own interests. Some siren voices might say that the workers at Royal Doulton and their union representatives have played a part in the situation that we now face, but they would be wrong. Let there be no mistake that this tragic situation is the direct result of 10 years of rank bad management—the sort of management of which this country should be ashamed. For years, the company made products while watching its market disappear. It continued to make the product, stuffed it in store and said, "It's Royal Doulton—sooner or later, it will sell." However, the company found itself with millions of pounds worth of stock that it had to give away. Was the work force responsible for that? No, it was the unacceptable face of British management, and I will argue that the Government have a direct responsibility for and interest in what has taken place.

As my hon. Friend the Member for Stoke-on-Trent, Central rightly pointed out, the tragedy affecting Royal Doulton has wider implications for the British economy. Royal Doulton ignored the dramatic changes that were taking place in the global market. It failed entirely to recognise the fact that people were going out to eat in restaurants rather than staying at home and were therefore not using the same ware as they were in the past. Other important companies in north Staffordshire, which are now doing rather better, recognised those changes and found the work force ready and willing to adapt to them, even though it meant the loss of some employment. The work force realised that the changes were inevitable, and they enthusiastically supported them. We are now seeing the difference. The problems affecting the ceramics industry are not the unfortunate result of an accident or global market conditions. They are the direct result of unacceptable actions by an important section of British management. North Staffordshire has a concentrated dependence on the ceramics industry, but the problems also affect other sectors. That point is important—Royal Doulton is not the only company affected.

That leads me to a point that has already been touched on but which I believe needs to be emphasised. How, in this day and age, when we are supposed to have a constructive framework of employment laws, can a company can get away with such actions? That is what my constituents, those of my hon. Friends the Members for Stoke-on-Trent, North and for Stoke-on-Trent, Central and the trade unions are asking, and we need an

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answer. Why can a major company do a secret deal that has the direct result of hundreds of people losing their jobs without consulting anybody until the deal is done and the announcement is made? How can that happen? What is wrong with our employment law that means that companies can get away with that? What has happened should not be allowed. It is unacceptable, and the Government need to examine it carefully. Although a relatively small company in terms of national and global employment, Royal Doulton is a world-renowned company with a reputation that has been built up over years that has a lot of respect throughout the world. Make no mistake: if Royal Doulton can get away with such action in the name of management, other companies will be allowed to get away with it. Such practices are completely unacceptable.

We in north Staffordshire are determined to meet the challenges and to build on our successes, but we cannot do it alone. We need the Government to act determinedly and in partnership with us to address the problems that still affect the ceramic industry. Unless action is taken, even those companies that we claim are relatively successful will increasingly find themselves pushed out of the marketplace.

The hon. Member for Uxbridge (Mr. Randall) said, in his capacity as a buyer of ceramic products, that his customers, the good burghers of Uxbridge, wanted to buy British goods but were priced out—they felt that the goods were too expensive. That may be so, given the changes that are taking place throughout the world, but we must give the people of Britain—whether in north Staffordshire, Uxbridge or elsewhere—the choice.

Mr. Randall: The hon. Gentleman is absolutely right, but in terms of good management there comes a point when a retail outlet cannot afford to keep offering goods that people do not want. It can try to promote them, but it is up to the manufacturer to make the goods more attractive.

Mr. Stevenson: I take that point. If the hon. Gentleman will bear with me for a few more seconds, I might be able to clarify what I mean by giving consumers the choice. One of the problems faced by the ceramics industry that is products that are manufactured elsewhere come into the UK with no mark of origin and are then decorated in the UK and sold as British products. That is unacceptable. We can discuss price, but we should give British consumers the information that they need to be certain where a product has been produced.

We must impress on the Government how important it is for them to stress, in their dialogue with the United States through the World Trade Organisation, that even if it has been slightly reduced recently, the peak-time tariff of 30 per cent. on our pottery imported into the USA is unacceptable. It is a tax on British goods entering the USA—the most important market for the British ceramic industry. Action must be taken on that issue. In addition, we need to see more evidence that the Government, the European Union and the WTO are serious when they talk about monitoring the import of ceramics from China as part of the WTO accession agreement. We must impress on the Government the importance of that.

I reiterate the point made by my hon. Friends that we are proud of the partnership that we have in north Staffordshire, even with the difficulties that we face. We intend to meet the challenges and are managing the changes positively, but we cannot do it alone. Further investment is necessary. European Union money has been mentioned and Advantage West Midlands must put in its share—the Government must impress on it how important that is. We must also ensure that the framework of investment that will create new jobs in north Staffordshire continues to be available.

Several hon. Members *rose—*

Mr. Deputy Speaker (Sir Nicholas Winterton): Order. Before I call the next speaker, I should say that the Minister has indicated that he will need about 15 minutes to respond to this important debate. I hope that the Opposition spokesman, the Liberal Democrat spokesman and the final Back-Bench speaker, the hon. Member for Newcastle-under-Lyme (Paul Farrelly), will bear that in mind.

2.45 pm

Paul Farrelly (Newcastle-under-Lyme) (Lab): I, too, congratulate my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) on securing this debate, which is timely, given the dire situation of Royal Doulton. I should also like to thank the Minister for taking the time to listen and to respond to this debate about an important sector of UK manufacturing, and for his visit to Stoke-on-Trent yesterday.

I declare an interest, as I am a recent shareholder of Royal Doulton. Last week, I cast shares as proxy for another Doulton shareholder at the company's annual general meeting in the City. That shareholder was the former managing director of the Nile street factory, which was about to close. His votes went against Royal Doulton's management last week. I have also advised the Ceramic and Allied Trades Union, whose general secretary Geoff Bagnall, and his deputy, Garry Oakes, I warmly welcome here today.

Many of my constituents worked for Royal Doulton, have been made redundant by Royal Doulton, or are Royal Doulton pensioners. To give a flavour of the local impact of the company's implosion, last Friday, as part of "MPs back to school" day, I was at Chesterton primary school in Newcastle-under-Lyme explaining to children what I did locally. When the subject of Royal Doulton inevitably came up, one of the teachers asked the kids if any of their mums and dads were affected. No fewer than 10 hands shot up. There were stories of parents now facing redundancy, of mums and dads who had lost their jobs at Doulton in recent years, and of worries about Doulton pensions. It was a worrying and depressing litany from the mouths of 10 and 11-year-olds at just one school in my constituency.

In common with many traditional manufacturing industries, ceramics has long found the going very tough. As in other sectors, chief among the challenges is our response to globalisation and competition from emerging low-wage economies, often assisted by UK companies investing over there rather than here. We realise that there is no easy Government panacea for globalisation. However, there are issues, to which my

hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) referred, to do with fair trading, which we can seek to remedy. The Minister will be aware of the efforts made by the north Staffordshire Members, along with those of the trade union and the industry, to tackle concerns such as blatant copying of designs by China, punitive and protectionist US import tariffs, and ensuring that marks of origin fairly reflect where an item is made. The last issue is very important to an industry such as ceramics, because it is important to consumers that they are not misled into buying fragile fizzy plonk, as it were, rather than the full-blooded champagne that they really want.

Chief among the challenges are: investment in modern technology; having the right management and skills; and getting the right designs for the right markets at the right time and at a price that gives companies an acceptable return. As we have heard already, many ceramics companies are doing just that in a difficult environment. The industry is not an unremitting tale of woe; it has a future and there are many success stories. However, Royal Doulton, one of the industry's flagship names, is simply not one of them.

It is hard, after many years of commentating on and dealing with industry, for me to recall a worse example of blundering management. Royal Doulton is a textbook case of poor leadership, poor judgment, and questionable corporate governance: the worst of UK manufacturing in microcosm. The recent history should be told, so that it is not glossed over and the wider lessons not learned or forgotten. The present Royal Doulton chairman, Mr. Hamish Grossart, has been in that position for almost six years, since mid-1998. He is typical of many chairmen of public companies in this country: a privileged scion of a City family and Edinburgh's financial elite. He has a bagful of directorships—six others, at the last count. He is rarely seen or noticed at Royal Doulton's headquarters in Stoke-on-Trent, yet he picks up £120,000 a year from this cash-strapped company, plus perks. The local joke is, of course, "No wonder we can't afford him full-time." I have written to Mr. Grossart, raising detailed questions about the management and corporate governance of Royal Doulton. He has promised me a reply, but I have not yet received it. However, in the meantime I have obtained a few hard facts about his tenure.

Mr. Grossart's is a story of consistent and unremitting failure. Since he became its chairman, Royal Doulton has racked up pre-tax losses of £127 million, it has not made a profit or paid a dividend, and its turnover has halved. It swallowed more than £18 million of rescue rights issue money raised a mere two years ago, but its debt has grown again and its balance sheet has higher gearing than before the fundraising. During that period, the share price has slumped from more than £2.50 to about 9p today. The sad fact is that the planned closure of the UK factory at Nile street in Burslem means that, since 1998, Mr. Grossart will have shut all 11 UK factories and made more than 4,000 loyal, hard-working employees redundant. That is hardly a record of which to be proud. The wider point is that, as with so many companies in this country, the board has been rewarded handsomely for failure. Given some of the payments and perks, workers and shareholders could rightly ask, "Is Royal Doulton being run not so much as a pot bank but as a piggy bank?"

The history of this proud company is not all written in red ink. In 1997, before Mr. Grossart arrived, it turned in a pre-tax profit, and in 1998 it at least made an operating profit. It has not done so since. Last week, at the annual general meeting, Mr. Grossart said that the company

"was heading for the knacker's yard"

before he arrived. All I can say is that when he did arrive, he jumped into the driver's seat, gunned the engine, severed the brakes and smashed Royal Doulton into every pile-up along the way. Let me give an early example: in 1999, uniquely among publicly quoted companies, Royal Doulton was bitten by a millennium bug of its own making months before the millennium. The fiasco of installing new warehouse software cost the company dearly and turned it into a laughing stock in the industry. It is worth noting that the current chief executive, Mr. Wayne Nutbeen, was the chief operating officer at the time.

Royal Doulton has been looking to Indonesia for its salvation. That undertaking has hardly been error-free either. According to accounts from Indonesia that I have managed to obtain, in the five years since that operation started to the end of 2001, it accumulated total losses of $6.2 million. It has also suffered serious accounting problems, and a run-in with the Indonesian tax authorities over its tax accounting cost an already cash-strapped company another $5.8 million.

I mention that not to embarrass Royal Doulton but to make a wider point about the running of our public companies. As far as I can tell, none of that was made public to UK shareholders, not even when Royal Doulton had its rights issue back in February 2002. Too often, mistakes in such companies are simply swept under the carpet or glossed over and presented as part of a coherent and inevitable strategy. Such glossing and flossing happened again last week at Royal Doulton's AGM in the City. I was last in the City with the shareholders and with Geoff Bagnall of the trades union two years ago at the rights issue, which the union pragmatically supported for the good of Royal Doulton's future and the last remaining employees. At that time, only two years ago, Mr. Grossart assured the work force and investors that, after another painful factory closure, one third of production would take place in the UK, one third would take place in Indonesia and one third would be sourced from elsewhere. After yet more pain in the meantime, he assured staff and investors as recently as last September in the interim results statement that

"major structural changes have now been largely completed".

Did he mean the major changes apart from shutting down the last factory, in which the company had been investing the previous year, and ending UK production—or leaving it at 2 per cent., not one third? In reality, have not subsequent events shown that the chairman again had no clue where Royal Doulton was going and that workers and shareholders were misled? All that he has done is push firmly down on the accelerator on the way to the knacker's yard.

I am sure that the Minister will agree that we must encourage leadership by example in UK companies, even when times are tough, yet last month, when the news of Nile street's closure was finally broken, what did the chairman of the company do? Did he insist that his

[Paul Farrelly]

chief executive stay and talk to the workers? No. There was no meaningful consultation with the work force either before the announcement or immediately afterwards. Instead, Mr. Grossart let his chief executive fly off for a holiday in Zanzibar, heaping more ridicule and bad will on Royal Doulton. My only hope is that the company did not pay for his ticket, because in the last year it had already splashed out £64,000 on air fares and relocation expenses for Mr. Nutbeen and his family, on top of his salary of £200,000 a year. He also gets an extra £25,000 a year in lieu of company contributions to the UK pension scheme, of which he is not a member, which is £18.7 million in deficit. That is another worry for Doulton pensioners.

There is one final issue in the run-up to the factory closure that is firmly related to leadership by example. From the chief executive's comments to the local press before his holiday, it seems that the review and sale of the Nile street factory had started six months before—in September, shortly after the interim results were announced. In November, however, while the review was going on, three directors, including Mr. Grossart and Mr. Nutbeen, bought Royal Doulton shares at the nearly rock-bottom price of 3p a share. As a result, they are all sitting pretty on a paper profit of nearly half a million pounds. If only other long-suffering investors, who include the workers, had had such foresight. Instead, in a proud, 200-year history, what they have, through mismanagement, is a scenario in which UK manufacturing is set to all but disappear.

After that tale of woe, and woeful leadership, who did Royal Doulton's chief executive have the cheek to blame? Funnily enough, he blamed the Government. I do not expect the Minister to respond to individual actions and events at companies such as Doulton. However, I should be grateful to learn what assistance Doulton has requested in the past to support a future in UK manufacturing, or to help its work force, because I understand that it is precisely none. I should also be grateful to hear how much importance my hon. Friend attaches to leadership by example and to good corporate governance in all UK industry. Lastly, I should be interested to hear his views on the appropriateness of Royal Doulton having "Royal" in its name and bearing the royal warrant when it is shifting production overseas in such a tragic and underhand way. If that does not fall within the Minister's remit, I should be grateful to know where people concerned about the issue should be directed.

2.57 pm

Brian Cotter (Weston-super-Mare) (LD): I am grateful to the hon. Member for Stoke-on-Trent, North (Ms Walley) for initiating the debate, and to the many hon. Members who know more intimately about Royal Doulton than I do. I would have spent more time talking about the matter from an outside perspective, but my colleagues have already referred to management issues and to the fact that, over time, the management has not handled the company, or the consultation, very well.

I want to examine the key issue of consultation. Hon. Members asked how decisions made in businesses can seemingly come out of the blue. Surely, if there was proper, relevant and real consultation, that would not happen. If the work force were engaged properly, as they should have been in this case, better-informed decisions would be taken and the work force themselves would be better.

It is understandable that the work force feel disgruntled and unhappy. There are the similar examples of Corus steel, which was strongly criticised for how it made people redundant, and the Accident group, which made people redundant by text message. Those examples highlight how this country is behind in that respect.

In the Standing Committee on the Employment Relations Bill, my hon. Friend the Member for Gordon (Malcolm Bruce) and I highlighted the issue to press the Government to confirm that they are fully committed to helping UK companies to implement the relevant European measures. I hope that the Minister will reaffirm his commitment today.

The Liberal Democrats believe in giving business maximum freedom in which to pursue competitive advantage and believe that it would be wrong to try to restrict the right of companies to relocate parts of their business overseas. However, we must remember that, in a free market, if companies rejig their production overseas the home market will take that on board. Home sales can be affected if people feel that the company is not trying hard enough to keep jobs in the UK.

Particular attention has been drawn to the fact that US ceramics tariffs are hitting the industry, a point made by the hon. Member for Stoke-on-Trent, South (Mr. Stevenson) earlier this year and again today. We saw how similar problems arose in the steel industry, until President Bush finally capitulated and scrapped steel tariffs, following a long and bitter battle with the EU. As the world's largest economy, the United States has a responsibility to take those issues on board. I ask the Minister what progress has been made on negotiations relating to US tariffs on pottery imports, and what the position is today.

Hon. Members have referred to Chinese counterfeits, an issue on which I wanted to say a few more words. I very much support what was said. Furthermore, the British Ceramic Confederation says that when counterfeit goods are exported to countries such as South Korea, where the enforcement of copyright law is lax, things become even more difficult. Although British businesses now have greater protection for their designs and productions in the EU, design protection outside it is more difficult. The Business Link website acknowledges that, saying,

"Design law across the world is a complex area".

That is an issue that we need to put to the World Trade Organisation and other bodies. I hope that the Minister will take on board the British Ceramic Confederation's request and liaise with the Chinese authorities to help to clamp down on the production of counterfeit goods in Asia.

A serious issue also arises about manufacturing in general. That goes wider than Royal Doulton, but this debate has highlighted the need to consider manufacturing generally in this country. New figures show increasing unemployment in the manufacturing industry. While house prices boom and consumer sales increase, manufacturing is an area of great concern. The

Government have an obligation to create a regulatory climate that helps businesses rather than hindering them. The Minister will know that I have often engaged in such issues. I do not do so in a general way. One can keep talking about red tape, but there are specific examples, many of which I could give today, such as the burden of student loan payments.

Recently the British Chambers of Commerce held a conference across the road. It has taken a lead in highlighting the burden of regulation on businesses. I ask the Minister again what action the Government are taking to speed the removal of regulation and to boost vocational education. There is much talk about university education, with which I agree, but we must place emphasis on vocational training too, to give our workers the opportunity to compete, through their company, with efficient practices and so on. I agree with a point made earlier: it is disgraceful that, over so many years, management have not listened to the work force, have not responded to the marketplace and have allowed this situation to occur. Colleagues know that far better than I do, but I have come across it myself during my business career. Having been in a small business where I—fortunately—had control over my companies, I was appalled to learn that businesses are still operating in that way.

I express concern about the impact on the work force at Royal Doulton, which I am sure local Members will share, and I am encouraged to see that a rapid response team has been put in place to help those made redundant. I hope that the responses will include offers of retraining and the like. There was a similar situation in my constituency, and the rapid response unit was very good at taking on those issues. I hope that that is happening in this case.

In the long term, we must focus on our industries and help them with the issues that I raised, such as tariffs. We must also help communities that are devastated. Despite the fact that the ceramics industry is a great one, the number of people employed in the work force is in decline, and I hope that the Government will deal with that issue through the regional development agencies, which are sometimes hamstrung by regulation, to do what needs to be done. I believe that these issues should be addressed locally, through RDAs or by other means, because it is those in the local area who know what needs to be done. I hope that the Minister will take that point on board when he responds.

3.6 pm

Michael Fabricant (Lichfield) (Con): I am delighted that the debate has taken place today, and I particularly want to congratulate my hon. Friend—I use that term advisedly—the Member for Stoke-on-Trent, North (Ms Walley) on securing it, and the hon. Member for Newcastle-under-Lyme (Paul Farrelly) on the valuable work he has done. I rise to speak not only as a shadow trade and industry spokesman but as a Staffordshire Member of Parliament. Hon. Members have already pointed out that there are structural problems in the ceramics industry as a whole. I would like to pay brief tribute to the work of the Ceramic Industry Forum operating in the European Parliament, which is chaired jointly by Malcolm Harbour and Michael Cashman.

There are problems in the ceramics industry generally, but the problems at Royal Doulton have been exacerbated by the crass incompetence of the recent management. The hon. Lady has already pointed out the history of Royal Doulton, so it is clear that the demise of the company is not just the demise of a single factory or firm. A short time ago, it was the leading English group of fine china companies. The English fine china business has always been cyclical, but it has been a proud and successful exporter of fine English products.

In the early 1980s, as we heard, Pearson found that the business was not performing to its expectations. Its response was not to close down the company but to bring in a new chief executive to give the business inspired and creative leadership. It engaged Stuart Lyons, who had a background in menswear manufacturing, and had previously been managing director of the UDS retail group.

In those days, Stuart Lyons, with the support of the Pearson chairman, Viscount Blakenham, introduced new manufacturing technology to the tableware, figurine and glass-making operations, and combined that with innovative design and marketing programmes. In addition to the existing markets of Canada, the USA and Australia, he opened distribution subsidiaries in Hong Kong and Tokyo, and the company's products were sold in 80 countries around the globe. Royal Doulton became the world's leading specialist fine china retailer, with more than 400 branches, including the Lawleys shops in England and a successful chain in America.

However, 10 years ago, when the Pearson group decided to concentrate on its media activities, Lord Blakenham invited Stuart Lyons, who had by then been awarded a CBE for services to the china industry, to make the business public and gain a separate listing on the London stock exchange. Royal Doulton plc was listed in December 1993, and in the three years that followed the company doubled its earnings per share and delivered dividend increases of 13 per cent. annually. It was a success. Annual turnover was more than £250 million, with profits rising to £17.6 million. On the strength of that achievement, further expansion was planned. It was apparent that the brand names of Royal Doulton, Royal Albert, Royal Crown Derby and Minton, all part of the Royal Doulton group, were more powerful in the USA than the distribution that they commanded. America was then, as now, the world's richest market, and the company had already opened a chain of 50 stores there that were well managed and commercially profitable. Guaranteeing Royal Doulton's success, and safeguarding the work force in north Staffordshire, depended on further penetration of the US market, as well as on building up the United Kingdom market.

With the full support of his board, his independent chairman, the banks and the company's financial advisers, Lyons spent many months negotiating the agreed acquisition of a large and profitable retail group in the USA. That should have been a further step in Royal Doulton's expansion and a significant boost to the Stoke-on-Trent economy.

Mr. Randall: Will my hon. Friend give way?

Michael Fabricant: I will not, because there is little time and the Minister wants to respond.

Life is not always so simple. Two institutional holders of Royal Doulton shares—they held 25 per cent. of the equity between them—failed to understand the strategic

[Michael Fabricant]

logic of the proposal and adopted a policy of short-termism, refusing to support the proposal. That is one of the costs of the free market: those who own shares in companies are free to make mistakes. At that time, the Royal Doulton share price stood at about £2.50. Today, after a series of rights issues at ever lower prices, it stands at less than one twentieth of that figure, having fallen as low as 3p.

Stuart Lyons left the business rather than preside over a new strategy in which he had no confidence. A new management team took over. Their first step was publicly to belittle the company that they now led. They then proceeded to dismantle Royal Doulton's design, marketing and retailing teams worldwide. They rationalised—if rationalisation is the word—stocks, warehouses and advertising budgets, and wondered why the company's sales went into freefall. Unwilling to blame themselves, they blamed the previous management, the present management, the work force, the economy, the marketplace, the Government and the trade unions.

For the past seven years, Royal Doulton has made trading losses, having made substantial profits every year for the previous 12. Every loss has led to further cuts, to factory closures and to job losses. Only the top management team is protected, with high salaries, share options, housing allowances, bonus entitlements and free trips abroad. Hamish Grossart, the chairman, has much to answer for, as do M&G and Mercury Asset Management. They have demonstrated clearly that those are the destructive forces, forces of short-termism and lack of vision that have seen the destruction of the well-respected Royal Doulton company.

This is not a saga about party politics or political philosophy. It is a tragedy for the people of Stoke-on-Trent and of Staffordshire generally. It is also a tragedy for the English exporting effort, for investors in Royal Doulton and for Customs. I endorse the series of questions asked by the hon. Member for Stoke-on-Trent, North and those asked by other Members including the hon. Member for Newcastle-under-Lyme. I look forward to a full response from the Minister.

3.14 pm

The Parliamentary Under-Secretary of State for Trade and Industry (Nigel Griffiths): I am told that some former Ministers have found the experience of responding to Westminster Hall debates rather painful. In the light of the fantastic contributions that we have had from hon. Members of all parties, it is both a privilege and a pleasure. Indeed, it is always a pleasure to serve under a Deputy Speaker whose commitment to manufacturing is acknowledged throughout the House.

I am grateful to my hon. Friend the Member for Stoke-on-Trent, North (Ms Walley) for securing the debate and for taking the trouble to meet me in Stoke-on-Trent yesterday to brief me in great detail.

No single sector is as well represented, with the Members from north Staffordshire, or more effective in speaking up for itself as the ceramics sector. Today we are considering one of the gravest subjects we ever consider—the loss of hundreds of jobs and livelihoods, affecting family members across the generations in a community that, although still a world leader in ceramic innovation and production, has suffered from deeply hurtful company closures.

I always enjoy meeting ceramics manufacturers, and yesterday was my third visit to manufacturers in Stoke since becoming a Department of Trade and Industry Minister. They tell me that the Government's direct support for the UK ceramics industry, our establishment of the Ceramic Industry Forum, our involvement of work force representatives through their trade union, and the direct funds of £3.3 million have all ensured that UK ceramics firms maintain a world lead. That progress is welcome, and it means that it is to the United Kingdom and north Staffordshire in particular that many companies, countries and competitors look for innovations.

Let no one claim that any Government are doing more to listen to and respond to the needs of the industry or that anyone is doing more to liaise with it. The DTI, the Treasury, the regional development agency, the local Government office for the west midlands and the British Ceramic Confederation meet every quarter to address the issues that give UK manufacturers a competitive lead.

We are working closely with individual major ceramics manufacturers precisely to achieve that competitive lead. I regret to say that Royal Doulton is noticeable by its absence.

Mr. Randall: Does the Minister's Department put its money where its mouth is and buy British ceramics?

Nigel Griffiths: I was delighted to be photographed yesterday holding the House of Commons chinaware that we use here, so we do put our money where our mouth is. There is no better place to showcase it.

It is no wonder that Dudson is a company that in the past five years alone—I will allow hon. Members to draw their own conclusions about the time scale—has taken international contracts previously given to China for a major theme park corporation and one of the world's largest coffee houses. That is a tribute to the innovation and investment of the manufacturers of Stoke-on-Trent, and especially to the highly skilled and well-led work force who deliver 21st-century needs at peak production.

In spite of our complaints about Chinese imports, we know that the manufacturers in north Staffordshire can provide a lesson about innovation, design and quality to the rest of UK manufacturing and the world, because they are second to none.

As I have said before, redundancies are a sad but inevitable part of commercial life. Although some companies handle them well and treat their work force with respect, dignity and compassion, and work with employees and their trade unions to save jobs, sadly, Royal Doulton is not one of them. It has not taken any of the steps that other responsible manufacturers have taken, and it did not fully explore all the funding opportunities that have been mentioned by hon. Members.

Government representatives and the regional development agency met the company in 2002 to outline the possible help available locally, including up to 15 per cent. for operating in an assisted area, assessing available European regional development funds and preparing a bid for objective 2 funding. Hon. Members will share my disappointment that none of those options was pursued. Last August, a further meeting was held with the company, and again possible funding options were put to Royal Doulton. I have met the dedicated and experienced officials at the Department of Trade and Industry who promote the ceramics industry, and they are as frustrated and disappointed as local and other Members. I share that frustration at the company's failure to explore the available options.

I am also concerned to read reports that an employer of the reputation of Royal Doulton has not kept its work force or experienced and distinguished Members of Parliament informed of pending decisions. My hon. Friends the Members for Stoke-on-Trent, North and for Newcastle-under-Lyme (Paul Farrelly) came to the DTI, and working with Advantage West Midlands, we ensured that a taskforce was set up for Royal Doulton.

The taskforce was established and met within 13 days of the announced closure, and I am grateful to all the people who came together so quickly—Advantage West Midland, Jobcentre Plus, Stoke-on-Trent city council, the Ceramic Industry Forum, the Leaning and Skills Council and the North Staffordshire regeneration zone project. As can be seen, the taskforce includes all the key agencies and industry professionals and involves the key worker representatives from the union who know more about the situation than anyone else. The taskforce is meeting again next week, and I have asked for a report from it after that meeting, which I will share with hon. Members whose constituents are affected.

Ms Walley: The most important thing is to ensure that the request for additional money by the Ceramic and Allied Trades Union is addressed in the ongoing consideration of what is needed to help the area.

Nigel Griffiths: No consideration of any aspect that could help to ensure the prosperous future of the company and its work force should be ruled out by the taskforce. We are fortunate, because in a similar debate to which I have responded in this Chamber, the time scale was much shorter and there was not such a determined group of hon. Members as we have seen today, reflecting a lifetime of commitment to the industry.

Hon. Members have rightly highlighted other issues of concern. Counterfeiting and backstamping, especially by China, have been blamed for undermining our successful manufacturers, and I am aware of the burning resentment felt by UK manufacturers, who have to pay a fee to Customs and Excise to lodge an application to prohibit competitors in China and elsewhere from bringing goods into the EU and UK that they have illegally copied from British designs. That will not happen any more—we have abolished the fee.

Last month, my hon. Friends the Members for Stoke-on-Trent, North, for Stoke-on-Trent, South (Mr. Stevenson), for Stoke-on-Trent, Central (Mr. Fisher), for Newcastle-under-Lyme, for Stafford (Mr. Kidney) and for Staffordshire, Moorlands (Charlotte Atkins) met my hon. Friend the Minister for Trade and Investment to discuss, among other matters, illegal counterfeiting by Chinese companies. We are strongly supporting amendments to directive 84/500 to ensure that all ceramic tableware is permanently marked with the name, trade name or registered trademark of the manufacturer or seller.

A further issue raised by my hon. Friends concerns the 30 per cent. import tariffs imposed by the United States on hotelware. My hon. Friend the Minister for Trade and Investment shares that concern and intends to make strong representations in international forums. It was raised on his instruction at bilateral talks with the Chinese earlier this month. The British Ceramic Confederation has been given the full details of the Chinese officials with responsibility for considering the matter. The Chinese authorities tell my hon. Friend that they are keen to co-operate, and we look to the British Ceramic Confederation to report to us regularly on what we hope will be positive progress.

My hon. Friend the Member for Stoke-on-Trent, North also stresses the need for partnership between Government and local companies, and I could not agree more. That is why we have established the Ceramic Industry Forum and why we value our contacts with the British Ceramic Confederation, which represents 95 per-cent. of the industry. Indeed, my hon. Friend was with me yesterday when Ian and Max Dudson thanked me for the research funding given to a local consortium in which Dudson plays a major part. That consortium is helping to drive British manufacturing and innovation forward in ceramics in three areas: cup making, plexiform and flexible flatware.

The idea of the consortium, like many of the best ideas, originated in north Staffordshire. CERAM Research at Stoke-on-Trent worked with us to put together a consortium of 10 manufacturers. They have been working with direct funding from the Department of Trade and Industry on the manufacturing improvement club model to set up a trial plant, which we saw yesterday. That plant has so much potential that it is expected to be a major exporter of expertise, and manufacturers around the world will look at how we have achieved a tremendous competitive lead.

Another firm that we visited yesterday, H and R Johnson, showed how successful, forward-looking management that is willing to reinvest in the work force, the plant and machinery, rather than in sending their wives back to Australia or on holiday, can gain a world lead. We saw yesterday the tile-making plant based in Stoke-on-Trent, which is the most advanced in the world.

We know that we have the best; it is sad that we have to come together as often as we do for Adjournment debates not to showcase the best but to criticise and try to learn lessons from the poorer performers. I am glad that my colleagues, the local Members of Parliament, stress the vibrant nature of the ceramics industry, and that they join me in analysing those success stories and celebrating the success that Government and industry can achieve together, although I confess that the vast majority of that is due to the work force and local industry.

[Nigel Griffiths]

I urge Royal Doulton to co-operate fully with Jobcentre Plus, Advantage West Midlands, the rapid response team and, most importantly, with its work force, unions and Members of Parliament, to ensure that everything that can be done in the next year is done. The ceramics industry in this country has a great and long history, but I, like my colleagues, believe that its greatest years lie ahead.

Mr. Deputy Speaker: We thank the Minister for his reply. I congratulate all hon. Members who have contributed to the debate on their passion and their well-researched speeches. I hope that the contents are noted.

NHS Trusts (Data Protection)

3.30 pm

Mike Gapes (Ilford, South) (Lab/Co-op): The Data Protection Act 1998 has been topical over recent months with regard to the sad murders at Soham and the way in which some public authorities, particularly police authorities, seemed to misinterpret it. My purpose today is not to enter a wide debate on the Act, but to focus on it in relation to the role of representatives and Members of Parliament taking up cases on behalf of their constituents. I do so knowing that the issue has been considered in the House before.

A Library standard note on the issue—SN/HA/1936—was published on 4 December 2002. Its first sentence states:

"A number of MPs have reported difficulties in carrying out their constituency duties stemming from the Data Protection Act 1998. The legal issues involved also apply to other elected representatives such as councillors, MEPs, MSPs etc."

The note was produced to try to explain the position in December 2002, before the coming into effect on 17 December 2002 of the Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002. I contend, on the basis of my recent experience, that there are still difficulties, despite the advice given by the Lord Chancellor's Department and despite that order, which came into effect one and a half years ago.

The matter was drawn to my attention as a result of correspondence from my local NHS trust, but, on the basis of e-mails that I received, including from officials in other NHS trusts, after I raised the matter during business questions just before Easter, I suspect that it is a wider issue. Certainly the reaction that I provoked when I raised it in the House suggested that similar issues have been raised with other hon. Members.

Data protection in the NHS does not relate simply to NHS trusts. I will not break the embargo, but I think that I can at least refer to the publication tomorrow of a code of practice by the Healthcare Commission, which is starting a process of public consultation on how it will deal with data protection issues. These matters do, therefore, have wide concurrence at the moment.

I have been a Member of the House for more than 12 years, in which time I have received many representations from my constituents on health-related issues, as do all MPs. The vast majority have been by telephone initially. Many are simply telephone calls from elderly and distraught people or from relatives of such people. Sometimes there are letters, but more often than not there are telephone calls or visits to my advice surgery.

In view of my 12 years' experience, I was surprised in early March to receive a letter from the chief executive of Barking, Havering and Redbridge Hospitals NHS trust—the trust that serves my constituency and covers King George's hospital, Ilford, which is in my constituency. The letter stated:

"As you are aware, we have recently been reviewing the whole of the complaints procedure in order to ensure that we are both responsive to, and learn from, our patients' experience.

As part of this review we have developed a new complaints policy, part of which covers our responsibilities under the Data Protection Act. The Act requires that we seek the permission of the patient, wherever possible, to disclose information of a clinical or personal nature to a third party.

Although I appreciate that by writing or talking to their MP, patients and their relatives are implicitly providing consent, it is important that we as a Trust also have that permission in writing.

I have therefore enclosed a supply of consent forms and would be grateful if you could ask your constituent to complete the form and send it to us with your letter."

That letter, with the consent form, was from the chief executive, Mark Rees, to me and, I presume, to other Members of Parliament in the area, and was dated 9 March. The form is a standard form for consent to access to information and, where necessary, for health care records to be disclosed to relevant personnel.

I thought that the letter raised fundamental questions about the role of elected Members of Parliament. I telephoned the trust immediately on receipt of the letter. I was not able to speak to the chief executive at that time, but spoke to senior officials within the trust, and was informed that there had been discussions among compliance officers in north-east London about how to deal with such matters. I asked if there was any documentation or guidance, and was told that there was none of which the person to whom I spoke was aware. I thought that, in those circumstances, I would write to the chief executive and see where that got me, because I felt that wider issues were raised. I wrote to Mark Rees on 18 March 2004 and pointed out that I had read his letter with considerable concern. I wrote:

"I, of course, accept that in the case of a 'third party' neighbour or friend making representations to Members of Parliament issues of confidentiality and Data Protection can arise. However, in the vast majority of cases, representations are made to me directly by constituents or by a close relative on their behalf.

A considerable number of cases are brought to my attention by individuals or their relatives or friends, who telephone my Office. Your letter to me appears to accept that an elected Member of Parliament is not in the same category as another member of the public to whom provisions of Data Protection procedures might be applied.

Indeed, you state that 'patients and relatives are implicitly providing consent'. You are also aware that a very large number of my constituents do not have English as their first language and find it difficult to give written consent or to write letters in English.

Your letter also appears to be in conflict with the advice to Government Departments issued by the Lord Chancellor's Department which is based on The Data Protection (Processing of Sensitive Personal Data) (Elected Representatives) Order 2002: (SI 2002 No. 2905).

The advice states 'If the elected representative says that he or she is asking for information on behalf of someone else, Departments should normally be able to take the elected representative's word for it. The elected representative may often provide a letter or other form of written 'mandate' from the individual. But there is no requirement for the individual to put the request to the elected representative in writing, and getting a written mandate may not always be possible. For example, in urgent cases the individual's approach to the elected representative may have been made by telephone. If Departments are in particular doubt, they may wish to check the position with the individual.'"

I continued:

"It is not acceptable to me, as a Member of Parliament, to be faced with a bureaucratic obstacle course when I take up cases on behalf of my constituents. I therefore expect that you will modify your policy without delay and clarify to all members of your organisation the correct procedure for responding to representations and letters from myself as a Member of Parliament."

I also gave notice that I intended to raise the matter in the House.

I received a reply to that letter on 26 March, which sought to clarify the trust's position. Mark Rees said:

"I am writing further to your letter and our recent telephone conversation . . . I appreciate your views in this matter and as indicated in my original letter, accept that by talking with or writing directly to you as their MP, constituents are giving their consent.

The area of concern that the Trust has is that if a relative or friend raises issues about individual patient care without that person's knowledge or consent, then the Trust would be in breach of the Data Protection Act.

I can understand that you have a view that the Trust is being overly bureaucratic and therefore we shall take up the responsibility of checking, as necessary, with the patient involved."

I still thought that that response did not entirely meet my concerns, so I sent the correspondence to the Secretary of State for Health in a letter dated 30 March. I shall not quote the letter in full because it repeats many of the things that I said in the earlier correspondence. However, I shall quote one paragraph, in which I made the point that the way in which those matters were being considered undermined my position as an elected Member of Parliament and

"could place a bureaucratic obstacle course in the way of making timely and effective representations to NHS Trusts."

I continued:

"I would therefore be grateful if you could intervene to require the withdrawal of this policy and issue advice to NHS Trusts on the role of Members of Parliament in representing their constituents."

The day after sending that letter to the Secretary of State for Health, I received a further letter from Mark Rees in which he further clarified the trust's position. He wrote:

"The issue you raised with me in relation to the Data Protection Act (Processing of Sensitive Data) (Elected Representatives) Order 2002: (SI 2002 No. 2905) required some clarification with regard to obtaining consent to divulge information to a third party.

In my original letter, I acknowledged that if a complaint is raised with an MP directly by the patient involved, then clearly consent has been obtained.

The area of concern that the Trust has is that if a relative or friend raises issues about individual patient care, without that person's knowledge, or consent, then the Trust would be in breach of the Data Protection Act.

Although I want to avoid excessive bureaucracy at all costs, it is considered best practice for the Trust to obtain the consent of the patient involved wherever possible. Therefore, the Trust undertakes to write to the patient directly. However, I appreciate that you have been supplied with some consent forms, which need only to be used if you are in a position to provide one to the relative or friend, who can then obtain the patient's consent and forward the form to the Trust.

I apologise if this was not made clear in my earlier letter."

It seems, therefore, that there are consent forms but that it is not an absolute requirement to use them. I was still not entirely convinced, so I raised the matter at a meeting with the NHS trust in my constituency on Friday 2 April.

I also raised the matter during business questions in April, just before the House rose for the Easter recess, and will refer to that exchange because I was struck by the reply I received from the Leader of the House. He said:

[Mike Gapes]

"The Department of Health and the health service are in a slightly different position, as information held by hospitals about the health of individuals is likely to be held in confidence and disclosure to a third party is governed by the common law of confidence. However, the crucial point for my hon. Friend is that the Department of Health has issued guidance for NHS organisations, including trusts, that they should accept an MP's word, when an MP clearly states that he or she has the patient's consent."—[*Official Report*, 1 April 2004; Vol. 419, c. 1783.]

I had not seen that NHS guidance; I was working on the information that the Lord Chancellor's Department had given. I therefore asked the House of Commons Library if it could tell me where the NHS guidance was, and whether it was available. The Library was helpful and, eventually, after a few telephone calls, obtained a document called "Confidentiality: NHS Code of Practice", which was published in November 2003. It looked through it—it is a long document. The letter from the Library says that the only reference to Members of Parliament that could be found was in

"annex C, Model B3, Example 13, which is about 'non statutory investigations e.g. Members of Parliament."

This says:

"If an investigation is appropriately authorised, disclosure will meet tests of necessity and appropriateness. The minimum necessary information should be disclosed. There is a balance to be drawn between ensuring that a patient has understood and properly consented to a disclosure of information and needlessly obstructing an investigation. Careful consideration of any written authorisation and prompt action are key, e.g. where an MP states, in writing, that s/he has a patient's consent for disclosure this may be accepted without further resort to the patient."

That is very clear. I find it extremely to difficult to ask where that balance is; and if it is published in the annexe as a footnote to a document, it is not particularly helpful to managers in the NHS trust or to Members of Parliament when they deal with these matters.

My intention in securing this debate was to ask the Minister to clarify the Department of Health's position and the position with regard to data protection and Members of Parliament, and to say in what circumstances information should be given in response to letters or telephone calls from Members of Parliament when those hon. Members do not have written consent. It is not my intention to bother the possibly distressed elderly relatives of people in hospital with serious illnesses who cannot themselves respond to such requests.

Members of Parliament are not third parties; they are representatives of their constituents. We are our constituents' advocates; we are here to represent them and, without going into further detail, I hope that the Data Protection Act 1998, having been misused by police authorities in some circumstances, is not to be used by NHS trusts as an impediment to getting the truth about issues or to hon. Members making effective representations in a timely manner on behalf of our constituents. It is sad that Select Committees have less ability to get information than judicial inquiries and that the Freedom of Information Act 2000 may be a more effective way to get information than representations from Members of Parliament.

I hope that the Department of Health will come up with a clear, explicit, public and understandable explanation so that NHS managers and compliance officers and the trusts' chief executives are put clearly in the picture about the circumstances in which they can release information, and when they will have to think about obtaining written consent from the individual on whose behalf a Member of Parliament or another representative is taking up the matter.

3.49 pm

The Parliamentary Under-Secretary of State for Health (Dr. Stephen Ladyman): I begin by congratulating my hon. Friend the Member for Ilford, South (Mike Gapes) on raising an issue that is of concern not only to him, but to many hon. Members who have had similar experiences.

The Data Protection Act 1998 is a lengthy and complex piece of legislation that brought into force an equally long and complex European directive. It has, somewhat unfairly, been blamed for preventing information from being shared when it is in the interests of individuals and communities that it should be shared. As my hon. Friend said, there have been several well-publicised cases in which it was suggested that incidents might not have occurred if the rules on disclosure of information were less strict. However, it would be fairer to say that incidents might not have occurred if the rules on disclosure of information were better understood. It is often not the Act, but people's misperceptions of it that prevent the sensible sharing of information. The complexity of the Data Protection Act 1998 arguably contributes to this poor understanding, but it is only one element of the legal framework that governs disclosure of information.

The Department of Health is not responsible for the Act, so it is not my job to defend it or explain its application outside health and social care. However, providing those who work in the NHS with clear guidance is the responsibility of Health Ministers, as my hon. Friend suggested. I therefore hope that it will help if I outline both what the Act requires of NHS trusts, and the separate but associated requirements imposed by common-law obligations of confidentiality. I will then consider the guidance that has been provided to NHS trusts and try directly to address my hon. Friend's key concerns.

The Act applies to personal data about living people that are held on computer files or in certain structured manual files. NHS trusts that process personal data must comply with the eight data protection principles set out in schedule 1 to the Act. The term "processing" encompasses obtaining, holding, use and disclosure; in other words, everything that might be done with data. The first and second data protection principles are of particular relevance in the context of disclosure. The first principle requires personal data to be processed fairly and lawfully. The second principle requires that personal data are obtained only for specified and lawful purposes and are not further processed in a manner that is incompatible with those purposes. The other principles require data to be adequate, relevant and not excessive; to be accurate; to be kept no longer than necessary; to be processed in accordance with individuals' rights; to be kept secure; and not to be transferred to countries outside the European economic area without adequate protection.

As part of complying with the key first principle, NHS trusts must inform patients when their data are collected and meet at least one condition in each of two schedules to the Act. The first schedule applies to all personal data, the second only to sensitive data such as health data. The conditions serve to ensure that personal data are not used inappropriately but do not prevent them from being disclosed for legitimate purposes. I repeat, the conditions do not prevent data from being disclosed for legitimate purposes. That is an important point.

The two highest-profile cases in which the Act has come in for criticism are the failure by British Gas to notify social services when cutting off the gas supply for two pensioners, and the failure of the police to retain data about prior contacts with Ian Huntley. In the first of those cases, the Information Commissioner stated that

"in any circumstances, for example age or infirmity, where there are grounds for believing that cutting a particular household off would pose significant risk then the Data Protection Act would not prevent an energy supplier from notifying the relevant body."

In the Huntley case, the Information Commissioner stated:

"It is for the police to decide what information should be kept, and for how long, for their job of preventing or detecting crime."

My hon. Friend is concerned that NHS trusts have on occasion impeded investigations conducted by MPs on behalf of their constituents. NHS staff may have referred in error to the Act. However, the Government amended it through an order, which came into force on 17 December 2002, that removed restrictions on the disclosure of sensitive data to MPs who are dealing with constituents' cases. That means that the Act is not in itself the barrier to sharing information with MPs that some seem to think it is.

However, there are other obligations in law that restrict disclosure of data. Furthermore, due to the first data protection principle requiring that all processing of data be lawful, the Act serves to reinforce those other obligations. Those who process data will be in breach of the Act if they are not met. For NHS trusts in particular that creates a complicated and confusing picture. The most important obligations that they face in law, other than the Act, stem from the requirements imposed by confidentiality under the common law. Information held in confidence, which health data almost always are, cannot generally be disclosed without the consent of the individual concerned; in this case, the patient. The common law obligation is not absolute, but the exceptions are limited to circumstances in which there is a statutory requirement to disclose, an order from a court or, a public interest justification, such as significant risk to others, that outweighs the confidentiality obligation. An investigation conducted by an MP might, rarely, justify disclosure in the public interest, but in most cases there would need to be a clear indication that the patient concerned had consented to disclosure of information. There are several other legal barriers to the disclosure of health information. For example, there are strong prohibitions against the disclosure of information about sexually transmitted diseases.

As I said when I started, it is clearly our responsibility to ensure that NHS staff and organisations are provided with clear guidance on those complex matters. Comprehensive guidance was issued to the national health service in November 2003 in the document referred to by my hon. Friend. It is called, "Confidentiality: NHS Code of Practice". It covers all the legal aspects of disclosing confidential patient information in what we believe to be a straightforward and helpful way, but clearly my hon. Friend disagrees. The Information Commissioner, the General Medical Council, the British Medical Association and the Medical Research Council have all endorsed the guidance.

Mike Gapes: I am not criticising my hon. Friend for issuing general guidance, but does he not accept that it would be helpful if there were greater clarity in the advice on what to do when representations are made by Members of Parliament?

Dr. Ladyman: I accept that. I am just about to give that clear guidance.

The performance of NHS trusts in the area is being scrutinised this year, for the first time, as part of the work undertaken by the new Healthcare Commission to develop star ratings relating to NHS trust and performance. Although the provision of guidance and increased managerial attention to such matters are useful steps, as I am certain my hon. Friend will agree, it is difficult to ensure that all NHS staff receive appropriate training. The existence of guidance that can be quoted and referred to is a useful tool for MPs. For the record, I want to strengthen the position by providing as clear a statement as I can for Members and for health service staff.

The position is as follows. The Secretary of State for Health expects all NHS employees to co-operate with any reasonable request for information made by a Member of Parliament. Where that request is for information about an identified or identifiable individual, NHS bodies must comply with the Data Protection Act 1998, but, following the order made in December 2002, that should not act as a barrier to any legitimate inquiry. Where information about an identified or identifiable individual is held under a legal obligation of confidentiality, NHS bodies must comply with the NHS confidentiality code of practice. That will normally require the consent of the individual concerned. However, where a Member of Parliament acts on behalf of a constituent who has, whether in writing, by telephone or in person—perhaps by attending a constituency surgery—sought that Member of Parliament's assistance, the Member of Parliament has obtained a form of consent.

It is, of course, important that all concerned exercise careful judgment. Members should ensure as best they can that their constituents realise that any inquiry may result in a number of people having access to information that they would not normally have. They must assure themselves that they have the consent of the individual concerned, or of a parent or someone authorised to act on the individual's behalf. NHS staff should disclose only information pertinent to the inquiry—rather than all of a patient's past record—and they should inform the patient concerned about the disclosure. The bottom line, however, is that, providing that a sensible and responsible approach is adopted by all concerned, there should be no insurmountable barrier to sharing information with MPs.

[Dr. Ladyman]

Sometimes, of course, the NHS body can deal with the MP's inquiry without disclosing confidential health information. For example, if the matter relates to the scheduling of an operation, it may be necessary to disclose only dates and information on waiting times when responding. Under those circumstances, MPs should not press for information that they do not need. When confidential information needs to be shared, the NHS body should accept that if the MP has been asked to inquire into the matter by the individual, or by a person authorised to act on their behalf, that is sufficient consent. The MP must, however, not take lightly his or her duties to make appropriate inquiries only where the constituent genuinely wants those inquiries made.

If my hon. Friend or other hon. Members wish to do so, after it is published in the *Official Report*, they may bring the statement that I have just made to the attention of local health bodies if they believe that they do not properly understand the position or if a dispute arises. I will also bring the comments to the attention of my right hon. Friend the Leader of the House, as I know that these issues are often raised with him, and I shall ask the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), who normally deals with these matters, to take into account the issues raised by my hon. Friend.

Digital Broadcasting (Wales)

4 pm

Mr. Simon Thomas (Ceredigion) (PC): I am pleased to have the opportunity to discuss digital broadcasting in Wales. It is opportune because today news has come out of the Department about the costs of the digital switchover and only yesterday the BBC published its views on the transfer to a digital future.

I shall address three broad themes—first, the review of public service broadcasting currently being undertaken by Ofcom; secondly, the move to a digital switchover for television services, which again is being reviewed by Ofcom; and, finally, the current review of S4C, the Welsh language broadcaster, which also raises several important issues for broadcasters in Wales in both Welsh and English. I raise these matters as someone who was and who remains sceptical about the mode of regulation chosen by the Government in Ofcom, but in the knowledge that, as elected representatives, we must all engage with those reviews or see our broadcasting future decided for us by unelected quangos.

Let us start with today's news that the Secretary of State is seeking an additional £300 million from the Treasury to fund the digital switchover. That would presumably keep the Government on target for their rolling programme of switch off and switch on between 2006 and 2010. Ofcom, in its report "Driving Digital Switchover", is keen on that and has proposed an independent organisation, properly funded, to market and plan the switchover. I ask the Minister to state what the Government have in mind for the process and say whether the sum sought from the Treasury will be sufficient.

Ofcom's research has shown that many customers are reluctant to go digital if it means extra costs, and they certainly do not want to pay a subscription. We now see how vital was the BBC's stepping in with Freeview. The growth of digital terrestrial television has been surprising and it has helped the Government toward their target. Prices are falling, and the set-top box is now almost an impulse buy for consumers. However, DTT—not to be confused with a dangerous chemical—is not yet universally available. Digital satellite can plug the gap, but it is more expensive and we have still not resolved the problem of satellite carrying all the public service broadcasters—BBC, ITV, Channel 4, S4C and Five—unencrypted and free to view. Indeed, the Solus cards failed again earlier this year.

Mr. Roger Williams (Brecon and Radnorshire) (LD): At a recent meeting in Knighton, Mr. Rhodri Morgan, one of Ofcom's chief officers in Wales, suggested that some of the reception problems encountered by people living in rural areas in the hon. Gentleman's and my constituency might be overcome if Wales was one of the pilot areas for digital switch-off, but the digital technology was provided by satellite rather than by terrestrial means.

Mr. Thomas: I thank the hon. Gentleman for that intervention. I should not have let him intervene, because he has stolen my thunder. If he waits a second, I shall come to that point—but he is right.

Wales is a good example of the challenge that the Government face in achieving switchover. We in Wales lead the way in digital households: the latest figures available show that 56 per cent. of Welsh homes have digital television—the highest percentage in the United Kingdom, and the percentage has increased since those figures were produced. However, many hon. Members know that some areas of Wales do not receive a good analogue signal, and although the predictions for the digital terrestrial signal are similar to those for analogue reach, one either gets a digital signal or one does not. There is no fine-tuning and no putting the television in a different corner and just about getting a watchable picture: either it is there or it is not. Digital satellite has better penetration—97 or 98 per cent.—but it is bedevilled by customer resistance, by planning issues in some areas, and by encryption, which stops the free terrestrial channels to people who have Sky equipment but no subscription. Similar problems of reach apply in many areas of Scotland, Northern Ireland and England.

We need Government funding. The broadcasters, the poorest and the last people to switch should not have to pick up the tab. Everyone will have to make some contribution. I have a real concern that, if the market dictates the pace of change, rural and upland areas will be left behind and Wales as a whole will lose out. The Government and the BBC in their report into digital switchover published yesterday express the desire for switchover to happen region by region—but what about nation by nation? I do not want Wales to be at the back of the queue when the digital sweeties are handed out. The report suggested that the first region to switch over should be somewhere such as Oxford, because of the ease of installing transmitter relays. However, what is the point in tackling the easiest areas first and leaving the more difficult to last and perhaps to be forgotten? Now that the Department is looking for the money from the Treasury to fund the switchover, Wales can make a very good case for being the first part of the United Kingdom to go digital. The argument is counter-intuitive. If Wales is difficult, sorting it out will make it easier for the rest of the United Kingdom. It will also mean that resources will go where they should do—towards assisting those who would otherwise suffer from a new digital divide, rather than toward propping up what, in time, the market will deliver for many anyway. It would not be easy: Wales has 20 per cent. of UK transmitters and about 5 per cent. of the UK's population; but sorting out those 20 per cent. of transmitters would give a good start to digital switchover anyway.

Benefits would also be delivered to broadcasting in Wales. I hope that Members representing Welsh constituencies who are present will support me when I say that I expect the territorial integrity of Wales to be preserved in the digital age. We want the transmitters that serve Wales to broadcast the Welsh digital service. No one would lose out—that is one of the glories of digital—but the channels would be where one would expect them to be. We want S4C to be the No. 4 channel on the Welsh digital service, the No. 2 channel to be BBC 2 Wales and the No. 3 channel to be ITV Wales, not any other ITV region. That integrity is vital to meeting the citizenship obligations of the Communications Act 2003. Too many people in Wales do not receive any news about their National Assembly and Government in Cardiff. They might not want to watch or hear such news, but there is a difference between having the choice to reject it and not being provided with it in the first place. At the time of the Assembly referendum, viewers in north-east Wales were told by Granada that the people of Wales were voting for their own Parliament that week—and that was it. That was the extent of Welsh debate.

Let us build on the lead that the people of Wales have already taken. As customers, they have switched on to digital in droves and in greater numbers than elsewhere in the UK. Ofcom and the Communications Act 2003 have the twin duties of providing the Wales-based digital services that we deserve as citizens and ensuring that we are not left languishing as the market delivers to the easy-to-reach 90-odd per cent. but fails to reach those hard-to-reach areas. That can be achieved if Wales pioneers the digital switchover.

When that happens, as it inevitably will, what sort of digital broadcasting will we have in Wales? My favourite medium is radio, but digital radio barely touches Wales at the moment. When can we expect digital radio in Aberystwyth, Pwllheli, Carmarthen or Brecon, or any other part of Wales?

Mr. Wayne David (Caerphilly) (Lab): Caerphilly?

Mr. Thomas: Caerphilly as well. That is important because, for example, there are opportunities to develop a Welsh language radio station for young people, separate from Radio Cymru. Digitalisation brings a wider spectrum, and my local Dixon's and Curry's are merrily selling digital radios to anyone who wants them. The only problem is that they have to travel 100 miles to get a signal. Digital radio is important to wider citizenship and public service broadcasting, but unfortunately it has not yet been considered in the context of Ofcom, which has concentrated on television. The review of television services now being undertaken by Ofcom has done us a service in trying to open up a debate about what public service broadcasting really is. Ofcom has attempted a definition in the review—the first time that a definition has been attempted—and suggested means of delivering public service television outwith the traditional public broadcasters.

There are some warning signs in Ofcom's report. I hope that Ofcom is listening, because I want it to ditch the ludicrous phrase "citizen consumer". It is trotted it out at every opportunity and used it as if it covered everyone. The Communications Act does not use that phrase, and instead says that it is the principal duty of Ofcom

> "to further the interests of citizens in relation to communications matters; and . . . to further the interests of consumers in relevant markets, where appropriate by promoting competition."

That was a compromise, arrived at after a lot of debate in Committee and the House of Lords about the interests of citizens. It is not unimportant that the Act treats citizens and consumers in such a way. As in the Venn diagrams that I remember from school, much of what affects the citizen and consumer is shared; however, some issues are distinct and pertinent to only one or the other. In using the phrase "citizen consumer", Ofcom is guilty of garbled thinking. It reminds me a lot of the old phrase, "EnglandandWales", spoken as if it was one word. We know that there are two distinctive countries.

[Mr. Thomas]

With that caveat, I believe that the review treats public service broadcasting seriously and makes some points that should be of concern to us in Wales. Ofcom seems to accept that regional or, in this context, national ITV1 programming has relevance in Northern Ireland, Scotland and Wales, but it does not hold up much hope for a continuing commitment to regional ITV in England. Such a loss would be deeply disappointing and short-termist. A weakened regional ITV structure in England would do Wales no favours, as cuts in programming tend to spread like a virus. Just as the poor slots for ITV Wales programmes—for example, the current series by Hywel Williams on the history of Wales has been shoved to 11 o'clock at night—reflect the English situation, so changes in England could have damaging repercussions for ITV Wales. As it is, Wales produces just a measly 1 per cent. of first-run network, UK-wide programmes, while Scotland produces only 2 per cent. I hope that the Minister and hon. Members present here will join me in asking for a continuation of drama, news, current affairs and entertainment programmes being produced in Wales by ITV Wales.

The Ofcom review is predicated on 10 propositions for public service television in a fully digital world, two of which I find disturbing. First, Ofcom says that

"Competition in the provision of PSB is at the heart of an effective system."

That has not been the experience in Wales. As ITV Wales shows now, and as past failure to provide for Welsh speakers has demonstrated, competition does not deliver public service broadcasting in the interests of citizens. Secondly, and even more disturbingly, Ofcom suggests a split purchaser-provider system for meeting public service obligations. That would be disastrous for digital broadcasting in Wales. Grafting failures like Railtrack on to broadcasting would be worthy of a reality TV show, but it would fail the viewers of Wales. I should also point out that it is different from the successful S4C model, in which the corporation is both purchaser and provider. The Ofcom review suggests a new purchaser of public service broadcasting to deal with established broadcasters. I would suggest that that has the disadvantage of bringing in the bureaucracy of the NHS into the purchaser-provider split.

Ofcom's review is convincing in its analysis of the changes of TV viewing. It is clear that digitalisation leads to more niche programming and the decline in the viewing of so-called serious programmes. Interestingly, that is more pronounced with satellite viewers than Freeview, viewers of which tend to stay more with the traditional terrestrial broadcasters. That has implications for public service broadcasting. Encouragingly, viewers—described as citizens, rather than just consumers—still want such serious programming to be provided, even if they do not watch it themselves. Some 87 per cent. still want well-informed news, 81 per cent. want high standards of programme making, and 84 per cent. want a balanced diet of programmes at peak hours. Clearly, public service broadcasting is still relevant and worthy of widespread support. There is much more work to be done, including the BBC charter review, but the Ofcom review and its conclusions support my view that the BBC deserves independent funding to support the strong public service remit that the public expect it to fulfil.

Finally, I turn to the unique position of S4C, the Welsh language broadcaster, which will be considered by Ofcom in the next stage of the review. It is worth saying that a review is currently being undertaken by the Department, and that S4C has published a review of where it has got to, just after its 21st birthday. Digital switchover places particular stresses on S4C. The broadcaster has held its own as viewing habits have changed. It has maintained standards and embraced the opportunities of digitalisation by establishing S4C Digidol, the first wholly Welsh language channel, and S4C2, which broadcasts the National Assembly. It has been able to bear down successfully on overheads and played a role in the recent increase in the number of Welsh speakers. It is a fantastic success story and a jewel in the crown of diversity and distinctiveness in UK public service broadcasting.

Regrettably, however, S4C has done all of that without any extra resources. While the BBC has gained from an increase in the licence fee to meet the costs of digitalisation, and commercial broadcasters get a digital dividend for every viewer who switches to digital, S4C does not get a penny for its investment in digital services. That must be put right, and the review is the place to consider that and act on it. S4C is well placed to take advantage of digital broadcasting if it gets the chance and the funding. As its good showing in the BAFTA Cymru awards over the weekend demonstrates, S4C has high standards and makes programmes of high quality.

I look forward to a time when S4C can provide an extra channel in Wales, perhaps reporting from the National Assembly, reporting news and providing programmes for young people. It is regrettable that S4C has had to withdraw from film production in Wales because of the costs involved. However, it has achieved a huge increase in Welsh language broadcasting: some 80 hours a week are now delivered by digital television, rather than the 34 delivered by analogue. It is a huge success story, and I hope that the Minister will support S4C in its review and in the future.

Mr. Deputy Speaker (Sir Nicholas Winterton): Before I call the Minister of State to reply, a little bird has told me that there could be a division at 28 minutes past four. If it does start then, I suggest that we give the Minister time to finish, even if I use a little non-hearing discretion, because it would seem a pity to come back for just two minutes.

4.18 pm

The Minister for Sport and Tourism (Mr. Richard Caborn): I congratulate the hon. Member for Ceredigion (Mr. Thomas) on raising the issue of digital broadcasting in Wales. I know that he has kept the matter on the political agenda, along with many of his colleagues who are in the Chamber this afternoon.

The £300 million figure that the hon. Gentleman referred to in the press shocked me. I have now been told that it was in *The Times*. I have been in some very detailed discussions about the spending review and I am sure that he appreciates that we do not discuss those in public. However, I do not recall the £300 million figure being mentioned. We have asked a consumer expert group to review affordability and availability and we shall receive their report soon. We do not plan any

subsidies for the consumer—I think that he referred to this—because the set-top boxes can now be purchased for about £40. As he said, prices are decreasing, but we shall reconsider the affordability of DTV closer to the switchover date.

I note from the hon. Gentleman's contribution the frustration of viewers in Wales, who want digital television but do not want pay services, and who cannot receive digital terrestrial signals. The position is more difficult in Wales, as he said. The debate is an opportunity for me to give hon. Members an update of how broadcasters are resolving that. First, I want to explain the background of the Government's policy on digital television and digital switchover.

The growth in take-up of digital television is a significant development for broadcasting in this country. The hon. Gentleman gave the figure for Wales as 56 per cent., which surprised me, but on average 50 per cent. of all households have digital television. That strong take-up is the main reason why we believe that the time is right to consider switching over the analogue signal. It is the right decision for the economy and viewers alike.

On 18 September, my right hon. Friends the Secretaries of State for Culture, Media and Sport and for Trade and Industry published a cost-benefit analysis showing that the switchover will bring quantifiable benefits of about £2 billion in net present value terms. There is still some way to go to convince people that switchover is the right thing, and this debate provides an opportunity to set out those arguments again.

One of the main benefits of switchover is to the 25 per cent. of households that can receive analogue channels but not digital services via their aerial. Digital television uses the same spectrum as that used for analogue television, with digital transmission interleaved between the analogue services. By switching off analogue, power levels can be increased, and small relay stations will be upgraded.

In Wales, the problems of terrestrial reception—analogue or digital—are particularly challenging, as the hon. Gentleman outlined. Reliable reception requires a line of sight to a transmitter. Unfortunately, the beautiful hills and valleys of Wales mean that that is difficult to achieve with ground-based transmitters, because the land frequently gets in the way. There is not much that we can do about that. Historically, we have used 200 small relay transmitters to solve the problem by filling in coverage to areas that cannot receive signals directly from a main transmitter.

The six main transmitters in Wales broadcast the full range of digital services, as do three of the larger relay stations. The remainder of the relay transmitters do not broadcast digital services because insufficient frequencies are available while analogue signals are still broadcast. The shortage of frequencies is particularly acute in south Wales where there are a large number of analogue transmitters.

The transmitter network in Wales is proportionally in line with other UK nations where the main stations and a small number of relays broadcast digital signals, the large majority of relays being unable to do so. The shortage of frequencies will not ease until analogue services begin to be switched off. When that happens, many of the restrictions on digital coverage will be relaxed and the number of transmitters and their coverage can be increased significantly.

In addition to allowing the digital terrestrial network to be extended, other benefits from switchover are worth highlighting. First, broadcasters spend significant sums on transmitting programmes in analogue and digital form. As a majority of households switch to digital, it increasingly makes little sense to continue with that uneconomic arrangement.

Secondly, the current arrangements are an inefficient use of spectrum. Digital transmission uses a fraction of the capacity of analogue broadcasts while increasing choice, giving access to interactivity and driving electronic programme guides to help viewers in a multi-channel environment. Switching off will allow users to work the spectrum harder. It will open the way for new dynamic services to be developed, which will be attractive to consumers and good for the economy.

Given the clear benefits, the question is not whether we switch off analogue broadcasts—that case has been made—but when. However, we must ensure that digital is right for all viewers. We need to ensure that the timetable that we set is achievable and that people who have not yet switched over are able to do so. We have established a consumer experts group to ensure that there is an effective conduit for working through issues affecting consumers. That will report shortly and we will publish the report once we have received it.

Switchover is an extremely complicated undertaking, and I am not sure that some hon. Members appreciate that. It is essential that we get it right. There are still several issues to be resolved before we can set the timetable, but we are making progress.

Switchover cannot be delivered by the Government. It depends on market-led take-up and the response of broadcasters and other stakeholders. One of the tasks for broadcasters will be to produce proposals on the digital terrestrial coverage at switchover. The Government and Ofcom will review the broadcasters' proposals and consider whether they make sufficient provision for those who have no access to digital terrestrial. All parts of the UK will be carefully considered.

One issue that will likely be raised is that of free-to-view Solus cards that enable people—obviously, in Wales as well—who want digital services but who have no terrestrial access to receive the main channels without paying a subscription. As has been said, the issue arose when the BBC decided to end the scheme it had funded and to transmit programmes without encryption using a satellite with a much tighter UK coverage. In a debate in Westminster Hall on 21 October last year, I announced that ITV, BSkyB, Channel 4 and Five had agreed to facilitate a scheme to enable consumers to continue receiving the commercially funded public service channels on a free-to-view basis. The scheme covers all the digital satellite consumers who did not have a subscription to a pay TV service, whether or not they had from the beginning chosen to be free-to-view consumers.

[Mr. Richard Caborn]

The agreement involved offering existing Solus card holders a new card for a one-off purchase cost of £23.50. The new cards are guaranteed until the end of December 2005. The cost of the scheme was met by ITV, Channel 4 and Five and was intended for those viewers who were about to lose their free-to-view channels. Existing free-to-view satellite customers were informed through on-screen messages on the affected channels. The Department sent a letter explaining the situation and how to purchase a card to all MPs and members of the public who contacted it, and it also put out a statement that included the last date on which the cards could be purchased on its digital television website.

The temporary scheme was successful in ensuring that viewers who had invested in equipment were able to continue watching the main public services on satellite. A total of 111,000 cards were issued through the exercise, which was aimed at ensuring that existing free-to-view satellite viewers did not lose out.

I accept that there is no longer a free-to-air satellite option available to new customers, although BBC analogue and digital services are available by satellite without subscription. Before digital switchover can take place, we need a free-to-view solution for people in more remote areas with marginal coverage, and for those who want Channel 4 and Five in addition to ITV and S4C. Indeed, we note Ofcom's statement in its switchover report, "Driving Digital Switchover", which was published on 5 April 2004. It stated:

"Ofcom will consider whether regulatory intervention is needed to secure a viable free-to-view satellite proposition"

before switchover. I believe that the hon. Gentleman referred to that, and the Government will stick to it.

We are working closely with Ofcom, broadcasters and other stakeholders in determining the arrangements for switchover. The problems of coverage in Wales that the hon. Gentleman outlined cannot be resolved separately from digital switchover. It is not possible to improve digital services before switchover for the reasons that I gave. Our position since 1999 has been that analogue terrestrial broadcasting signals should continue until everyone who can at present get the main public service broadcasting channels can receive them free-to-view via at least one of the digital platforms. We believe that it is possible to complete switchover by 2010, but we are not yet able to set a timetable, for the reasons that I have outlined. We will do so when we are certain of the optimum time scale. The end result will be better television services, significant economic gains and improved reception and choice for people in rural areas.

Question put and agreed to.

Adjourned accordingly at twenty-nine minutes past Four o'clock.

Westminster Hall

Wednesday 28 April 2004

[MR. JOHN MCWILLIAM *in the Chair*]

Government Regeneration Programmes

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Ainger.]*

9.30 am

Ms Karen Buck (Regent's Park and Kensington, North) (Lab): I am glad to have secured this debate and to have the chance to raise a few questions about the future of Government regeneration programmes. Before doing so, however, I record my strong support for the overall thrust of the Government's regeneration strategy.

My constituency is not alone in bearing the scars of some ill-judged regeneration programmes prior to 1997. Estates such as Wornington Green in north Kensington were the subject of a city challenge programme, but the thrust of the approach was on changing bricks and mortar. That was one of the defining characteristics of the schemes adopted in those days. The programme was carried out with little consultation with the residents, and ended in a massively expensive redesign of the estate. That resulted in the construction of a number of enclosed and unsupervised communal spaces where youths and drug dealers inevitably congregated, thereby creating exactly the problems that any thoughtful regeneration programme would have tried to avoid.

Similarly, the Lisson Green estate in the Church Street ward of my constituency received state action funding for a 10-year programme that only now is drawing to a conclusion. The scheme was so badly handled that it resulted in construction works being carried out simultaneously in virtually every corner of the estate for almost the entire programme, but with not one penny being spent on community or economic development. I saw that happen again and again in my constituency in the 1990s.

Today, my constituency is benefiting from streams of funding that have an entirely different focus. They include investment in capital infrastructure, particularly money being channelled through two arm's-length management organisations that are focusing on bottom-up development, with consultation and community development.

I have found the neighbourhood renewal fund a particularly useful source of investment for improving community development. The fund is paying for two teams of neighbourhood wardens in the Church Street and Queen's Park wards of Westminster. I expect that my hon. Friend the Minister will say something about neighbourhood wardens, because a new evaluation shows that they can reduce crime by an average of 28 per cent. They have proved to be popular and valuable, and have become a vital part of the wider policing family. In Kensington, the NRF is funding a number of police community support officers in the St. Charles ward, where they are helping to bear down on persistent antisocial behaviour in the Dalgarno neighbourhood.

I am delighted to say that we recently secured support for a neighbourhood management scheme in the Church Street ward, one of the 10 per cent. of most deprived wards in the country. That money will help develop capacity, which has already been boosted by NRF funds and the support of the Paddington development trust. It has brought together the multiplicity of landlords in the neighbourhood to ensure that they work together and deploy their resources more effectively in dealing with the problems that are commonly experienced by tenants, regardless of who their landlord is.

The New Life for Paddington project has delivered a £13 million single regeneration budget in the Paddington area since 1999. It has proved to be extremely effective in consulting the community, and has delivered a range of services in education and employment—and much else beside.

We also have four Sure Start schemes. They are the best example of regeneration in its widest sense, with a sensible focus on parents and very young children. The children's fund has been helping to deliver programmes to seven to 14-year-olds by paying for much of the summer programme that took place on the streets and estates of Westminster last year. There are many other sources of funding—the single pot, money paid through the regional development agency, the European social fund and much else.

My purpose today is to praise the investment and the approach taken by the Government. It is not enough, and we could ask questions about a number of issues, such as the micro-management of some schemes and the fact that they are often required to meet too many detailed targets. None the less, the thrust of the approach is right and important. That said, I have worries about the future, which will be the main thrust of my speech.

By far the most important question that I shall raise with my hon. Friend the Minister relates to sustainability. Between 20 and 25 area-based initiatives are estimated to be due to end in 2006, including the current programme of European Union structural funds and the neighbourhood renewal fund. It is something of an open secret that mainstreaming is more talked about than done. I look in vain for signs that my two local authorities are committing major efforts and resources to applying Sure Start principles or neighbourhood management principles to wards and neighbourhoods that are not directly targeted and included in the targets for the 20 per cent. most deprived areas.

Yesterday, we had an important and valuable community conference on antisocial behaviour in the Dalgarno neighbourhood, which was attended by my hon. Friend the Minister for Crime Reduction, Policing and Community Safety. We heard that a neighbourhood management co-ordinator would be appointed to facilitate co-ordinated working between the eight different landlords that own property in that deprived neighbourhood. I welcome that unreservedly, but the co-ordinator is being paid for by the NRF, which is due to end in 2006. We have been trying for years to get our landlords working together effectively, and that post will make an important contribution. However, we do not know whether it will have a future after 2006.

[Ms Karen Buck]

As this Minister knows, only a month or two ago, we had to respond to a crisis in the funding available to us through the children's fund. The crisis arose because the relatively slow build-up to the programme, which is generally a sensible approach, resulted in an over-commitment in the middle of the programme and a subsequent clawing back. There was scurrying around at the end of the last financial year to put together resources to try to ensure that the children's fund would carry on along roughly the predetermined lines. Unfortunately, although additional money was put back into the children's fund after that hiccup, it still means that some of the programmes that I expected to take place in my local neighbourhoods this summer will not now happen.

There are a number of concerns about what will happen to very important schemes and projects that have been developed over the last few years, particularly the neighbourhood warden scheme. There are concerns about whether neighbourhood wardens will be picked up by other sources of funding. Given the pressure on local government budgets and the understandable sensitivities among local councils and the Government about council tax levels, it is unlikely that most local authorities will be able to take up the funding of such wardens. Can the Minister give us a steer on the future of neighbourhood warden projects in particular and on the NRF more widely?

I am well aware that much of the information that I seek depends on the outcome of the comprehensive spending review and, however much I would like detailed responses on these points today, I do not expect them. However, will the Minister at least reassure me that the widespread concern about the longer-term future of the NRF, neighbourhood wardens and the fallout from the possible loss, particularly to London, resulting from the EU structural funds coming to an end in 2006 is being heard, and that consideration is being given to a long-term commitment to those projects after 2006? The approach of building up slowly, taking time and running programmes over a much longer period than was envisaged in regeneration programmes in the 1990s is such a good way to proceed, but there is a shadow hanging over those projects. The sooner we can lift that shadow and allow them the confidence to develop into the future, the better things will be.

My second point, which is very much related to sustainability, involves the concerns over gap funding. This is not a criticism, but rather a statement of reality. A number of regeneration strands come from different Departments—primarily the Office of the Deputy Prime Minister, but also from the Department for Education and Skills, the Department of Trade and Industry and others. Because of that, putting together community regeneration programmes on the ground is sometimes like knitting spaghetti. One project will often be dependent on match funding and complementary funding from a number of different sources.

To take one particular example, the neighbourhood nurseries initiative has made an important contribution to creating affordable child care in neighbourhoods where there is a need to allow parents to secure child care at a reasonable cost because of high levels of worklessness. In London, in particular, the initiative has not been able to unfold in a way that overcomes the high development and capital costs. To make the neighbourhood nurseries initiative function and to create some sense of sustainability, the London Development Agency has taken a national lead among regional development agencies by putting in gap funding to meet some of the shortfall between real costs and the level of costs necessary to make the care affordable.

What will be the future of gap funding, particularly within the RDAs? Let us suppose that the NRF is guaranteed after 2006 and that projects continue. Unless we can have confidence that there will be future investment in the single pot and that the shortfall will be met, particularly the shortfall in skills and economic development in the EU structural fund programmes, we will find that those projects that are dependent on a multiplicity of sources may become vulnerable as a consequence.

I am not making any secret of the fact that I am talking about London, simply because we know that we have two particular problems in London. We have exceptionally high costs in terms of labour, land and capital, a fact that is widely recognised. However, we also have the highest levels of poverty in the country, with 54 per cent. of children in inner London living in poverty, and we have the highest levels of worklessness despite a tight labour market.

The Thames gateway is an important example of a unique opportunity to close the worklessness gap between areas such as Tower Hamlets and the rest of the country. Tower Hamlets has the lowest employment rates in the country. The gateway provides an opportunity, but things will not happen by themselves. Between 1991 and 2001, 55,000 jobs were created in the docklands area, but people from Tower Hamlets did not benefit because of the lack of investment at the time in skills training and other support mechanisms. We need to be assured that the investment from the single pot and the other funding sources that will complement it will be available to meet the range of needs of that workless population, from skills and employment training through to affordable child care.

As the single regeneration budget comes to a close and the single pot becomes the principal mechanism by which the investment will be channelled, one of my main concerns is to know what the future of community development and capacity building will be. The single pot is focused on economic development, and one understands the reasons for that, but one of the benefits of many of the programmes that the Government have developed over recent years, and one of the benefits of the SRB, was the scope for community development and capacity building. I am anxious to know what future funding will enable us to meet the needs of those highly stressed, alienated communities that require future investment. The new deal for communities, which I am sure my colleagues will talk about, is very valuable but, as we know, it is limited to a relatively small number of pockets of deprivation.

When I applied for this debate, I originally sought to focus on issues surrounding the index of deprivation. I know that the index of deprivation is now imminent and that there is therefore little to be gained by talking about

it at any great length. However, the Minister will no doubt know that a number of us who represent London and other urban areas felt that the index of deprivation 2000 effectively discriminated against urban areas and that our share of regeneration funding available to those authorities ranked in the 88 most deprived decreased as a consequence. We made several proposals on changing the domains to correct the bias against urban areas. I do not know whether the Minister will be able to say anything about that today, but we very much hope that the index of deprivation will include the crime and physical environment domains, and reflect other important indicators of the level of needs in our communities, such as income measured after housing costs, adjustments for variations in benefit take-up, and pupil mobility and ethnicity as an indicator of diversity.

However valuable the additional funding streams are that have been made available to us in recent years, I know from my own neighbourhoods that there is still chronic deprivation, and that is reflected in the London-wide poverty and worklessness statistics. Boroughs and wards in my area cannot afford to lose the investment that they have been able to secure in recent years. They need the confidence to plan for the future; they need not only the investment that they have already received but continued commitment and a fairer share of the resources that are available.

In summary, we are handicapped a little by the sheer multiplicity and complexity of the funding streams, but buoyed up, too, by a strong, well-managed economy. The Government's regeneration strategy has been successful on many fronts, but we are asking for help for the cities, and particularly for London, so that they can continue to lift their neediest communities. We need to recognise the exceptional challenges faced by communities such as mine, which have growing populations, exceptional diversity and high levels of polarisation. I hope that the Minister can assure my colleagues and me that community and economic regeneration will continue and flourish after 2006 and that urban areas will receive the share of regeneration funding that their needs warrant.

9.47 am

Mr. Iain Coleman (Hammersmith and Fulham) (Lab): I am grateful for the opportunity to make what I promise will be a brief contribution to this important debate. *[Interruption.]*

Mr. Deputy Speaker (Mr. John McWilliam): Order. I do not want to interrupt the hon. Gentleman as he gets into his peroration, but I must remind hon. Members that I will not call them if they do not stand up.

Mr. Coleman: Thank you, Mr. Deputy Speaker.

I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing this important debate. I shall try to highlight the particular concerns of my local authority, Hammersmith and Fulham, and, of course, those of my constituency. As she said, it is important to recognise the significant contribution that the Government have made to regenerating some of the most deprived and poorest sections of London, particularly inner London. I also want to touch on other regenerations as they affect London more generally.

For the past four years, I have been delighted to chair the north Fulham new deal for communities programme, which is making big improvements in the north Fulham area, and particularly the west Kensington area, which is, without question, the most deprived part of my constituency. The NDC for north Fulham has been granted £44 million over 10 years, and the project is beginning to make a significant difference to local people.

In the last year, for instance, there has been huge support from local people for the excellent community police team and community support officers, who are an integral part of the project. The special designated police force for north Fulham has made a real difference to the area's crime figures, and the initiative has been hugely popular among local people. That model of area-based policing, which includes extra matched resources from the Metropolitan police, must surely be a way forward for similar geographical or ward-based area policing projects.

Other improvements include those around the North End road market, support for breakfast clubs and after-school activities at local primary schools, and a massive refurbishment programme for the previously rather neglected Maystar estate in Star road. The refurbishment of the estate, which had not previously had moneys directed at it for refurbishment, has also been model of consultation and support. The programme has been led by a group of residents from the estate, who have planned and led the entire refurbishment project. The refurbishment has meant that many areas of the estate that were previously hot spots for crime and antisocial behaviour have now been redeveloped in a way that, as many local people, particularly the elderly, have told me, makes them feel a lot safer. They are delighted with the project, which has been possible only because of the close working relationship between the three-star local authority housing department and the NDC north Fulham delivery team.

The partnership between regeneration projects and the local council is a model for similar future schemes. Other projects that have already been given significant support from the local community and approved by the NDC board for the coming year include the development of the new early years centre at Normand Croft school at a cost of £4.5 million and the redevelopment of Normand Park, with the installation of CCTV on the main market and a range of initiatives to improve access to GPs and other health services.

That is all good news, but there are still serious housing problems in Hammersmith and Fulham. The council has a duty arising from the communities plan to influence and establish balanced local housing markets to help promote mixed and sustainable communities. However, the new challenges for Hammersmith and Fulham are testing and it will be difficult if not impossible to achieve those balanced local housing developments. As evidence for that, in 1996–97, Hammersmith and Fulham council accepted a duty to 618 homeless households, whereas last year they accepted a duty to 811—a 31 per cent. increase. At the end of 1996–97, 749 households were placed in temporary accommodation by Hammersmith and Fulham council, whereas at the end of last year, there were 1,798—a massive 140 per cent. increase. It is a

[Mr. Coleman]

matter of regret that the council placed a third of those households in temporary accommodation outside the borough, inevitably causing stress and strain to some of the vulnerable households in question. For example, single mothers were removed from their local communities and support mechanisms, which increased levels of stress and isolation for already deeply traumatised and vulnerable young people.

At current rates of supply, Hammersmith and Fulham council cannot meet even the most acute needs, let alone try through normal supply routes, such as council and registered social landlord void properties, to meet the accommodation needs of those on low to middle incomes. Average price levels for Hammersmith and Fulham are 429 per cent. above the national average, which means that the borough has the fourth highest prices in London. The minimum price for a one-bedroom flat in Hammersmith and Fulham is £165,000 and, for a three-bedroom property, the minimum is £325,000.

A recent study undertaken by the Joseph Rowntree Foundation found that to purchase an entry level home in the borough, a household would need an income of £89,000 per annum. The average income of a nurse at the time of the survey was £22,500 per annum. That hinders the promotion of more sustainable and cohesive communities and results in a greater level of overcrowding because available social housing units are prioritised for homeless households.

Overcrowding has a range of consequences on health, levels of antisocial behaviour and educational attainment. Therefore, it is essential that more work be done to establish a greater supply of affordable housing for rent in the borough. Despite the fact that the local authority has the best record in London for providing such accommodation, it is still a drop in the ocean compared with the vast unmet needs of local people.

The trend of increasing employment and decreasing unemployment rates in the borough is good news, but it has meant that the proportion of high-needs groups seeking work is increasing—for example, lone parents, people with disabilities, refugees and young and older people. The needs of those groups will not be met without continual additional public funding through regeneration projects, such as the NDC and the single regeneration budget.

Since 1997–98, the bulk of regeneration funding coming into the borough has been SRB funding, with significant additional funding from European programmes and the NDC, which I mentioned earlier. However, SRB funding will decline between now and March 2006, and the European funding, which has contributed significantly to projects in the borough since its peak in 2001, is projected to fall after next year. London Development Agency funding is picking up in the area, but there is no commitment that the strategic area programmes will continue after funding ceases. The next financial year, 2005–06, is the final year for the SRB programme and the neighbourhood renewal fund. Objective 2 finishes in 2006–07, as does the LDA funding commitment for the Park Royal-Wembley programme. It is unclear what funding will be available for Hammersmith and Fulham after then.

In relation to unemployment and skills, 5.4 per cent. of the working age population are claiming jobseeker's allowance and 42 per cent. of those claimants are long-term unemployed. The 2001 census showed that the level of black and minority ethnic unemployment is more than twice that of the white population and that a high proportion of the adult population have no qualifications. Some 25 per cent. of the working age population have poor literacy and numeracy skills.

A high proportion of the population does not have English as a first language. There are serious language barriers and there is low investment in training. In one primary school in my constituency, 62 languages are spoken. In the Phoenix high school, in the north of the borough, 126 languages were spoken when the last survey was conducted four years ago. Along with all that, it is still not unusual for 60 per cent. of the children attending other local primary schools in the area to be on free school meals. There is a mismatch between the skills of the borough's residents and the jobs being created on major new local developments.

To conclude, a lot has been achieved through the Government's commitment to regeneration in Hammersmith and Fulham. Like the local people, I am grateful for that. However, a huge amount still needs to be done. When the Minister sums up, I would be grateful if she could advise the Chamber on what practical plans the Government have to ensure that future regeneration schemes recognise the high needs associated with the deprivation and poverty in areas such as Hammersmith and Fulham, and in other constituencies similar to those of my hon. Friend the Member for Regent's Park and Kensington, North. Such areas are sometimes classed as wealthy, but, in practice, they are not. The Minister must know that there are still high levels of deprivation and poverty in such areas. Much more work needs to be done to recognise that and to deal with it.

9.56 am

Jeremy Corbyn (Islington, North) (Lab): I welcome this debate and I thank my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) for introducing it and choosing the topic. As one who represents a constituency similar to those of other hon. Members who have spoken on inner-city deprivation in London, I welcome the principles behind what the Government are trying to do by putting large sums into urban regeneration. Having spent my time under the previous Administration pleading for money for urban regeneration, estate repairs, housing improvements and all the rest, I am pleased to be able to discuss with this Government how much money we will receive for improvements, rather than how much will be taken from us. That is a marked improvement, and I welcome it. Any criticisms that I raise concerning regeneration programmes are not criticisms of the principle, but I am concerned about the methods of disbursing the money and about the efficiency of the process.

There are, traditionally, high levels of unemployment in my constituency. Most of the time they are higher than the national average; indeed, the level is well above the London average, even now. There are various issues associated with that. My constituency, like that of my hon. Friend the Member for Hammersmith and Fulham (Mr. Coleman), has a considerable number of families living in bed and breakfast or otherwise inadequate

accommodation, and we experience the problems of under-achievement in schools that go with that. It is too simple to say that schools are at fault if children under-achieve, as there are clearly other factors involved.

I have been a councillor in Finsbury Park in north London and I am now the MP for that area and the neighbouring borough of Haringey. I have seen the problems of the area first hand since the early 1970s. I have always admired the way people in the local community have got together to try to improve the situation, to campaign for adequate disbursement of resources and to knock the heads of three local authorities together. As other hon. Members will understand well, urban constituency and borough boundaries are almost meaningless. The division is often arbitrary; it just goes down a road, cutting communities in half. Finsbury Park is an example of that: three boroughs happen to meet there. The community coalesces around Finsbury Park, but it is represented by three MPs and three borough councils, and it suffers all the problems that go with that. I do not have a simple solution to that, but there must be a willingness to work together and try to co-operate to achieve improvements.

As one who helped to found the initial Finsbury Park working party—my hon. Friend the Member for Edmonton (Mr. Love) will remember the days in the early 1980s when we were involved with that—I was pleased when the Government agreed a £25 million single regeneration budget scheme for the area. There have undoubtedly been considerable improvements as a result, and I am not complaining at all. We have seen environmental improvements and enjoyed less crime and better street furniture.

However, we have consistently had problems in getting together representatives of the different modes of transport to discuss Finsbury Park station. We have had more meetings about that station in the last 20 years than about anything else. Unfortunately, it is still uniformly grotty, as hon. Members from the north will know if their trains have terminated early at Finsbury Park and they have had the joy of a journey from that station. If the Minister could ask the Secretary of State for Transport to tell the strategic and national rail authorities and any person with rail attached to his name to do something about it and support what Transport for London is trying to achieve, everybody will be very happy and Ministers will be welcome to visit Finsbury Park in future.

I want to discuss the democracy and openness of the operation of the single regeneration and urban renewal schemes. The problem is that there are many overlapping Government initiatives in inner urban areas—single regeneration, neighbourhood renewal fund, Sure Start—all of which are laudable in their own way. However, their local managers and directors spend an awful lot of time meeting the local managers and directors of broadly similar schemes and those who operate local community schemes and initiatives. They, in turn, spend an awful lot of time writing letters to charities and other benefactors to raise money to secure match funding. I question the efficiency of some of the schemes; I wonder about the time spent by public employees meeting other public employees to discuss achieving the objectives that they have been set by central Government and then reinventing the wheel by creating a local bureaucracy to administer the schemes. All that could and should be done by the existing local authorities, acting in a slightly more open way than they did in the past.

In Islington, we have a strategic partnership board, which exists to disburse the large sums of Government money that have come into the borough in recent years. The board is chaired by the leader of the council, and there can be confusion as to whether he is leading the council that is administering services or chairing a strategic partnership board that is disbursing Government money. Because of the way in which that money is disbursed, the public think that a lot of it is local authority money. I ask the Minister in a friendly way to ensure that there is transparency about the amount of central Government money that is supplied for urban renewal and regeneration schemes and to clarify that it is not to be used as a subsidy for existing council services that ought to be funded in the traditional way. It seems that the schemes are being used to subsidise local services, when they should be an add-on to improve the life of the community.

There have been many debates within the strategic partnership in Islington, and two members of its board have resigned, citing as their reason the lack of transparency in the operation of the scheme. I hope that the Minister will understand that, although we welcome the schemes, her Department should make an opportunity to examine their efficiency, openness and democracy and the way we spend large sums of Government money supporting local schemes. Because of match funding, I wonder how efficiently some of the money is disbursed and how well we are using the skills of local community leaders.

Like other hon. Members, I frequently visit community centres and projects. All one ever sees in their offices are stacks of forms waiting to be sent to charities to raise small sums. Is that the best use of people's time, or would they be better employed in making hands-on improvements in their communities and delivering services to them?

I welcome what has been done so far, and I hope that the Government will continue the urban regeneration programme. However, the skills and the structure that already exist in local government are there to be used, and it will be quicker and more efficient to do that than to establish an alternative system.

As my hon. Friend the Member for Regent's Park and Kensington, North said, there is a problem when the schemes come to an end. Local people who have got together and developed skills to support and carry out three, five or seven-year programmes are left high and dry afterwards. There seems to be no end strategy; for example, to pass the programmes on to local authorities or to set up an appropriate trust or a mini-local authority in the area.

We need to consider the problem; of course, we want to continue the improvement that comes from bricks, mortar and money, but safe, sustainable communities, which we all want to live in, come from communities working together and having a local focus. Often when the schemes just disappear, the local focus disappears with them, and the Department would do well to think about that. I say that in a friendly way—I welcome the money but I want it to be spent more efficiently.

10.6 am

Mr. Andrew Dismore (Hendon) (Lab): I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate. Although its title suggests that the issue goes beyond the capital, the fact that every Back Bencher who wishes to speak represents a London constituency shows just how important the subject is to the people who live and work in London.

The hon. Members who have spoken so far represent inner-London constituencies; I represent an outer-London seat, but I regret to say that it has had little support from the Government in respect of regeneration schemes. I question that decision. Parts of my constituency have the same problems of deprivation as areas of inner London. London is a huge city, with rich and poor neighbourhoods side by side, and it is assumed that outer London is full of leafy suburbs. That assumption tends to mask the deprivation in my constituency in areas such as Colindale, west Hendon, Burnt Oak and even parts of Edgware, which is usually thought of as a wealthy area.

My constituency has been told to expect 10,000 extra households in the next 10 years, and I am extremely concerned that there will not be a consequent growth in affordable or key worker housing. There will be more homes for the wealthy people moving into the constituency, but little provision of housing for people who have grown up in the area and want to continue to live near their friends and relations. There are serious prospects of their being unable to do so, largely because of Barnet council's housing policies.

I sometimes question the Government's attitude to the major regeneration projects in the capital. There will be enormous investment in the Thames gateway, but that is a long way down the line. In my constituency, three schemes are on the stocks being worked up and they are pretty well ready to roll, but there has been no real Government contribution towards them.

People want to live in my constituency, which is why all the additional homes are expected. The economy is strong and jobs are available. There are infrastructure problems, but the transport links exist, much though they need improving. In the Thames gateway, all those things must be provided. Why on earth are houses being built in areas when it is questionable whether large numbers of people want to live there, where there are no jobs yet and where the transport links do not exist? The answer, of course, is that to build affordable homes in north and west London is more expensive, because land and building costs are more expensive.

I am concerned that we run the risk of duplicating past mistakes. Many houses were built in the north, for example, but they became derelict because people did not want to live there. That will not be the problem with the Thames gateway, but it would be more sensible to capitalise on existing schemes that are ready to roll rather than anticipating jam tomorrow.

The three schemes in my constituency were originally envisaged by the then Labour-controlled Barnet council, but they have been moved on, and manipulated, by the Conservatives who now run the council. The Spur road-Stonegrove development in Edgware has 600 homes on it at present, of which 485 are rented. There will be 1,350 homes on that site, with no extra affordable homes at all. Similarly there are currently 600 properties in west Hendon. Some 2,200 homes will border the Welsh Harp including penthouse suites with wonderful views, but there will be no extra affordable homes. There are 1,800 homes in Grahame Park, of which 1,300 are rented. That number will rise to 3,300 with a net loss of social housing units. It is utterly scandalous. It is a missed opportunity to provide affordable homes in a place where people want to live. Such homes are desperately needed in my part of London, if not in the capital as a whole.

Matthew Green (Ludlow) (LD): The hon. Gentleman has given us some appalling examples of the lack of affordable housing in the new plans. How did that get through the local planning process? Did not the inspector pick up that there was no affordable housing built into those large-scale housing schemes?

Mr. Dismore: The three schemes are currently in the planning process. We will have to see how that develops. The problem is that the local authority gives itself planning consent for its own schemes. Although there is a degree of scrutiny beyond that, I remain concerned for reasons that I shall explain.

I have no objections to regeneration. The people who live on these estates badly need decent housing but, as a result of these schemes, their children will not be able to live nearby and will have to move farther afield. The new homes will simply be for rich people, for whom, frankly, we do not need to make provision in this way. Clearly something needs to be done about tenure mix on these estates. We need to balance them up more to create a more cohesive community. I have no problem with that at all.

Mr. Coleman: I, too, am shocked by the figures that my hon. Friend has given. Such developments would never be allowed by my local authority because the planning department would normally demand a minimum of 50 per cent. affordable housing. However, it worries me that, recently in parts of my constituency, private developers have been submitting applications for blocks of 14 units. In inner London, if there are 14 or fewer units, affordable housing does not have to be supplied. Has that been in happening in Barnet too?

Mr. Dismore: The position is even worse in Barnet, and I will come to that later.

Barnet council is not interested in providing affordable homes. Councillor Salinger, who is the relevant cabinet member, is not unsympathetic, but he is rather lukewarm in his attempts to drive this issue. The real problem is the ideologue behind Barnet council, the deputy leader, Councillor Coleman, who is also the Greater London authority Member for Barnet and Camden. What we have seen, which I will illustrate when I talk about some of the future private schemes, is the beginnings of the gerrymandering of my constituency and parts of Barnet. I do not make that allegation lightly. As hon. Members may know, I used to be leader of the Labour group on Westminster city council during the reign of Dame Shirley Porter. I know the issue of gerrymandering inside out.

This is not just a question of homes for votes, which everyone knows about. Part of the policy adopted by Westminster council in those days went way beyond the homes-for-votes scandal. It included the use of planning controls to bring in as many Conservative voters as possible through the widespread granting of planning consent for private sector developments without any real push towards social benefit and providing affordable homes. It was probably the more important part—in terms of numbers—of the way in which Westminster council was rigged. I raise my concerns today that Barnet council is potentially going down that route through its manifest failure to deliver affordable homes for people in the constituency and the borough.

Ms Buck: My hon. Friend's remarks worry me greatly not just because of the historical parallels but because, by one of those strange quirks, Westminster is linked with Barnet in the sub-regional housing strategy. There is a general presumption that investment in housing in places such as Westminster is so high cost that we should look to lower-cost areas like Barnet. If affordable housing opportunities are not available there, despite rising homelessness and overcrowding, I wonder where that leaves other partners in the sub-regional strategy.

Mr. Dismore: My hon. Friend makes a valid point, which Westminster council Tories ought to discuss with Barnet council Tories. However, I suspect that we will not see a great deal of progress.

My hon. Friend the Member for Hammersmith and Fulham (Mr. Coleman) raised the question of private developments. There are two major private sector housing developments taking place in my constituency—at the Inglis barracks site in Mill Hill east, which could create 2,500 extra homes, and at the RAF East Camp site in Colindale, which will create 2,000 extra homes. Those will be combined with potential major development schemes for the Colindale hospital and Edgware hospital sites. I am concerned that Barnet council is not pushing as hard as it should for a fair proportion of those homes to be affordable for local communities. Negotiations are under way, but I do not believe that the council is pushing as hard as it could.

My hon. Friend also raised the question of what are sometimes called euphemistically "infill blocks" of 14. That problem occurs to an even greater extent in outer London, because the threshold in outer London is 24 not 14. A private developer can therefore build a block of flats of up to 24 units without having to provide any social housing. I raised that issue with the Under-Secretary of State for Transport, my hon. Friend the Member for Harrow, East (Mr. McNulty) when he was the Under-Secretary responsible for housing, planning and regeneration, because he experienced the same problems in his constituency. I urge the Government to examine the matter to see whether the threshold for outer London can be reduced, even if not much can be done to address the problem generally in London.

Every time I turn a street corner, I increasingly see a building being demolished and a block of flats being built so that wealthy people can move into the area. On some of the main thoroughfares out of London—the A41, for example—the old family houses that we desperately need are being demolished and replaced by blocks of shoe boxes. That is not the way forward. Barnet council must take a large part of the blame for that, because it has not implemented its own policy. The issue must be addressed quickly.

Matthew Green: The problem of Barnet council is worse than the hon. Gentleman suggests. He quoted the figure of 24 units—it is 14 in Hammersmith and Fulham—but local councils can change that figure if they want to gain tighter control, even though they may have to negotiate with the inspectorate to get those figures through. In my area—south Shropshire, which is not an urban area—the figure is 50 per cent. affordable housing on sites of two or more houses.

Mr. Dismore: I am grateful to the hon. Gentleman for his intervention—he reinforced the point that I was making. Barnet council has not taken action in that regard. When an issue comes before the planning inspectorate—on an appeal against a refusal, for example—it is said, "Well, Barnet council has not adopted the policy, so what can we do about it?" The solution to the problem is for the Government to issue tighter guidelines.

I shall make a few specific points about the problems that we have experienced in regeneration. First, there is the question of the right to buy, which significantly distorts some of the funding issues related to regeneration schemes. As soon as a regeneration scheme appears to be on the cards, the property sharks come round trying to buy up the flats—they give people the money to use the right to buy and then buy them out, knowing that they will get substantial extra money through the compensation arrangements. That abuse must be tackled rapidly, because it significantly distorts the funding and cost arrangements of regeneration schemes.

Secondly, the regeneration schemes in my area currently receive no Government money. In the absence of any major contribution from the Government, it would be helpful for support to be given towards the infrastructure costs—health, education, the utilities, and the roads and transport network, in particular—because those services have to be funded out of the projects. That might give us the opportunity to squeeze some social housing out of the schemes.

Some of the schemes are very good. The west Hendon scheme is potentially brilliant. It involves the replacement of a failing estate, but it is more than a housing scheme. It envisages the comprehensive regeneration of a very run-down neighbourhood, including streets of Victorian and Edwardian housing, which has been blighted for years by poor infrastructure, an appalling road system, lack of investment and the erosion of its commercial base. That is the sort of project that we should encourage. The Government are, to a degree, letting Barnet council off the hook in the matter of trying to make such schemes effective.

Barnet has the appropriate schemes. We could provide more social housing if Barnet council had the political will for that—which it does not—and if we had more help from the Government.

Mr. Deputy Speaker: I assure the hon. Gentleman that I drive up and down the A41 about four times a month.

10.20 am

Mr. Andrew Love (Edmonton) (Lab/Co-op): I apologise, Mr. Deputy Speaker, for arriving late. It was not my intention. I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate and bringing to it her great knowledge and experience on matters of urban policy.

I welcome the debate because we do not debate regeneration as much as we should. I am a strong supporter of the thrust of the regeneration activity that the Government have undertaken and, in particular, the move away from the old bricks-and-mortar policy of simply rebuilding communities and estates and towards a policy that is more dependent on social regeneration. Experience shows that unless we combine bricks and mortar with social regeneration, the benefits will not be sustained in the longer term.

I want to raise with the Minister some of the statistics that are bandied around about economic and social regeneration. We constantly hear about the number of houses being built and jobs being secured and retained. Often, those figures are not sustained in the longer term. We urgently need a methodology that gives us confidence in what regeneration policy brings about and that what is created will be sustained.

I wish to raise several points about regeneration and how we can improve the impact that we are making on some of the most deprived communities in the country. It is a truism among people who are interested in regeneration policy that it must be for the longer term. The idea that long-term sustainability can be created by popping into a deprived area, building a few houses or painting a few doors and then leaving is now understood to be risible. We need more long-term programmes over 10, 20 or 25 years, and that is what the new deal for communities has created.

I understand that we must manage expectations. Undoubtedly, the new deal for communities has created an expectation of change. People are anxious for change as soon as possible. We need to enter into partnership with local communities so that they understand the build-up to a sustained regeneration policy.

There has also been enormous press speculation. The press love to show up the inadequacies of whatever is happening, to point out what huge sums of money will be invested through the new deal for communities and to show that it has not delivered. I know that the Government have been somewhat rocked by some of the press speculation.

I make a strong plea that we hold our nerve, and that plea is based on evidence. Although an early report by the National Audit Office makes some general criticisms of the programme, it is on the whole supportive and to the extent that it suggests that the new deal for communities could be exported to other countries. We must keep faith that our long-term regeneration activity will show real benefits for some of the most deprived communities.

I want also to emphasise something that is already part of Government policy. The communities in which we are trying to carry out the relevant activities must be in the driving seat. They must play a leadership role. We constantly use the word "empowerment" in the context of regeneration policy. It must be made a reality. Experience shows that if the people in a community are not involved and are not empowered to have a say in decisions about their community or estate, regeneration will not be sustainable in the long term. We will have to go back in five or 10 years to do the same again, with little or no benefit but a great deal of cynicism from the local communities involved.

The leadership role must be part and parcel of our regeneration activity. However, to achieve real change in the communities, we need to build capacity. As has been mentioned, capacity building is critical, and there must be greater investment in it for two reasons. First, all sorts of professionals are involved in regeneration activity and they all come with financial and property qualifications, but most have no idea of how to build community consensus. Whether or not it is in the form of a qualification, experience and knowledge of how to build consensus in a community should be given to people who are involved in regeneration activity. The National Audit Office report on the new deal for communities shows consistently that the professionals in charge simply did not know how to create a community consensus. I would be the first to say that it is not always easy—it can be extremely difficult—but unless we give people the necessary training to cope and properly equip themselves, we will not make progress.

The second reason for greater investment is that we need to build capacity in deprived communities. It is no good sitting people around a table and saying, "You're now the board—take decisions." The communities need assistance to achieve that. One reason why the new deal for communities has taken such a long time to gear up is because that capacity has had to be built, and greater effort and investment needs to be made. If it is not made, those communities will not be able to rise to the occasion, take the right decisions and understand the problems as well as the opportunities and benefits that will accrue. If we can create that capacity, they will have every chance of success.

The Government also need to reconsider the rationalising area-based regeneration activities, and I know that they have already done that. Like, I suspect, other hon. Members, I know from my local community that whatever the regeneration activity that takes place—whether it is a Sure Start scheme or the old health or education action zones, for example—everyone at a local level is confused: no one knows who has responsibility, which Department is involved and from where the money arrives. A complex picture is made even more complex at a local level, and we need to look carefully at rationalising our regeneration activity and ensuring that it is focused on what I believe is the Government's overall aim of achieving significant improvement for our most deprived communities.

That brings me to my final point, which relates to the new programmes—the strategic partnerships and the neighbourhood renewal funding—and to mainstreaming or the so-called "bending the spend". That was introduced for two reasons. First, everyone involved, including the Government, recognised that no matter how much is put into area-based regeneration, it will never be enough to do what is necessary for

deprived communities. Only by involving mainstream funding and getting the huge central education and health budgets into deprived areas will we make a significant difference. The second reason was that the national strategy, which took a long time to develop, showed clearly that the delivery of public services in deprived areas is significantly inferior to that in other areas.

I solidly the support the mainstreaming of public services into deprived areas. My concern relates to the vehicles by which that is done, in particular when a strategic partnership has a local authority in the lead role that does not share either the programme's or the Government's overall objectives. There is a problem with that and the issue must be examined.

We know that there is a variability of neighbourhood renewal funding and partnerships throughout the country. It is too early to take decisions on that, but the Government need to consider the matter carefully to assure communities up and down the country that everything is being done not only to focus activity on their areas, but to ensure that budgets are mainstreamed to get additional resources to alleviate the poverty in those areas.

10.30 am

Matthew Green (Ludlow) (LD): I, too, congratulate the hon. Member for Regent's Park and Kensington, North (Ms Buck) on securing the debate. It is a shame that there are no Members from other major urban areas. We have had a good representation from London, but large-scale urban regeneration is also happening in places such as Liverpool and Birmingham. It is a shame that we have not heard some of their stories and about the potential difficulties that they are facing. Perhaps we have not heard anything because everything in those areas is sweetness and light, but I doubt that.

Mr. Deputy Speaker: I represent Gateshead, and I assure the hon. Gentleman that if I were able to say something, I would.

Matthew Green: Thank you for that, Mr. Deputy Speaker.

The hon. Member for Regent's Park and Kensington, North raised a series of practical questions, which I will not go over again. She was right to challenge the Minister on some practicalities and on the future of the funding schemes, and I wait with interest to hear the Minister's answers. We also heard some appalling stories from the hon. Member for Hendon (Mr. Dismore) about Barnet council, and something should be done to ensure that affordable homes are available in that area. The situation is a disgrace, so he was right to raise the matter in the House.

I found myself in particular agreement with the hon. Member for Islington, North (Jeremy Corbyn). He hit the nail on the head with his plea for transparency and for us to use the skills that councils already have as a vehicle for delivering regeneration rather than continually setting up new schemes, with new groups of people trying to run them while often straddling lots of different bodies. It would be far more effective to put the money through councils rather than to keep reinventing the wheel with new schemes. There is a huge amount of experience in councils.

There is a range of funding schemes, and the Library notes for this debate identify a few. They include single pot funding, the single regeneration budget, Sure Start, the European regional development fund, the European social fund, the new deal for communities, the new opportunities for physical education and sport, the neighbourhood renewal fund, the Heritage Lottery Fund and the children's fund. Those are only the major funding streams; there are even more potential ones, and that is part of the overall difficulty. The Government need to get a grasp of the funding streams. It is right to invest money, but the way in which it is going in is causing some difficulties.

I shall touch on one of the funding streams in particular—the new deal for communities—but I shall not be as kind as the hon. Member for Edmonton (Mr. Love). Again, the money is welcome, but I have concerns about the fund's performance that, in light of its report this month, the Office of the Deputy Prime Minister seems to share. It would be helpful to hear from the Minister reassurance that the problems are being tackled.

There is the awful case of Aston Pride, which the Government stepped in and stopped last year. It is worth reminding Members that, in two years, Aston Pride spent only £2.4 million out of the £10 million that had been allocated, and most of that was on administration. It failed completely in its intention of regeneration. The managers failed to do the basic things such as setting up a bank account, obtaining a cheque book and registering with Customs and Excise. There was an appalling lack of basic administration skills. I shall be generous and say that any scheme can include a bad egg somewhere in the country, but there are problems in other parts and other schemes, albeit not to the same extent as Aston Pride, which is definitely the worst case. Those problems should be examined.

One question that the Minister could do well to address is whether the scheme will live up to what it was established to do. The ODPM, when it was the Department for the Environment, Transport and the Regions, said that the new deal for communities was

"designed to reduce the gaps between some of the poorest neighbourhoods and the rest of the country".

Yet the national evaluation by the ODPM in April 2003 stated that the 39 NDCs amounted to only

"perhaps 1 per cent. of the deprived neighbourhoods in England. The Programme was thus not intended to make a major dent in the scale of neighbourhood level deprivation."

Perhaps the programme was sold too much to begin with; people expect it to achieve more than it is likely to.

Overlap is another issue. The new deal for communities is going to areas with an awful lot of other schemes going on. The ODPM found out that an NDC programme sometimes overlaps with as many as 10 other area-based initiatives—the single regeneration budget, health action zones, education action zones, employment action zones, excellence in cities, Sure Start, European Union-funded area-based initiatives, small education action zones, sport action zones, and youth inclusion projects. Often, the same group of people is expected to juggle matters between different boards. We have heard about capacity building, but we must realise that we perhaps ask too much. We might want to streamline some of the problems.

[Matthew Green]

The ODPM evaluation of April last year reported:

"Where a large number of other ABIs exist ... this can impede the involvement of partner agencies, which may find themselves committed to a wide range of neighbourhood initiatives."

The Government recognise the problems, but the solutions have not yet been seen. The evaluation report was published a year ago. We need answers from the Government about where they will go to tackle some of the problems apparently inherent in the new deal for communities.

The main problem takes us back to the points about not going through the existing route provided by councils and the sheer cost of administering the schemes. The average spending on administration is 10.3 per cent. of overall cost. Currently, of the £2 billion that has been committed, £1.14 billion has been spent, of which £117 million has been spent on administration. That is 10.3 per cent. The Aston scheme was on a par with that. Heywood in Rochdale spent £25 million, of which £9.6 million—38.36 per cent.—went on administration. Those are the Government's figures.

The cost of administration is clearly a huge problem. We can realistically expect, with those levels of spending, that if the schemes continue to run and the £2 billion that has been allocated is used, another £88 million will have been spent on administration by the end.

Mr. Coleman: The figures that the hon. Gentleman is outlining are staggering, and I am appalled by them, but do not they represent shameful figures for the organisations that are supposed to be the accountable bodies in the NDCs? Birmingham council is probably one example.

Matthew Green: Part of the problem is that the council route is not being used. The bodies are not directly accountable to councils. I should prefer the funding to go to the councils. I think that even some of the worst, least efficient councils would do the work at a lower administrative cost than can be achieved by setting up new schemes every time. That problem is inherent in the way that the operation works.

To sum up, there are too many different funding schemes, and the Government need to attend to that. There is too much administration because of the way in which schemes are set up. More of that money could be channelled down to where it is needed if existing routes and experience were used. The message must be: trust the local councils. There is always the odd bad council but, by and large, local councils know the problems in their area. Clearly, as in the case of Barnet with housing, they do not always act on that knowledge.

My plea is that the Government should try to push the money more through local councils instead of always setting up new schemes. Otherwise we will see the bad cases that I have highlighted repeated time and again. That will not do anyone—not only the Government, but politics in general—much good in the public's view.

10.40 am

Mr. Robert Syms (Poole) (Con): I congratulate the hon. Member for Regent's Park and Kensington, North (Ms Buck) on securing this debate. I am relatively new to the Front Bench and I found it educational to listen to the range of speeches on such an important topic.

I declare an interest, insofar as it might impact on the subject: I am a director of a family property and building company.

Mr. Dismore: Not in Barnet?

Mr. Syms: No, not in Barnet.

We have heard some interesting contributions. All political parties must pay serious attention to what happens in our inner cities, particularly those areas that suffer high deprivation. We all know of the problems: there is lower educational attainment and higher levels of crime. Even though we have higher levels of employment, many people are still economically inactive through sickness or because of housing and community problems. It is therefore perfectly sensible for the Government to try to improve the situation.

Of course, the most important thing is to have a sound economy. Mercifully, the British economy has performed better than those of our European partners over the past 10 years. [HON. MEMBERS: "Seven."] No, I rather suspect that our economic revival was based on the reforms introduced by Margaret Thatcher and John Major. Nevertheless, it would be churlish of me not to acknowledge that, relative to our neighbours, the British economy has done well over the last decade.

The fact that economic improvement pulls more people into employment and gives them a chance to obtain skills and achieve a much better standard of living will inevitably improve prospects for people in many of the most deprived areas. However, that, in itself, brings problems. As I listened to the contributions of London Members, it occurred to me that some of the difficulties suffered in their wards are a consequence of higher house prices and the investments being made in those areas. Some might not be happy with such investments.

Things might have been different some years ago, when people would have been more focused on employment rather than trying to tear down and rebuild properties in the cities. When we consider urban policy, we need to consider what is happening not only in London but in many provincial cities. However, there are some good signs. Last week, *The Economist* pointed out that, for the first time in ages, there was a net inflow of population into some provincial and northern cities, which has countered the trends of the past 20 or 30 years.

The Government seem a little too obsessed with building on greenfield sites and with the communities plan, and those of my colleagues who represent seats in Buckinghamshire and Berkshire—and elsewhere—are concerned about the Government's housing targets. I believe that we should focus on trying to keep populations in city areas, rather than moving people out and building on greenfield sites.

If we had a reasonable urban policy, we could have a great deal of success in keeping people in the cities. The evidence shows that if we can get to grips with some of

the problems, people quite like living in our cities—particularly young people. A number of things need to be done. Politicians should be ambitious for those areas. We should have outlook and ambition. We need to give people hope and certainty. What the hon. Member for Edmonton (Mr. Love) said about the longer term was important.

The hon. Member for Regent's Park and Kensington, North asked important questions about what is likely to happen to a number of schemes, including the neighbourhood renewal fund, after 2005–06. I shall give the Minister adequate time to reply to that point. It is important to work with the market on urban regeneration, because it is the only way to achieve substantial change. It is important to think locally and to act accordingly, and to get communities involved.

The point was echoed in the debate that a certain class of well-paid bureaucrat was administering the schemes, and we heard from the hon. Member for Ludlow (Matthew Green) that some schemes are expensive to administer. How local communities are involved is important. I admit that I have a slight prejudice, as I was a local councillor for 14 years. For all its difficulties, local government is one of the best ways of delivering local services. Too often, Governments set up new, headline schemes for political motives—we are all guilty of that—rather than feed money and resources through local authorities, which could often do the job just as well, or perhaps more cost-effectively.

It is important to be flexible at a local level, and to allow a degree of difference in different areas, because one size does not fit all. This matter should be given serious consideration and support. That is certainly the approach of my party. To use a phrase that is not often used: for the sake of one nation and consent, we must do our best to ensure that all our citizens have a fair chance in life.

The hon. Member for Regent's Park and Kensington, North mentioned design and lighting, particularly of estates, and that point deserves further discussion on another day. If more thought had been put into city estates, it would be much easier to keep a handle on some of the crime and antisocial behaviour in inner-city areas.

Overall, it is important that the Minister answers the specific points raised by London Members. There are some good signs of urban regeneration. Some of our provincial cities are vibrant, but all the people I have spoken to in cities such as Leeds, Bristol and Nottingham, which are doing quite well, feel that there is still a problem in that there is a wine bar culture in one part of the city centre, but deprivation in others. We must ensure that the success and regeneration of such cities, and the money being invested in them, is spread more widely, so that all communities feel that they have a stake in what is going on.

The hon. Member for Ludlow started to read out some of the schemes, and I was tempted to go through the 48 listed by the House of Commons Library. They are all worthy in their own way. Several of those worthy schemes are certainly complex and they involve a somewhat more bureaucratic approach. I wonder whether it would be sensible to rationalise them and to place more focus on giving resources to local authorities.

When money is linked to a time limit, schemes and initiatives have to end at a certain point. Local authorities then have to pick them up, but we all know that they are not necessarily in a financial position to do that—at least, that is what they tell me, and I suspect that it is true. It would probably be better to have fewer schemes with longer life spans and longer commitments to the communities that they are supposed to help, and to have greater involvement from local authorities.

I will now sit down to give the Minister an opportunity to address the specific points of Members from the greatest city in the world—London.

10.48 am

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate my hon. Friend the Member for Regent's Park and Kensington, North (Ms Buck) on securing this debate, and on using it to raise a wide range of important issues of regeneration, such as support for deprived areas and the future. Many of my hon. Friends raised concerns about London, and I will try to respond to as many of them as possible.

First, I will say a little about the Government's overall approach to the future of regeneration. In doing so, I will pick up on some of the London-specific issues raised by hon. Members, which they will find apply to areas across the country. Over the past seven years, we have focused strongly on improving deprived areas, while recognising that some areas face multiple problems, such as low employment, low achievement in education, poor health, a poor physical environment and disfranchised local people. Such problems are often closely interlinked, and solving one part of a problem without addressing others is not sustainable in the long run.

We have seen substantial increases in investment through the neighbourhood renewal fund, the new deal for communities, the wardens programme, housing and other mainstream programmes concentrating on deprived areas, programmes involving English Partnerships, the coalfield regeneration programmes and housing market renewal. For example, £2 billion is going to the new deal for communities over 10 years, another £2 billion will be made available through the neighbourhood renewal fund over the next five years, and hundreds of millions of pounds will go into additional community investment, neighbourhood management and other programmes.

It is part of our approach, however, that regeneration programmes are not simply about new investment; in effect, the strategy must have three aspects. First, there must be economic regeneration, because if we do not deal with the underlying economic problems that some areas face, such as the need to get more people into jobs, we will not improve things in the long term, no matter how much we do to improve the physical environment—the bricks and mortar. That is why the regional development agencies, as well as the investment in skills and welfare to work, are so important. The hon. Member for Poole (Mr. Syms) conceded that the overall performance of the economy had improved, although he was perhaps a little churlish about giving the Government the credit for the economy's overall stability and the macro-economic changes that have supported that stability and growth.

[Yvette Cooper]

Secondly, there are the improvements to the physical infrastructure—the bricks and mortar—including the housing infrastructure and the transport infrastructure, which my hon. Friend the Member for Islington, North (Jeremy Corbyn) mentioned in relation to Finsbury Park tube station.

Thirdly, there are issues around community-led development. That means supporting not only local communities but the people in them and local community groups, as well as community capacity building. At the individual level, it also means helping people to gain the skills that they need to get jobs. We have to do all three things. As my hon. Friend the Member for Regent's Park and Kensington, North highlighted, too many initiatives have concentrated on just one aspect and have therefore not succeeded or been sustained.

Considerable changes are already taking place as a result of regeneration programmes. There is evidence that the employment gap between the 88 most deprived districts and the average is narrowing, and that the education gap between them is starting to narrow. The first wave of evaluations for programmes such as the warden schemes has shown a 28 per cent. drop in crime in scheme areas, and I shall say more about that in a minute. Sure Start and NDCs are also showing promising signs at the local level. Finally, there is progress on decent homes, with 1 million more homes now reaching the decent homes standard. That means that 1 million more families are not living in cold, damp accommodation.

I want now to address some of the specific issues that hon. Members have raised. My hon. Friend the Member for Regent's Park and Kensington, North asked about the future of funding after 2006, and many other hon. Members raised similar questions. As they will know, we have attempted to set out funding programmes that are more long term than ever before, and the new deal and Sure Start both involve 10-year funding programmes. We have set out a three-year rolling programme of spending reviews. That is in strong contrast to the previous system of annual funding decisions, which were often taken by central Government. As part of the current spending review, we are considering funding through to 2007–08. Obviously, I cannot anticipate the decisions that will be taken as part of that review, although hon. Members will know that the conclusion of the review and the announcement of the next wave is timetabled for July. However, I can say that we retain a strong commitment to deprived areas, and we are reviewing the way in which we spend much of the investment.

An announcement will be made later today about the index of deprivation. It recognises many concerns, and certainly those raised by my hon. Friend the Member for Hammersmith and Fulham (Mr. Coleman) about the need to identify smaller areas within larger wards, where pockets of deprivation may exist next to areas of considerable affluence. The focus of the new index will allow us to do much more detailed work on local areas and, therefore, to target pockets of deprivation in future policy decisions.

On mainstreaming, hon. Members debated whether the issue was the difficulties with mainstreaming, the need for greater mainstreaming or the need to simplify funding streams. My hon. Friend the Member for Islington, North talked about directing more funding straight to councils. My hon. Friend the Member for Edmonton (Mr. Love) argued for simplification of area-based initiatives. We need to strike a balance, because we are considering a series of different issues. In some areas, we have halved the number of area-based initiatives through the work of the regional co-ordination unit. We are considering further simplification of such initiatives to make it easier for local areas to take sensible decisions and not have to deal with competing funding streams.

The funding for many of these regeneration programmes must involve local councils. I agree that they are critical partners in this respect, but equally we must involve other agencies, because councils cannot do the work alone. There must be strong support for local agencies to work in partnership with other agencies, so that they do not have to go it alone or work in isolation. We are considering variations in performance between local areas and what can be done to improve transparency and to address areas where there are poorly performing local strategic partnerships in contrast with areas where performance is fantastic.

I was asked whether there would be support for community-led projects rather than too much focus on economic projects. Continued support is needed for community capacity building and community-led programmes. There will be changes in the way in which funding takes place as a result of the change from the SRB to regional development agencies. Many of the agencies already strongly support work in deprived areas. However, we must beware of going too far in the other direction and having considerable community-based capacity building in some areas when, at the same time, little is done to address the economic issues that they face. There are areas in the north where we need a greater economic focus, not simply a community focus.

The hon. Member for Ludlow (Matthew Green) raised issues about delivery and NDCs. There were problems with the Aston Pride NDC, which is why the Government acted, but we should recognise the important progress that NDCs are making and the considerable results that they are starting to produce. The fact is that strong community-led regeneration programmes take longer to achieve. My hon. Friend the Member for Edmonton highlighted some of the difficulties. Such programmes require far more work with local people, and we must recognise that the most deprived areas are sometimes those that have the least community capacity in the first place. It can therefore take longer to work with local people to give them the confidence to take control of local changes and make decisions. We should recognise the important progress that some NDCs have made.

We have funded 250 neighbourhood warden programmes across the country, which have proved extremely popular. Indeed, they are probably the second most popular group of programmes after Sure Start. The evaluation results for the first wave of warden areas are startling. They show a 28 per cent. drop in crime. That reflects partnerships, not just the work of wardens, but if only 10 per cent. of the drop is due to wardens, they are proving very cost-effective.

In response to a point made by my hon. Friend the Member for Regent's Park and Kensington, North, I should say that mainstreaming seems to have been effective with the first wave of wardens. The first wave is running out of funding this April and is expected to move to mainstream funding. More than three quarters have got their future funding sorted out. Many of the remainder are confident that they will do so and are in the last phases of negotiations about that. A small number of programmes are not being continued and a small number of wardens are being replaced by community support officers. However, we reckon that, in addition to the Government-funded programmes, at least a further 250 are being funded with no Government funding. They are testimony to the fact that local areas can adopt effective mainstreaming.

My hon. Friend the Member for Hendon (Mr. Dismore) raised a series of issues about housing, but I am likely to run out of time before I can deal with them. I agree that we need more homes and affordable housing. We are considering that through the planning system and the spending review. He will know that the Mayor's plan sets out a 50 per cent. target for affordable housing. Local authorities, including Barnet, will have to address issues relating to affordable housing as part of their plans when they come to review the plans in the light of the Planning and Compulsory Purchase Bill. I cannot comment on the individual cases that my hon. Friend raised, which are still in the planning system, but certainly the system should consider such issues further in future.

Dementia Care (Swindon)

11 am

Mr. Michael Wills (North Swindon) (Lab):

"It is vital that service reform is to be driven from the bottom . . . What are the key elements if we are really to put the public at the heart of public services? First, it means a continuous drive to increase the scope and scale of choice available to public service users.

Along with choice we must also provide the public with a louder and clearer voice."

Those are not my words, but those of the Prime Minister at Rickmansworth in January, describing a vision that is reflected in the Department of Health's paper, "Building on the Best". I requested this debate to explore how those noble aspirations have played out in Swindon over the last year, with a proposal to improve services for dementia sufferers and their carers.

Nationally, around three quarters of a million people suffer from dementia. There are about 3,500 sufferers in Swindon, most of them elderly. The symptoms can pose severe challenges for carers. It is often difficult to devise appropriate care, because responsibility for those suffering from the illness falls between many local agencies, including the mental health trust, geriatric care and social services. Because of the difficulties of allocating responsibility for care, dementia sufferers can end up at increased risk of admission to hospital, occupying acute beds, which can cause bottlenecks elsewhere.

For those reasons, and because I believe that we need to improve choice and service in the NHS, 18 months ago I convened meetings in Swindon with local agencies, representatives of local carers and my hon. Friend the Member for South Swindon (Ms Drown), to try to develop a new and better mechanism for dementia care. Following conversations in the summer of 2002, we worked together between October of that year and April 2003.

After exhaustive discussions of all the issues involved, the local managers proposed a new system, which would offer carers and users of dementia services a menu of care choices from which they would be entitled to choose items up to a predetermined limit. Current statutory providers would offer the choices, along with any voluntary or private sector providers that might be interested in participating in the scheme. The menu would be drawn up and agreed by a standing committee chaired by a carer and comprising representatives of statutory providers, users, carers and the voluntary and private sectors. To enable users and carers to make effective and informed choices about their care, a new information and guidance service would be established to empower and advise them.

The proposal would deliver diversity of provision and choice, and put users and carers in the driving seat by involving them in the responsibility for service provision. It would also tackle the challenges involved in doing so, not least by finding a new way to encourage collaboration between the various agencies in a way that was equitable for all users. Roger Bullock, the consultant for old-age psychiatry in Swindon, describes the programme as

"a major step forward—nothing else like it is happening as far as I know. It is also based on true socialist values."

[Mr. Michael Wills]

The project could have been operational by Christmas 2003, but that would have required two key things from central Government. First, we needed a relatively small sum, around £100,000—about £3 per year per dementia sufferer in Swindon—to provide an information support line, so that carers could make informed choices or, to use the jargon, to tackle the asymmetry of information. That is one of the challenges in providing choice in health care and something that "Building on the Best" recognises is vital. Secondly, and importantly for the agencies concerned, they needed assurance from central Government that they would not be penalised for their initiative and enterprise.

"Choice" is a word like "motherhood"—nobody could possibly be against it. However, introducing choice into public services effectively requires hard decisions. The muddle that the Conservative party has got itself into with its so-called passports shows how difficult the task can be. Among other things, because users have freedom to make choices, no one can predict in advance the exact outcome of those individual decisions. Therefore, no provider can be certain in advance exactly what resources will be required to provide those choices. That demands either surplus capacity, which is expensive, or highly efficient management able to deploy resources flexibly and swiftly to meet shifting demand.

In this case, because it was unlikely that sufficient extra funds would be available for the new service, even after the Government's unprecedented investment in the NHS, local managers were required to be highly efficient in their management of resources. That was a big challenge, but they all felt that the potential rewards for service users were so great that they were prepared to take it on. They believed, rightly in my view, that their skill and expertise and their knowledge of their patients would enable them to meet demand effectively. The enthusiasm and commitment of everyone who took part in developing the proposals were palpable.

Gillian Barber, manager of Swindon's Princess Royal Trust for Carers, told me this week:

"This proposal is exactly what we need as it gives carers real choices and would enable them to take more control over their own lives. We had hoped it would have been up and running by now and I am sorry that it seems to have stalled in the Department of Health."

All the local agencies felt that although they were doing a good job, they could do still better and this proposal could help them to do so. Although all the chief executives of the various agencies were prepared to commit themselves, they were concerned that their boards would be worried that the new challenge would affect their ability to meet all their Department of Health targets. They needed assurance that if they embarked on this enterprising and imaginative initiative, they would not be penalised by the Department for missing any targets as a result.

I therefore spoke twice to the previous Secretary of State for Health and his special adviser and made those two simple requests of them. They were enthusiastic about the proposals and thought that there would be no problem in finding the small sum needed for the information support line and reaching some agreement on targets.

I hope that it will be helpful to the Minister, who has not been directly involved, if I recount what happened next. I wrote formally to the Department on 10 May last year, proposing the scheme as a pilot—and received no reply. I wrote again to the Secretary of State on 6 June—and received no reply. The Secretary of State then resigned and I spoke to his successor about the proposal. He, too, welcomed it and asked me to write to him. I did so on 17 June, referring to the earlier letters.

Finally, I received a reply dated 11 July from a Health Minister. It diligently set out the action that the Department is taking to improve dementia services nationally and gave interesting details of initiatives elsewhere in the country. Somehow it managed to overlook the crucial matter of reassuring local managers in Swindon that if they proceeded with the proposal they would not be penalised for being enterprising.

After consulting front-line professionals in Swindon, I wrote again on 31 October asking the Department to reconsider its original response. After sending a reminding letter, I received a reply on 15 December, which attempted to justify the letter of 11 July but still somehow managed to overlook the point of the original correspondence. I wrote again pointing that out. Just before Christmas, by chance, I saw the Secretary of State in the House and pointed out how disillusioning his Department's responses had been for front-line professionals in Swindon. He asked me to write again to his special adviser, which I did on 22 December, offering to engage in dialogue to see whether we could get the proposal moving. To date, I have received no response.

Ms Julia Drown (South Swindon) (Lab): I congratulate my hon. Friend on his hard work, and I join him in trying to support dementia sufferers in Swindon and their carers. That is difficult when progress is blocked and bidding processes leave people disappointed. Does he agree that we should encourage the Government to say that we should focus on key areas and develop schemes with professionals? Then we will not have to deal with the loss of morale that we have both witnessed when people become excited about a project but it does not come to fruition.

Mr. Wills: Yes, my hon. Friend is absolutely right. She has identified a crucial problem. If we are to make rapid and effective public service reforms, we have to engage front-line professionals. The Prime Minister has made that point repeatedly—possibly in every speech that he has made about public service reform. I hope that the Department will recognise from this episode that it must learn the lessons suggested by my hon. Friend.

I reflected on the saga over the new year and concluded that there might be an institutional blockage, as emerges occasionally, in the Department, stifling the choice agenda and the programme of reform that the Prime Minister wants to pursue. Two months ago I again wrote to the Secretary of State proposing the creation of a new fund for innovation, specifically to enable radical reforms proposed by front-line managers to take place rapidly. On 1 April—I assume that was coincidental—I received an answer that again somehow managed to overlook my proposal and, without any apparent irony, reiterated the importance of providing choice and empowering front-line managers.

In responding, I hope that the Minister will resist the temptation to reiterate the importance that her Department attaches to choice, to empowering front-line managers and to the need to provide better care for dementia sufferers and their carers. We all agree on that. Instead, I hope that she will reassure me, my hon. Friend, and front-line professionals in Swindon about the way that her Department has handled the proposal from front-line managers to produce a better service and more choice in Swindon.

No one ever expected the proposal to be accepted and funded just like that. If the Department had said, "Thank you very much, it is an interesting idea, but unfortunately we can't proceed with it for x, y, and z reasons", everyone would have understood. Such a response would at least have indicated engagement with the idea. Unfortunately, those professionals who put so much energy and imagination into developing the proposal have not received even the courtesy of a considered rejection of the idea, let alone an active dialogue about it.

I would be grateful if the Minister could supply direct answers to a few questions. First, is her Department prepared to enter into constructive discussions with front-line professionals about ideas that they develop to promote public service reform? Secondly, if so, is it prepared to discuss proposals that arrive spontaneously from the front line, or will it consider only ideas generated within a format determined centrally by the Department itself? Thirdly, if the latter, can she explain how that is consistent with the Prime Minister's view that:

"It is vital that service reform is to be driven from the bottom"?

Fourthly, does the Department recognise that delivering choice can create difficult challenges for front-line professionals in the effective management of inevitably limited resources? Fifthly, if so, does the Minister accept that, within a framework of inevitably limited resources, delivering choice might involve conflict with targets already set by her Department? Sixthly, if so, does she accept that front-line managers may need dialogue and understanding with the Department, at least in the early stages of delivering the new programme of reform, about how to reconcile the imperatives of delivering choice and existing targets?

Seventhly—this is the question to which I hope the Minister will devote most attention—in any event, is she prepared to enable local professionals in Swindon to enter into a dialogue with the Department on how best to drive forward the imaginative and enterprising proposal that they developed more than a year ago? Finally, if so, when? I am happy for her to write to me with those answers, but I would be grateful for any reassurance that she could give me now.

11.13 am

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I congratulate my hon. Friends the Members for North Swindon (Mr. Wills) and for South Swindon (Ms Drown) on raising this subject. The care of dementia sufferers is an important subject that I appreciate is close to the hearts of both my hon. Friends.

I have carefully listened to and appreciated the comments made by my hon. Friend the Member for North Swindon. I start by paying tribute to the staff in the local health economy who are, as both my hon. Friends will agree, committed to the improvement of local services. My hon. Friend the Member for North Swindon posed some specific questions and I have a little time in which to respond. I shall set out a little of what the Government are doing to improve the care of dementia sufferers before addressing the points that he raised.

Dementia impacts on the lives of the sufferers and those around them. It can exacerbate other illnesses and have a profound effect on the independence and dignity of those who suffer from it. If we contrast the resources available today with those that will be available in 2006, we see that another £1 billion a year will be spent on social services for older people. The package that is coming on-stream focuses on six main themes: providing faster assessment, stabilising the care home sector, expanding the range of services, providing easier access to community equipment, increasing choices for older people and providing more support for carers. All those services are relevant to older people with dementia.

Those with dementia and their carers need high quality, effective care. About 600,000 people in the United Kingdom suffer from dementia and they receive good care and support. Much of that comes from their family and friends, who work tirelessly to ensure that the partner, parent or neighbour is cared for in the best possible way. That is why, in 1999, we introduced the carers grant to support councils in providing breaks for carers in England. It has been increased to provide an extra £225 million over the past four years. It is worth £100 million this year and will continue at least until 2005–06 by which time it will be worth £185 million, helping an additional 130,000 carers. Councils will be able to use the money to give carers help to take a break from caring and also to give them ongoing support.

It is important that we get the framework and the services in the right place at the right time. That is why we have the national service framework for older people, which we launched three years ago. It is a 10-year plan and contains a standard dedicated to the improvement of mental health services for older people. Standard 7 is designed to ensure that the right services meet the needs of older people with mental health problems and people of all ages with dementia, whether they live at home or in residential care, or are cared for in hospital. It is also there to ensure that older people have access to integrated NHS and local authority mental health services that provide effective diagnosis, treatment and support for them and their carers.

There is an emphasis on the early diagnosis of dementia, and our priorities and planning framework requires that services to meet the needs of people with dementia and depression be given a high priority. By April 2004—which is now—protocols must be in place in all health and social care systems to provide those integrated services. The information that is being gathered suggests that that milestone is being met. That means that health and social care organisations will work together to provide the services that older people with mental health problems need.

[Miss Melanie Johnson]

I now turn to my hon. Friend's proposals, which he has outlined and explained. I am obviously aware of his correspondence with my ministerial colleagues about the proposals for services in Swindon. I appreciate that he has been unhappy with the response, but it remains the case that the Department does not give money on an ad hoc basis for projects such as the one that he has described. That is partly a result of the fact that we have shifted the balance of power to a local level by devolving funds to a primary care trust level. The latest round of allocations means that Swindon PCT has £166.7 million for 2004–05, a cash increase of 9.5 per cent.

None of the growth money in the latest round of allocations to PCTs has been identified for specific purposes. That gives NHS organisations the maximum flexibility to use the resources available to meet national and local priorities. Avon, Gloucestershire and Wiltshire strategic health authority, the local SHA, is aware of my hon. Friend's proposals.

Mr. Wills: I did not want to interrupt the Minister's flow, but I was getting the sense that she had formed the impression, despite what I have said and despite my correspondence, that I was unhappy with the response because no money was coming forward. That is not the case. I am unhappy with the response because, despite the extensive correspondence, none of it addressed the key issue that I raised.

The worry locally was not about money; people recognise the Government's enormous investment in health care and are grateful for it, as it is making a huge difference in my constituency. My hon. Friend the Member for South Swindon, too, acknowledges the transformation in Swindon; the PCT is working incredibly well as a result of the reforms and the Government money. There should be no misunderstanding about that.

Local people were worried about what would be required to introduce choice into the local service in caring for sufferers from dementia. No response from the Department in the last year even acknowledged the issues, let alone addressed them or said how the targets would be managed. I hope that the Minister will refer to that issue.

Miss Johnson: I will indeed. I was just coming to the point about the potential conflict in respect of targets. The role of targets in all public services is under examination as part of the current spending round; the Department of Health has said that it wants to consider how targets are set and used throughout health services, and a dialogue is continuing on the matter at all levels.

I understand that my hon. Friend is not saying that resourcing is the issue. I shall explain how a proposal would normally be dealt with, because if the matter is not about funding it is about getting agreement to go ahead with the proposal, as my hon. Friend is suggesting. He will correct me if I am wrong, but as I understand it, the strategic health authority has not yet seen a formal, agreed, detailed proposal on the matter. I appreciate that my hon. Friend seeks reassurance before the work progresses, but the route normally taken is that a formal, agreed proposal, which clarifies the necessary governance and accountability arrangements when funds are being allocated, is put to the local SHA for its consideration. Proposals then go into the bidding round for consideration as part of the local delivery plans, which will also include funding allocations from all the participating parties. The SHA might usefully work on addressing outstanding issues—

Mr. Wills *rose—*

Miss Johnson: If my hon. Friend wants me to answer those points perhaps he will give me a minute to reply; he can then respond if he wants to do so.

On the discussions that have taken place, the question whether there are conflicts between targets and choices is partly a matter of what happens about the targets, but generally there are choices to be made by the authorities who put money into local services. That is principally, in this case, the PCT, but other local authorities may have allocations of money which are relevant to the proposals. It is up to them to take decisions on how they spend the money available to them. We encourage them to be innovative and creative in doing so, within the existing arrangements. There is nothing in those arrangements that would preclude acceptance of the proposal, although it has yet to be considered by the SHA.

Mr. Wills: I am grateful to the Minister for giving way again. As I have come up against a brick wall in my correspondence, I am seizing this rare opportunity to raise these matters. It has taken a year to get this stage.

With respect to my hon. Friend, she has still not quite got the point. What she says may well be so, but that is not what people in Swindon felt. For many good reasons, the hard-pressed but extremely competent and professional front-line managers work within a tight framework of targets, and they were anxious that if they took what would have been a very innovative step—I know of no evidence that it has happened anywhere else—they might be penalised. All they needed was some reassurance that they would not be penalised. They simply needed someone in the Department to say, "We will have an understanding with you about this. Do your best. We will not let you have carte blanche to ignore all the targets because they are set for good reasons, but if we can see that you are genuinely trying to improve service for users and to promote choice, we will not hold you to account if you miss some marginally important target as a result." Managers may or may not be right to be worried, but they simply need some reassurance from the Department. They do not mind hearing the word "No". No one in public service does. They simply want a dialogue with the Department.

Miss Johnson: I am grateful for that further clarification. I understand what the problem is, but I am a little mystified about how it has arisen. That reassurance should have been available through talking

to the strategic health authority. If the SHA has issues with this, it is initially a matter for local dialogue. I am not aware that that dialogue has taken place.

Mr. Wills *rose—*

Miss Johnson: I am happy to keep giving way, but there is a danger that I will not be able to make my final points.

Mr. Wills: I want to make one last point. I realise that because I have intervened so often my hon. Friend may not deal with all the points that I have raised, and, as I said, I would be happy if she gave me her detailed response in writing. My final question could be added to her list: why did nobody, in any of my correspondence or conversations, tell me to go to the strategic health authority?

Miss Johnson: As my hon. Friend will appreciate, I have come in only at this juncture. I am at a loss to explain what has gone wrong. There may have been a breakdown in communication somewhere that has been unhelpful to his constituents and the front-line managers who have been doing the work. I appreciate the point that he is making. I am sure that the Under-Secretary of State for Health, my hon. Friend the Member for South Thanet (Dr. Ladyman), will be happy to meet him and my hon. Friend the Member for South Swindon to discuss the matter further.

This has been an unhappy process, as my hon. Friend the Member for North Swindon is pointing out. I do not believe that there are any obstacles in the system to prevent the scheme from going ahead. As I said, there needs to be a dialogue with the strategic health authority for the proposal to be approved and included in the local delivery plan. I am sure that we can arrange for a meeting to take place. I cannot promise my hon. Friend how soon it will be—it depends on his diary—but it will be as soon as is reasonably practicable on all sides.

I trust that if my hon. Friends identify similar issues where local managers are uncertain about how much freedom they have, they will reassure those managers that their first port of call is to their immediate line management and then on to the strategic health authority. If uncertainty persists, I hope that we will be more speedy in giving reassurance by saying "Aye" or "No" to proposals such as this one which, I recognise, has been drawn up with a lot of local support and involvement and has the potential to drive forward the choice agenda in Swindon.

11.29 am

Sitting suspended until Two o'clock.

Barker Review

2 pm

Mr. Archie Norman (Tunbridge Wells) (Con): I welcome this opportunity to discuss the Barker report, and I thank the Minister for giving up her time to be here. I am sure that her response will address our points about the serious issue that rightly received substantive examination in the Barker review.

The Barker report was commissioned by the Chancellor of the Exchequer to develop recommendations on housing supply in Britain. Its conclusions are far reaching and go far beyond current Government policy, and it will be interesting to hear from the Minister the extent to which the Government intend to adopt them as policy and how she envisages the Government taking the report forward. Will it form the basis of legislation, a White Paper or changes in policy? Its thrust echoes substantially the existing direction of Government policy as adopted by the Deputy Prime Minister, in particular the view that centrally driven housing targets must be imposed on the regions of Britain and that the apparatus for achieving them should be regional government.

The report was welcomed by the Chancellor and Deputy Prime Minister, although I noticed that the language in the welcome memo was somewhat uncommitted. However, the Deputy Prime Minister's press release said:

> "The Government agrees that to deliver its commitment to stability and affordability needs a significant increase in housing development".

That implicitly confirms and buys into Barker's central thrust, although there are many individual recommendations that go far beyond that point. The Government's reaction to date falls well short of endorsing the report, although the Chancellor promised that there would be ample opportunity to debate it. As we have not had a chance to do so to date, I hope that we can take the matter forward in this sitting.

My advice to the Minister is to adopt a discerning view of the Barker report. Although most hon. Members agree that there are serious problems in housing supply in Britain, it is not clear to me that they are addressed by the report, which draws on data and assumptions that bear a great deal of examination. The report is subjective in its assumptions, which are also highly political. It would be interesting to know whether the objectives that are implicit in those assumptions are shared by the Government. The report is flawed in its analysis and understanding of the household projection and housing demand figures and, as a consequence, highly mistaken in its conclusion. I shall endeavour to touch on each of those points.

I want to start with the background assumptions behind housing need. The Barker report takes as its starting point the assumption that it should be a Government objective to reduce house price inflation. It bases that case on the requirement for not just stability but a redistribution of wealth. In particular, the report refers to a more equitable distribution of housing wealth. It uses as raw material the conventional household projection data, most of which predate the outcome of the recent census.

[Mr. Archie Norman]

Starting with the question of equity and redistribution of wealth, I hope that the Minister will be able to elucidate on whether the Government believe that it should be the role of the central state—and whether it is current Government policy—to redistribute housing wealth in this country. That is an overarching statement, and not something that has been evident in Government statements to date. We need to remember that we are talking about 70 per cent. of the population of Britain: roughly 70 per cent. of households are, in one form or another, home owners. For the Government to set as an objective a reduction in the wealth of 70 per cent. of the population is an interesting idea. That is not to say that there are not problems with people getting on the housing ladder. We all understand that, and I want to come on to that point later. However, it is not clear that building more houses is an effective way of redistributing wealth.

The report is also based on the contentious belief, which it does not properly examine, that it is possible to build our way out of house price inflation. The central assertion is that by nearly doubling the rate of house building, we can, over the years, reduce the average rate of house price inflation to the European average. I shall leave aside the question of whether that is desirable, or whether any sensible comparison can be made between our housing market and that in Europe. Nevertheless, it is disappointing, from an economist's point of view, that there is a comprehensive lack of analysis of the extent to which house prices are sensitive to the number of new houses being built, which, as the report acknowledges, amounts to about 1 per cent. of the housing stock per annum. All the evidence suggests that house prices in the UK are far more sensitive to the level of interest rates, and to the growth in real earnings and the expectation of future growth, than to the number of new houses being built.

Andrew George (St. Ives) (LD): The hon. Gentleman makes a strong point. I agree that we cannot simply build our way out of the current housing crisis faced by the UK, particularly in the south. Does he agree that what we should do—the Barker review did not address this matter—is build up an intermediate market for those people occupying the big gulf between low earnings levels and high house prices in areas such as my constituency? Simply building more houses will never make any significant impact on that enormous gulf.

Mr. Norman: I thank the hon. Gentleman for his intervention, and I agree with the thrust of his remarks. There are real problems with housing supply in Britain, both in terms of the ladder of home ownership, and on the question of affordability, particularly in rural areas. I shall address those issues later in my remarks.

The Barker report, by adopting the overall thesis that we can build our way out of inflation, and believing that that is a good idea, loses sight of the underlying problems in housing and housing supply. If it were true that we could build our way out of house price inflation, one would expect the rate to be static in areas of the country where there is a surplus of houses. In fact, recent strong evidence shows that in areas with a housing surplus, house price inflation is just as high as in areas where there is a deficit. That is logical, because people are judging what they can borrow and what they can afford to spend on the basis of the prevailing interest rates and their rising average level of wages.

Mr. John Hayes (South Holland and The Deepings) (Con): My hon. Friend makes the excellent point, which is not often made, that the unresponsiveness of the market is about not just the relationship between price and supply, but that between supply and price—it is a two-way insensitivity. Does he agree that the other profound problem with the use of supply-side mechanisms for dealing with price volatility and inflation is that they are a slow and clumsy method?

Mr. Norman: My hon. Friend makes a crucial point. Most of us accept that the objective should be not to reduce house price inflation—that may be desirable, although it is questionable whether it can be delivered—but to reduce house price volatility. That would be of benefit to the wider economy. However, to do that, we would have to create a much better link between housing supply and housing demand, which is difficult to do in a market with such a long lead time for supply. The Barker report makes recommendations on that, in the hope of lubricating and encouraging the flow of housing. However, any practical business man will know that there is a four, five, six or seven-year lead time for triggering new supply into the market. It is arguable that increasing the level of house building throughout the UK will have the effect of increasing volatility, because it will lead to more times of surplus, when people cannot afford to pay, or of deficit.

Mr. Edward Davey (Kingston and Surbiton) (LD): I caution the hon. Gentleman against going too far down that road. It is clear that house price inflation is at least partly caused by demand outstripping supply. He argues that in some areas where there are surplus houses, house price inflation is still increasing, but those surplus houses are in relatively small areas where people do not want to live, so the houses that are not being used do not affect the real housing market.

Mr. Norman: I am grateful for that intervention. The hon. Gentleman is getting into an analysis of the issue that Barker never covered. The review is essentially a countrywide analysis. It does not seek to understand what we should do about areas of surplus housing and housing poverty. It is probably true that if we depress the rate of increase of house prices, we will reduce the chances of releasing land in inner cities or areas of comparative housing poverty, because the level of opportunity for developers will be reduced. That is a more complex issue, and a matter for discussion, but I welcome the hon. Gentleman's point.

Mr. David Drew (Stroud) (Lab/Co-op): The hon. Gentleman is being generous in giving up so much of his time. Does he accept that part of the problem with Barker—he has already alluded to it—is that the attempt to take a global view gives us an over-simplistic impression of the housing market? There is no national housing market. There are differences between urban

and rural Britain and between the north and the south, and there are different types of tenure. There is a real danger in trying to find a one-size-fits-all solution.

Mr. Norman: I agree. Again, we are getting into issues that are not sufficiently analysed by Barker. Almost all housing is local. House prices may be determined by macro-economic conditions, but affordability, scarcity and housing poverty are local issues and have to be addressed on that basis by agencies and instruments of Government as well as the marketplace. It is about adapting the prescriptions to local needs, and that is the complete opposite of the tenor of many of Barker's conclusions and recommendations.

I shall move on to another aspect of the Barker approach. In her keen endeavours to demonstrate the existence of housing scarcity, which she seems to have assumed before even starting the report, Kate Barker depends almost entirely on historical housing and household projections, most of which are based on, and drawn from, data prepared in 1996 or before and well before the results of the 2001 census. That is important because that census revealed about 900,000 more citizens or members of the population than were anticipated in the earlier projections. At a stroke, therefore, the census places a big question mark over our understanding of the total balance of housing supply and demand and makes a mockery of many of the statistics on which the report draws. However, in the determination to demonstrate a shortage of housing, those housing projections were adopted hook, line and sinker.

The report then draws on dated evidence about housing scarcity and, in particular, lists categories of scarcity and tries to quantify the level of new housing need. Those categories include, for instance, people in temporary accommodation and the 150,000 children who live in dwellings above the first floor. We can all see that there may be issues to address about children living in high-rise blocks, but equally accommodation of that type may be perfectly adequate.

There is undoubtedly a problem of people living in temporary accommodation, but the fact that there has been an increase in the number of people living in such accommodation—incidentally, that happened under this Government—is not necessarily evidence of a total housing shortage or a need to double the rate of house building. Such a situation can be evidence of problems of migration and immigration or of individual local authorities comprehensively failing to address the lack of affordable accommodation for people who need it. It can also be a function of the nature of the economy, the fact that some areas have comparatively high unemployment, and the movements of people between different parts of the country. Addressing each of those categories at a micro level is far more important and insightful than saying that the situation is evidence of a global scarcity and we can build our way out of it.

A useful study commissioned from Europe Economics by the Campaign to Protect Rural England demonstrated that, even if one takes the Barker approach to national statistics, it is hard to demonstrate that there is a national scarcity of housing. In fact, the CPRE study demonstrates—in data quoted in Barker's interim report, which mysteriously disappeared from the final version—that, in aggregate, there is a surplus of housing in Britain: there are more houses than there are households. That does not mean that every household can find the house in which it wants to live or should live. However, the surplus has increased, not diminished, in the last 10 years, despite Barker's assertion that there is a shortage of house building and a problem that will be solved by building more new houses by central Government diktat.

Andrew George: I am grateful for the hon. Gentleman's patience in giving way. In saying that there are more houses than there are households, does he accept that in constituencies such as mine, where 10 per cent. of the stock on the mainland and over a quarter on the Isles of Scilly is used as second homes, an extremely valuable local resource is being misused? For us, an effective planning policy would, perversely, be a restrictive one that would enable an intermediate market to develop to meet local need; we should not simply build houses that local people cannot afford.

Mr. Norman: I welcome the hon. Gentleman's point. I shall come on to how to establish what local need really is and how to address it.

We can argue about whether there is a housing surplus or a deficit—the Europe Economics study suggests that the surplus has increased from 2.4 per cent. to 3.7 per cent., but it is over 4 per cent. in the north-east and north-west and, unsurprisingly, just over 2 per cent. in the south-east. However, we know that such statistics are unhelpful when considering the national picture, because they conceal the fact that there are real scarcities locally, and all housing is local. The only conclusion we can come to is that the problem is not susceptible to sweeping global analyses. National household projections have proven to be totally flawed and of limited value, and the belief that doubling the rate of house building will address the problem of inflation is a complete delusion. Tragically, it would fail to address the problems that concern hon. Members.

Let us consider what the household projections reveal if they are analysed in a degree of detail that the report does not even endeavour to understand. Due to a demographic shift in Britain, there is an urgent need to adapt our housing supply. However, nowhere does the report ask what type of housing we will need in future and what the demographics tell us. The 1996 household model, which has become a sort of conventional wisdom in the industry, produces unrealistic outcomes.

Let me give two examples. First, the household projections suggest that there will be no increase in the number of lone parents over the next 10 years. I cannot say whether that is right, but it is a surprising conclusion and we should hesitate before accepting it. More importantly, they show, in the context of a comparatively static population with marginal net immigration, that the signal shift in housing demand is towards single-person households, which increased by 88 per cent. between 1991 and 2001. Such households, in the majority of cases, contain elderly people living alone. The vast majority of the requirement—66 per cent. for 2001 to 2011 and 78 per cent. for the subsequent decade—is for one-person households. That is unsurprising because, with the ageing population, more single, elderly people are seeking accommodation on

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their own. And guess what? We are building exactly the opposite. The vast majority of houses that we have built over the last 10 years are three or four-bedroom houses.

The housing policy pursued by the Government, particularly in the south-east of England, will, exactly as people say, result entirely in the development of executive homes in the suburbs and countryside and fail to meet the real challenge of Britain's changing population. It is a tragedy that Kate Barker's report completely sidesteps the issue of what the household projections—her own figures—really suggest.

In 2003, only 7 per cent. of new properties were one-bedroom houses and 63 per cent. were three or four-bedroom houses. If we can read anything into the available figures, it is that that system is not working very well, and there is a problem to be addressed. The situation is unsurprising: executive homes are driven by the marketplace and are the most profitable thing to develop. They entice people to move out of their existing accommodation to parts of the country where they may have a better quality of life, but the consequences for the housing stock, for the inner cities and for other areas of the country are profound. The Barker report fails to analyse any of that.

I want to move on to the question of the regional and local effects of the report's proposals. A number of hon. Members have raised that issue. My central belief is that the only useful way to consider the housing market is to understand where the problems lie. The problems are local and specific, but the report treats the market as a single entity, aggregates demand for the total, and uses that as a central case to justify new house building. It proposes comprehensive measures to increase supply which run right across the issues of the environment, house building, taxation and so on. If they are implemented, they will inevitably result in a large amount of extra house building primarily in the parts of the country that are most congested and, in many ways, least able to afford it. That particularly involves the south-east and the south-west.

When it comes to the south-east, it is important to remember that the report recommends measures to increase the release of brownfield land. I am sure that most hon. Members would support that. There has been some success, partly as a consequence of Government action over the past few years, in ensuring that more brownfield land is released. However, the reality is that, according to the existing projections, 50 per cent. of new houses in the south-east will be built on greenfield land simply because the capacity of brownfield land is not there. If we double the level of house building, that 50 per cent. will rapidly increase to 60 or 70 per cent. We are looking at a charter for building in the countryside of the south-east of England, the most congested part of Britain.

Bob Spink (Castle Point) (Con): I want to take up one point raised by my hon. Friend. He asserted that most hon. Members would be happy for brownfield land to be given up to new house building in the south-east. That is a contentious issue. It is not quite so. We would of course prefer building on brownfield land to building on greenfield land, but even building on brownfield land in the south-east is not acceptable without the necessary infrastructure development, especially in the flood plain, which in much of the south-east is under increasing threat. Along with the plans we must have better road and rail systems. There is already too much pressure on the infrastructure and overcrowding on our public transport systems.

Mr. Norman: My hon. Friend makes a good point, which I want to come on to. As soon as we adopt the idea that many more houses are going to be built in the south-east, there are profound implications not only for the environment and public expenditure, but also for migration between different areas of the country. It is important to understand the effect of those implications, particularly on the areas with the highest levels of housing poverty, before we start to move forward. The reality is that the report will result in many more houses being built and in a continuation of the current imbalance, whereby the housing investment in Britain goes, generally speaking, to the more prosperous parts of the south-east and south-west, into building executive homes.

Mr. Andrew Love (Edmonton) (Lab/Co-op): I apologise for missing the very beginning of the hon. Gentleman's speech. In the first half of his speech, he seemed to criticise the Barker review for taking only a national view, not a regional and local view. However, in the second half, he seems implicitly to be criticising the report because it recommends massive house building in the south-east and south-west. Was not the idea of the report to make a strong case for an increase in supply, but to leave the debate about how that should be achieved to the House and to Departments?

Mr. Norman: I am glad that the hon. Gentleman has raised that point, because it gives me the opportunity to clarify what I am saying. The Barker report does not make the case for more house building in the south-east, as such; rather, it argues for doubling the rate of house building in aggregate, based on aggregate national statistics. Perhaps I am doing the report an injustice, but I assert that the consequence of that proposal will be a substantial increase in house building in the south-east. At the very least, it is difficult to see how the report's recommendations can be implemented otherwise.

Any nationally driven state programme of house building will have consequences for migration, public infrastructure and the environment. It is important that we understand that the pattern of household movement in Britain over the last 30 years has typically been out of the cities, particularly in the midlands and the north, and into the suburbs. The pattern has also been to move away from the north and into the London conurbation, and out of the London conurbation and into the south-east and south-west. That is vividly reflected in the population statistics. To provide hon. Members with some examples, the population of Hull, where the Deputy Prime Minister has his constituency, has declined by 11 per cent. in the last 20 years alone. The population of other northern cities and areas has similarly declined. For instance, Newcastle's population has, I seem to recall, declined by about 21 per cent.; in Manchester the figure is 16 per cent.; on Merseyside, in aggregate, the population has declined by 10.5 per cent.; and in Middlesbrough the figure is 10.5 per cent., and so on.

The depopulation of urban areas is a serious problem in other ways, because it results in hollowed-out cities and housing poverty, with areas that are under-occupied. The phenomenon is also part of the syndrome of failing schools and higher crime rates in such cities. It is important to remember that for every new executive home that we build in the south-east, a household will leave another area to move into it. The chances are that that household will have moved out of metropolitan London or, perhaps, down from the north. Yes, there is a new household living in the suburbs of Tunbridge Wells; but somewhere there is an inner city where the school roll is declining, crime is rising, the better-off, more able people are leaving and there is high unemployment and social failure. It is not possible to disaggregate the problems of building in the south-east and regarding the region as the economic powerhouse of Britain from the impact of the north and regional policy as a whole.

Several hon. Members *rose—*

Mr. Norman: I give way first to my hon. Friend the Member for South Holland and The Deepings (Mr. Hayes).

Mr. Hayes: My hon. Friend is right: one of the big holes in the Barker report is the failure to link house building to regeneration in the way that he describes. Will he comment on the notion that the housing policy that one adopts to regenerate cities and the sociological effects that it has on population mix are key elements in reclaiming urban areas?

Mr. Norman: My hon. Friend makes the point much more eloquently than I could have done. If there is a serious housing problem in Britain, involving housing poverty and an inability to provide our children with a decent quality of life, it is in the inner cities, particularly in the north and the midlands. A report on housing supply that neglects to mention that issue misses the point to a degree that is reckless. I give way to my right hon. Friend the Member for Skipton and Ripon (Mr. Curry).

Mr. David Curry (Skipton and Ripon) (Con): The problem now is that one has to be very well off or very badly off to live in the inner cities. For instance, Leeds has some high-quality housing in the centre, but it is expensive. It is the middling sort who find it difficult to live in cities.

I was a little hesitant when my hon. Friend said that part of the pressure in the south was the result of people migrating from the north. I am not sure whether that is true. I think that people are trickling out of the cities in the north into the suburbs. The pressures in the south-east are very much the result of household formation and immigration into London and the outer areas. I think that there is a net migration from the south to the north.

Mr. Norman: My right hon. Friend makes an interesting point. It shows that the movement of population is a complex matter. It is not as simple as saying that people are moving from the north to the south-east; they are not. Typically, when kids leave school or go to university they migrate to jobs in London; they get married in London and then move out to the south-east; and they may retire to the south-west. Net immigration tends to create particular pressure points in London.

Understanding the patterns of migration is important. It is a central fact that, although we have heard success stories in urban regeneration, even during the last few years—Leeds is one—the reality is that over the past 20 years, the major conurbations of the midlands and the north have declined in population. That is a serious problem, and until it is reversed—I am not saying that it will be easy—it is naïve to suppose that we can start to regenerate those cities. Regeneration requires holistic solutions.

Mr. Davey: The matter is complex but, whatever the reason, London and the south-east have seen more population growth than some cities in the north. I am not sure of the logic of the hon. Gentleman's argument. I do not wish to misrepresent what he is saying, but he seems to be suggesting that if one builds a house in the south-east or London, someone will move there. Surely, the underlying dynamic of the market is the direction of the economy and the fact that the jobs are to be found where there is economic development. If economic development could be better balanced throughout the country, it would help to achieve a more balanced housing market.

Mr. Norman: The hon. Gentleman is right: it is not possible to address the problem of housing supply outside the context of regional policy. The difficulty is that the Barker report is blind to that. It is not interested in what happens locally, but starts from the assertion that we can solve the problem by building our way out of house price inflation. That misses the important points that are being made.

Of course, there are other ways of addressing the efficiency of housing usage. It could be argued that regenerating the cities of the north, where there are areas of housing surplus, and creating good housing developments as has been done in the centre of Leeds, would be a more efficient way of using our national housing stock than insisting on more and more house building in the countryside of the south-east.

Mr. Love: I thank the hon. Gentleman for giving way yet again. This is indeed an extremely complex issue. I refer him to a report in *The Economist* last week, which said that recent trends suggest that people are moving from London to the cities of the north, and that has been driven by high house price inflation in London and the south-east. The question raised by the report is whether that process would be reversed if house price inflation fell. They are extremely complex issues, and the trends are difficult to predict.

Mr. Norman: They are complex issues, which is why we should be cautious about making sweeping judgments about house-building policy and its impact on the economy. As to whether people migrate from the south to the north, I suspect that the evidence is not yet sufficient; if that were found to be the case, it would be a reversal of the trend of the past 30 years. Some cities in the north have expanded, but the vast majority have

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not. Whereas Cambridgeshire has seen an increase in its population of 20 per cent., Nottingham's population has declined by 4 per cent. Those migrations have profound effects on the local housing market and the local economy.

It is one of the Chancellor's main thrusts that the south-east is one of Britain's business powerhouses, and the CBI and business organisations argue for more infrastructure investment and more housing in parts of the south-east where the housing market is very tight. However, those arguments are very much open to challenge. I was involved in managing businesses in Britain for 27 years, but if I were starting one tomorrow, it would not be in the south-east. If I were looking for a place to run a business, employ people and obtain investment for transport infrastructure, and, indeed, for a place that would provide quality of life, I would head north, and I am sure that the Minister will find an opportunity to agree with me on that point.

The flipside of that argument is that we must be cognisant of the fact that a high level of house building implies substantial investment in infrastructure not only in the areas where the new houses are built but to address problems in the areas that people are leaving. In addition, building more houses in places such as the south-east or London will result in substantial congestion costs, a problem that is addressed nowhere in the Barker report. The public infrastructure costs of house building are formidable. By way of illustration, I point out that the mathematical implication of existing Government projections for the south-east, which are, as I recall, that there will be 900,000 new homes in the next 10 years, is that 3,000 new hospital beds, 300,000 new school places and 900 km of new roads will be required. Very little of that infrastructure is planned for, and, of course, those school places in the south-east will probably replicate school places that already exist elsewhere.

My argument is not that a high level of house building is necessarily right or wrong but that we must understand its implications before making sweeping recommendations such as those in the Barker report. There is nothing in the report to address the problem of public infrastructure or congestion costs. In my judgment and that of most environmentalists, it does not even sufficiently address the question of costs to the countryside and rural England. Indeed, its main contribution in that respect is to recommend that green-belt restrictions be relaxed, presumably to encourage building on the countryside.

As several hon. Members have said, one housing problem that we know exists is the lack of affordable housing and a ladder to home ownership. The report endorses that view and, of course, uses it as a base for some of its recommendations for increased house building. We all know, however, that the problems with affordable housing are a matter not simply of house price inflation but of how we manage the mix of houses that is built. The report signally fails to address that problem. In the past seven years, there has been a dramatic decline in the number of affordable houses built and the number of houses built by social landlords. I would venture to suggest that that decline is a function not of any aggregate view of house building but of Government policy on, and funding for, social house building.

Jeremy Corbyn (Islington, North) (Lab): The hon. Gentleman has been very generous in giving way to many hon. Members. If he studies the statistics for housing construction, he will see that the number of private sector houses developed over the past 10 years was roughly the same each year. The number of developments involving registered social landlords, including housing associations, fluctuates, but it is about 20,000 or 30,000 a year. However, the number of council developments has fallen from a high of about 38,000 in 1990 to virtually zero now. We are missing out on the option of local authorities developing housing to meet desperate social need, and the community pays for that in the housing benefit needed to meet the sky-high rents charged by the private landlords of the leased properties into which homeless people are put.

Mr. Norman: The hon. Gentleman and I can agree that there is a requirement to deal with the problem of affordable housing in most parts of the country, but we will not necessarily agree on the means to achieve that. I do not think that the idea of bringing back large-scale council house-building programmes is a runner, and it will certainly not be endorsed by the Deputy Prime Minister. However, it is clear that it is not only council house building that has fallen under the present Government; building by all social landlords has dropped dramatically.

The Barker report recommends that the rate of building of affordable housing by social landlords should be increased by 18,000 properties per annum. It estimates that the extra cost to the public purse of that would be up to £1.6 billion every year. I should be interested in the Minister's observations about whether the Government will make that sort of commitment to tackle the scarcity of affordable and sustainable housing, the very problem that the Barker report was, according to the Deputy Prime Minister, designed to take on—this is something that he endorses.

The Barker report also makes many practical recommendations. I do not want to give the impression that all of those are wrong or that the report does not contain worthwhile analysis or contribute to the debate. However, some of the recommendations stray well beyond housing into other public policy issues. The Minister may want to comment on that.

The tenor of the recommendations is strongly centralising and redistributive. They convey a centralised view of the world, in which it is thought that the state should intervene in fundamental ways in the house-building market, both to shape that market and to manage pricing.

Mr. Love: In the past couple of years the market has produced the highest house price inflation on record, with the lowest number of completions since 1924. Does the hon. Gentleman believe that there should be some intervention in the market to right that?

Mr. Norman: I am not sure whether the hon. Gentleman was present when I explained the premise on which I base my remarks. The contention of the Barker report is that we can build our way out of house price inflation. Kate Barker asserts that if we double the rate of house building, house price inflation may come down to the European average. That is not a conclusion accepted by most economists, and I would certainly not accept it.

The hon. Gentleman referred to the record increase—I am not sure that it is a record—in house price inflation in the past two or three years. That has caused great concern, but he should know that it has been driven by what the Prime Minister likes to refer to as a record period of low interest rates, and by rising real earnings. An increase of 1 per cent. in interest rates would probably have a negative effect on house prices of 10 to 15 per cent. It would take out virtually all the house price inflation. If we are really concerned about house prices, we should deal with those factors. To imagine that we can build our way out of the problem, bearing it in mind that new houses account for only about 1 per cent. per annum of total housing stock, is to defy the laws of economics.

There is no substantive analysis of the issue of house price sensitivity in the report. For something from an economic source, that is disappointing.

Mr. Love: I partially accept the hon. Gentleman's argument. If the UK is compared to Holland, Australia or the United States, similar house price inflation is evident, and I suspect that the reasons for that are similar to those that he has outlined. However, I do not accept that supply does not affect that. It is critical that, in addition to dealing with the other issues that he mentioned, we tackle the supply issue. In certain parts of Britain there is a gross deficit in the number of houses per head of population compared with other countries.

Mr. Norman: The hon. Gentleman may say that, but the thrust of my remarks is that the aggregate figures, taking the country as a whole, do not tell the local story. There are local scarcities, which need to be tackled by a Government who facilitate local solutions. That is not the thrust of the Barker report, which takes the view that there is an aggregate national problem, which can be solved with national solutions and a national policy, driven, and cascaded down, to the regions. Conceptually, that is the difference between what is felt by most hon. Members who have spoken in the debate and the focus of the report.

The report advocates other forms of market intervention; for example, taxing houses by value. It would be interesting to know whether the Minister feels that that should become Government policy. The report also recommends the implementation of a development land tax to ensure that the Exchequer reaps the benefit of what is referred to as "windfall profits". To say the least, the implementation of such a tax would be extremely complex , and the motivation behind it is not clear. Whether it is desirable to sequester windfall profits depends on one's political view, but it is highly unlikely to be a substantial source of revenue. It gives the lie to the motivation behind some of the recommendations and the report's underlying tone that developer profits are to be discouraged.

Another critical element in the recommendations is the report's enthusiastic endorsement of the role of regional government in implementing housing change. To ensure that that happened, new official bodies would be created: regional planning executives with expensive chief executives, for example. I doubt that people in Kent, Sussex or elsewhere would welcome that innovation, and the reaction of local government in most parts of Britain is very hostile to it.

We must consider exactly what the Government want local government to do nowadays. If they are to remove its last substantial remaining power, discretion in planning, they will also remove the ability of local people to influence their environment—for example, how many houses are built where, and the design requirements— and there will be profound implications for the future of local democracy.

Prior to this debate, I talked to some local government leaders, all of whom are extremely worried about the Barker report. I quote Sandy Bruce-Lockhart, leader of Kent county council, who said, rather poignantly:

> "I stood in Newcastle watching an estate built just six years ago, with Government city challenge money, being bulldozed to the ground. The area was to be left derelict. It makes little sense simply to rebuild these houses in the south. Much of the prediction of growth in Kent is not for Kent people, it is for migration into Kent, particularly from the north and the cities."

That is the point that I made earlier. That is what people on the ground are seeing and that is what they believe. The imposition on Kent of a regional government with new powers, based in Guildford, which could be the other end of the country as far as people in Kent are concerned, will be greeted with deep local hostility.

I have been critical of the report and I do not want to present an unbalanced picture. As I said, this is a substantial issue that deserves attention, and the report is a major contribution to the debate. I deliberately focused on the areas of disagreement, which are in my conceptual approach and practical recommendations. There are interesting recommendations in the report which we can probably welcome. For example, it contains some suggestions on how to manage larger developments and lubricate the planning process, and on the release of brownfield sites. However, overall the report adds disappointingly little to our understanding of the dynamics of the housing market. It is based on the acceptance, hook, line and sinker, of outdated projections, which have already been potentially discredited, and which fail to demonstrate what the report purports to demonstrate. It is also based on the assumption that state-driven house-building initiatives can redistribute wealth, and that that is a viable goal for Government, and on the belief that house price inflation can be dealt with, and suppressed by, encouraging more house building and imposing it on the regions of Britain.

The report fails to understand Britain's true housing needs, and it fails even to touch on the question of how we can transform and move our housing stock to meet the needs of the growing numbers of elderly people living alone and single people living in our cities. It does not attempt to address the issue of regional policy and alternative policy approaches, nor does it seek to understand the relationship between house building, the

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housing market, the plight of our inner cities and migration from north to south or vice versa. It has a centralising approach and a strong undertone of belief that the state and the tax system can be used to manipulate markets. If implemented, it would result in the wrong houses in the wrong places.

Several hon. Members *rose—*

Mr. Joe Benton (in the Chair): Order. Before the next speaker begins, I should inform the Chamber that I propose to start the winding-up speeches at 3 o'clock, which will allow 10 minutes each for the Opposition spokesmen and the Minister to reply.

2.51 pm

Mr. Kelvin Hopkins (Luton, North) (Lab): Thank you, Mr. Benton. I shall try to be brief.

First, I welcome the Barker report as a good start. It identifies some of the key aspects of the housing problem, although it does not solve the whole problem. I have a lot more to add to what Kate Barker has said. I have asked the Leader of the House twice in business questions for a major housing debate on the Floor of the House, but we have not yet had one. I hope that the Minister will use her influence on him to bring forward a big debate, because housing is the major crisis facing the people of Britain—certainly in my constituency.

Our key problem is the desperate shortage of housing for ordinary people to rent. The market will not solve that problem. Two thirds of the population could probably get into owner-occupation, or are already in it, but a sizeable proportion of the population will have decent homes only if they are provided at rents they can afford. Such housing can be provided only if there is some degree of intervention by the state. That has been proved over and over again in the past 100 years. The only way to avoid slum dwellings and Rachman-like landlords is to provide social housing, which I believe should be local authority housing. Kate Barker has put her finger on that at least.

We have been in similar situations before, and each time we solved the problem by building houses. Some 50 years ago, when I was a small boy at school, some of my friends were rehoused in council houses which were magnificent because they had superb gardens, three bedrooms and were beautifully built. In the borough of Barnet, where I grew up, they now sell for £300,000 and have all been sold off. That problem was caused by house sales driven by massive discounts, which were paid for from housing accounts rather than the central Exchequer. The problem was then exacerbated by the collapse of house building.

I recently had lunch with representatives of the House Builders Federation, who told me that they want to build executive homes on greenfield sites for profit. They want the developed value. They are not interested in contracting to build housing for other organisations, in building on brownfield sites, or in building social housing because the profits would be insufficient. I briefly suggested in business questions that we should reconsider whether the state, or local authorities, should have a house building capacity—sustained by appropriate policies from the Government—in order to carry out such development.

There are thousands of people on the waiting list in my constituency of Luton, North; I do not know precisely how many, but there are 7,000 in the town as a whole. My constituency is interesting because it was at the epicentre of the collapse of owner-occupation for ordinary people in the early 1990s. People who were persuaded to buy starter homes and urged to take advantage of ever rising house prices bought into those small starter homes, which rocketed in price, but then there was a house price collapse and they were left in negative equity or were repossessed. There were more repossessions and more negative equity in my constituency than anywhere else in the country. Thousands of ordinary people at that margin and who had been encouraged to enter the owner-occupied sector could not sustain it and found themselves homeless and in massive debt. We do not want to repeat that. The only way to avoid it is to provide sufficient decent homes to rent, which people can live in out of choice, not simply because they are desperate.

The major problem in my constituency is the lack of affordable housing. I will not dwell on different sorts of affordable housing; I am talking about local authority affordable housing. The attempted marketisation and privatisation of housing over the past 30 years, starting with the Housing Finance Act 1972, has been disastrous. Profound mistakes have been made at every step of the way. Thirty years ago, we solved the problem in Luton. As vice-chair of the housing committee, I battered on then, as I do now, about the need to build council houses. We built hundreds of council houses and, as a result, we housed 700 families in one year. We also bought in the existing private sector. There was a collapse in the mortgage market and house prices were falling. There was a slump in the owner-occupied sector so we helped by buying several hundred houses and renting them out as council houses. That solved several problems. It got people into decent homes and off the housing waiting list, and I am glad to say that the council became popular for doing a good job. It also meant that the owner-occupier market remained relatively buoyant. The policy was regarded as dangerously socialist because it was municipalisation. Subsequently, everything was sold back as people became better off, and big subsidies were given for owner-occupation. We have now lost thousands of houses to owner-occupation, which could have been used to house the thousands of people still on the waiting list.

We could have encouraged people into owner-occupation from the council housing sector by simply giving them a subsidy from the national Exchequer to buy in the owner-occupied sector. That would have boosted owner-occupation and decanted people from council houses so that people on the waiting list could occupy that housing. I urge my hon. Friend the Minister to take seriously the problems of people in constituencies such as mine in south-east England. They

do not want executive houses on greenfield sites; they want decent homes with affordable rent. It is down to the Government to provide that for them in the future.

Mr. Joe Benton (in the Chair): I am prepared to call the hon. Member for Castle Point (Bob Spink), but I ask him to ensure that he concludes by 3 o'clock.

2.57 pm

Bob Spink (Castle Point) (Con): I am grateful to you, Mr. Benton, and I shall try to be brief.

The Barker review of housing supplies was well summed up by Sebastian O'Kelly, the editor of *Property on Sunday*. Speaking about the Treasury report and the building of 2.5 million extra houses, he said:

"To build them, the Government needs to overturn the planning process that has existed for 50 years: a process that spared us again and again from the most appalling excesses of ill-thought-out, speculative development."

We need more social housing. As I know from my weekly surgeries, we need about 100 units of social housing in my constituency. We must do more to ensure that demand for social housing is met by the housing associations rather than from council new build.

The massive increase in house building is not necessary or appropriate, particularly in the south-east. Let me illustrate the change using the example of my constituency. We have a target of 2,400 new houses, and although we are well over halfway through the planning period, we have only identified 700 new sites for those houses. We are way behind. That shows how extravagant the target of 2,400 was, yet the Government are trying to increase it to 4,000; that is completely unsustainable.

I shall briefly address the point about local democracy. Under the current system, there is considerable democratic input, with local councils making decisions within local plans that comply with the county councils' structure plans, which in turn reflect the Government's planning guidance. The Planning and Compulsory Purchase Bill changes that into a system whereby the Government impose regional spatial strategies, abolishing local control and structure plans completely.

The regional housing boards are sinister. They will ensure the delivery of the Government's massive increase in house building with cram-them-in density and the green belt being destroyed, whether local communities like it or not. I am old-fashioned enough still to believe that local communities know what is best for them and that they should be trusted with such decisions. They should be listened to and not overridden by the centralised, Big Brother controls that the Government are seeking to impose.

I see that we have reached the witching hour of 3 o'clock, so I shall abide by your instructions, Mr. Benton, and finish my contribution.

3 pm

Mr. Edward Davey (Kingston and Surbiton) (LD): I start by congratulating the hon. Member for Tunbridge Wells (Mr. Norman) on securing this debate. We have been waiting for it for some time, and I would encourage the hon. Member for Luton, North (Mr. Hopkins) to continue his efforts. The issue is of such importance that we need a debate on the Floor of the House, although in the meantime I welcome this chance.

I also welcome how the hon. Member for Tunbridge Wells did the job. He certainly taught me a few things that I had not known before the debate, and he helped redress the balance. In the Barker report and some of the commentary before and after it, we heard that the issue was all about housing numbers and how we should be looking for growth here, there and everywhere. The hon. Gentleman did an excellent job in suggesting that there is another way of looking at the subject.

Despite sharing some of the hon. Gentleman's reservations, I still welcome the Barker report for several reasons. First, a focus on the supply side is important. I am sure the hon. Gentleman would agree that we have seen a downturn in the number of new houses being built, particularly in the social and affordable sector—I make no distinction between the two. He was right to point out that we must be far more sophisticated in our analysis of the types of houses that are needed and ensure that the supply side, whether that is the private or subsidised sector, is providing such houses. The issue is not just about numbers, but about ensuring that we get the right type of housing.

I welcome the fact that there has been a report on the problems of the supply side. I have been concerned for some time that the Government's short-term initiatives seem always to be focused on the demand side. For example, some of the key worker housing subsidies for loans seem to exacerbate the situation rather than deal with the fundamental problem, which is providing more houses for certain groups in our population.

I welcome the Barker report because it is also a catalyst for debate and gives us a reference point to discuss the numbers. It is interesting to compare the briefings from the CPRE and from Shelter. Shelter believes that the professor has underestimated the need for house building, while the CPRE believes that she has overestimated it. She might believe that she has therefore got it right. However, whether or not the exact number is right, the key point made by the hon. Member for Tunbridge Wells, which I hope the Minister will take on board, is that it is not just the global figure that is important and that we cannot impose anything from the top down.

That brings me to my key concern about the Barker report, which is that it seems to be a centrist solution. The Government have been moving in that direction for some time, and although I am sure that Professor Barker is her own woman, the fact that some parts of her report have rubber-stamped the Government's policy should be acknowledged. I was particularly concerned by recommendation 6, which has two parts to it. I am sure that hon. Members remember it—

3.4 pm

Sitting suspended for a Division in the House.

3.19 pm

On resuming—

Mr. Davey: I was about to tell hon. Members about my objections to recommendation 6 of the Barker

[Mr. Davey]

review. The two things that I find most objectionable concern centralisation. The review proposes that the regional planning bodies, which the Government have yet to set up under a Bill that is before Parliament, and the regional housing boards, which have only just been set up, should be merged. That would create a large, new, unaccountable regional quango with an even less accountable executive—a regional planning executive—with a series of powers and officials. The recommendation is exceedingly worrying. It might be just an outrider for the Deputy Prime Minister's thinking, but it suggests that housing and planning policy is to be carried out by bodies that have no democratic status. That is a key issue in the Planning and Compulsory Purchase Bill as it ping-pongs between this House and another place, because an amendment has been tabled by the Liberal Democrats—with the support of the Conservative party—to prevent powers from going up from county council level unless and until there is democracy at regional level.

Some of us do not think that the powers ought to be regionalised. In any event, it should be an underlying principle that wherever major powers are exercised, the people who exercise them should be accountable. It is worrying that the Barker review develops one of the Government's unsatisfactory policies. I hope that this House and the other place can kill it at birth. If we do, we will at least ensure that we do not have to witness the death of democracy in respect of planning and housing.

Although I share some of the criticisms outlined by the hon. Member for Tunbridge Wells and some others, let me make some positive points about the recommendations. The review proposes a new, tax-transparent vehicle for investment in the private rented sector. That has some attractions. There is probably cross-party consensus that that sector needs to develop. Increasingly interesting and attractive options are being proposed by bodies such as the Joseph Rowntree Foundation to meet the needs of people who could afford near-market rents but for whom suitable properties are not being built by the private sector. It is possible to imagine a tax-efficient vehicle being designed to plug that gap. My concern is that we might return to the bad old days of some versions of the business expansion scheme, under which there was abuse of tax loopholes. I am particularly concerned about abuses in relation to second homes. So, although I welcome the proposal, it is with that caveat, which I hope the Minister will share with Treasury colleagues.

The most disappointing thing about the report is what is missing. There are the underlying macro issues, on which we touched in early exchanges, in respect of regional economic development. I am concerned about the fact that the Government hardly seem to consider regional policy—they seem to have given up on it. One or two policy issues were mentioned in the report, but not really developed. The first—empty homes—was touched on by the hon. Member for Tunbridge Wells. Even in London and the south-east, there are many empty properties. It is incumbent on policy makers to find ways in which they can be brought back into socially useful occupation. We have worked hard on that with a few landlords in my constituency and shown that it is possible. However, we need policies to ensure that it happens. That can satisfy a slug of the housing need quickly, cheaply and in a sustainable way. It is a key issue that the Government have not tackled. I know that there are consultation papers on it and that I keep bleating on about it every time we have a housing debate, but until we see action we shall continue to push for it.

The second policy issue concerns the perverse tax incentives in the system. It is nonsense to levy no VAT on greenfield development but to charge it on repairs and regeneration. If we could address that, we could send a clear signal to the market and to private sector developers that they can invest in regeneration and in repair and renewal, thereby ensuring that that is where investment goes. I am concerned that, although the report mentions the matter, it is negative about it and its reasons are not persuasive.

Time has caught up with me. I say simply that I hope the Government will give more time to debate this issue and will not press ahead with any of the recommendations until the House has examined and scrutinised the report.

3.25 pm

Mr. John Hayes (South Holland and The Deepings) (Con): This has been an important and strategic debate. I congratulate the Government on encouraging such a debate by commissioning the Barker report. I also congratulate my hon. Friend the Member for Tunbridge Wells (Mr. Norman) on giving us the opportunity to debate it in Westminster Hall; he made what I thought was one of the most cogent and accomplished speeches that I have heard in this place.

I say that I congratulate the Government, but I introduce a caveat. It seems odd that the Government should have commissioned an independent survey of housing strategy and simultaneously had two relevant Bills on the Floor of the House—the Housing Bill and the Planning and Compulsory Purchase Bill. Those Bills were debated before the report was published. If the Government want that sort of analysis, they should legislate on the back of it. They should consider the recommendations and legislate only if necessary. In that respect, the Government's chronology is subject to proper criticism.

To a degree, my observations about the Barker report have already been made, but I shall describe them briefly. First, the statistical assessment on which Barker is based is questionable. My hon. Friend the Member for Tunbridge Wells highlighted the problem of the 2001 census data, which seems to undermine the very foundation of Barker's measurement of the relationship between dwellings and households. It is also true, as my hon. Friend said, that Barker assumes that social trends will continue unabated, or in some cases counter-intuitively.

The Government's assessment, on which Barker relies so heavily, is that the number of single-person households will decline over time, whereas anecdotal suggestions are that it will grow. It assumes that the current level of immigration will be maintained, although some would say it is unsustainable. It assumes that current social trends—divorce rates, birth rates and so on—will be maintained. The assumptions that underpin Barker are at least questionable.

In straightforward terms, the unsuitable mix of housing—that is, too little social housing, as we heard from the hon. Member for Luton, North (Mr. Hopkins)—and the problem of affordability, which is related not to supply but to income and mortgage eligibility, may be at the heart of the housing crisis. It is not simply about numbers, as Barker encourages us to believe.

Secondly, Barker assumes that inadequate supply is the main driver in house price inflation and house price volatility. As my hon. Friend the Member for Tunbridge Wells suggests, it is a mix of several demand-side pressures that create high house prices and keep them high. It is the low interest rates, the relative unattractiveness of alternative investment vehicles, the level of borrowing secured by housing equity and the disproportionate allure of home ownership in the British culture that have driven up house prices and kept them up.

To apply supply-side solutions to the problem would be to use an extraordinarily blunt instrument. Given that only 1 per cent. of housing is new, and that only 10 per cent. of transactions relate to new properties, the idea that one can affect house prices by supply-side means seems at best hopeful and at worst an illusion.

Mr. Love: Will the hon. Gentleman, speaking on behalf of the official Opposition, say whether he accepts the thrust of the Barker report, which is that lack of supply is a major contributory factor to house price inflation?

Mr. Hayes: That is the very point I am making. In some parts of the country—and in some sectors, I mentioned social housing a moment ago—there is a mismatch between housing provision and housing need. There is no question about it, but the idea that one can affect house price inflation—the hon. Gentleman knows the numbers; he is an expert in such matters—is extremely ambitious. It would require a house building programme of almost impossible proportions. Such a programme would be impossible to carry out because of the restricted availability of land and capacity of the industry, and because of the time that it takes to deliver house building—a point that my hon. Friend the Member for Tunbridge Wells made in response to my earlier intervention.

The hon. Member for Edmonton (Mr. Love) may hope that increasing housing supply will have a dramatic effect—*[Interruption.]* I suggest to him that it will not have an effect in the short term, because one cannot magic houses out of the ether.

Barker's advocacy of large-scale building and relaxed greenfield planning constraints is likely to result in development that will be unsustainable in terms of infrastructure and unacceptable both in terms of housing quality and of local people's desire to see incremental development and the continuation of stable communities.

The Minister might choose to examine the development of a more fluid system whereby people could move more easily through social housing into market housing. She might also consider the adoption of a people-centred, rather than building-centred, approach to affordability, which would take into account how to make the houses available more affordable to the people who need them. She also needs to give proper consideration to the problem of empty homes, as the hon. Member for Luton, North said, and to examine the issues of design and quality, so that the worst-off people are not obliged to live in the worst quality houses.

3.31 pm

The Parliamentary Under-Secretary of State, Office of the Deputy Prime Minister (Yvette Cooper): I congratulate the hon. Member for Tunbridge Wells (Mr. Norman) on giving us the opportunity to debate this report, which raises important issues both for the economy as a whole and for individual quality of life.

May I seek your guidance, Mr. Benton, on whether the debate will finish at 3.45?

Mr. Joe Benton (in the Chair): It will finish at 3.44.

Yvette Cooper: Thank you.

I shall begin my remarks by setting the Barker review in context. We should be clear that there is a series of things that are not covered in the review, and that we would not have expected it to consider them. Criticisms of it on that account would therefore be mistaken, although the points made may be important and valid, and we may take account of them in the Government's response. It is important to be clear about the purpose of the review.

The factors that led the Chancellor and the Deputy Prime Minister to ask for the Barker review were similar to those that had already been considered as part of the sustainable communities plan. However, many of those issues were so important, and the links between the housing market and the economy are so important, that it was considered necessary to analyse them further as part of the review.

In 2001, about 175,000 houses were built in the UK, which is the lowest annual figure since the second world war. The number of new houses built in the past 10 years is 12.5 per cent. lower than in the previous decade. The trend rate of house price growth in the UK has been 2.4 per cent. in real terms over the past 30 years, compared to an EU average of 1.1 per cent. In Germany there was no increase in real terms at all, and in France the increase was an average of 0.8 per cent. The latest evidence suggests that the trend rate of house price growth in the UK has increased to 2.9 per cent. over the past 20 years. There are also considerable regional variations in the UK, and there were extremes of volatility in the housing market under earlier Governments.

Although many of those factors had already been considered as part of the sustainable communities plan, the extent of their economic impact is significant. A volatile housing market contributes to macro-economic instability, hinders labour market flexibility and constrains economic growth. The Barker review was also prompted by the Treasury's assessment of the five economic tests and the position of the housing market in relation to Europe.

The review is a macro-economic assessment; it does not go into a series of detailed micro-economic considerations, nor does it examine the wider

[*Yvette Cooper*]

considerations of the planning system in the sustainable communities plan. Importantly, it does not consider the regional position, which we have to recognise must be an extremely important part of the final response to the Barker review.

Jeremy Corbyn: On the regional issue, does the Department expect a specific study to be made of the social and wider housing needs in London, and of increasing planning powers to ensure that we get at least a 50 per cent. proportion of social housing in new developments in the capital?

Yvette Cooper: We are getting under way a wide programme of work in response to the Barker review, including consideration of policy recommendations, consideration of, and consultation on, the underlying methodology used in the review and, in particular, the further regional analyses that are needed. Certainly one thing that we see arising from the Barker report is further work on affordable housing, and we are taking that forward in discussions as part of the spending review. However, the Barker review was aimed at providing important analysis to explain the level of under-supply at macro-economic level, and at identifying the barriers to the housing market as a whole functioning effectively and responding to house prices. We have a programme of follow-up work under way.

Having put the Barker review in context, I shall address some of the points raised by hon. Members. Clearly, the regional dimension to the housing market is extremely important, and we want to do further work on that in light of the report. However, it is completely wrong to suggest, as the hon. Member for Kingston and Surbiton (Mr. Davey) seemed to, that the Government's overall approach ignores regional policy. The sustainable communities plan constitutes a regional approach. It recognises the very strong regional variations in the housing market and the economy, and considers areas where there are much smaller variations in the market.

We have set out substantial housing growth strategies for the south-east, London and the eastern region, and for addressing low demand in parts of the north—I stress that it is parts of the north. The plan also includes a strong regional economic strategy. Indeed, the most recent follow-on publication from the plan was all about the potential for the northern way. The northern growth corridor is an excellent place to invest. I agree with the hon. Member for Tunbridge Wells that there are fantastic economic opportunities in that regard. From a constituency point of view, I can certainly provide very strong recommendations for investment in areas within a 20 or 30-minute radius of Leeds.

The hon. Gentleman seemed to argue that we should allow regional disparities to right themselves. He seemed to say that, left to themselves, the economy or the housing market would right regional inequalities—that the price mechanism would be enough to do that. The truth is that the evidence simply does not bear that out. It was, in many respects, the policy of the previous Government, and regional disparities grew, with all the problems to which such disparities lead.

Mr. Norman: My argument is not that regional disparities will right themselves. It is that if we adopt a national approach, advocate a doubling of the rate of house building and fail to address the regional issues, that will worsen the problem, not diminish it.

Yvette Cooper: We have at no time said that the response needs to be a national, top-down approach. We need an approach that recognises regional variations, which is exactly what the sustainable communities plan does and why one of the major pieces of work that we are doing to follow up the Barker review involves considering regional disparities. Nevertheless, it was important to start from an overall, macro-economic analysis of the impact of the housing market on the economy and the relationship between the two. Of course, there is a further regional dimension. That is important, but we must recognise that the sustainable communities plan is very much a regional plan. It is all about the different pressures that different regions face.

Mr. Hayes: But in that macro-economic analysis, which the Minister highlights, Kate Barker makes virtually no comment on the way we should deal with the insensitivity or unresponsiveness of price to supply and vice versa. Indeed, as my hon. Friend the Member for Tunbridge Wells says, she glosses over that subject. While the hon. Lady is dealing with that, perhaps she will also deal with the development land tax. Kate Barker recommends it, but do the Government agree with her?

Yvette Cooper: I shall come on to the relationship between supply and price. The Barker review set out a series of different policy recommendations; we are considering them and will say more about our response to individual recommendations in due course.

The right hon. Member for Skipton and Ripon (Mr. Curry) is right to say that there is little net migration from north to south, and it is not a factor in the pressures on the housing market and the variations across the regions. However, there is a regional issue that we very much need to address—it is economic and housing related—and that is exactly what the sustainable communities plan does. We need to develop that work further in light of the Barker report.

The hon. Members for South Holland and The Deepings (Mr. Hayes) and for Tunbridge Wells said that the Government should not be concerned about house price inflation, that it does not reflect under-supply in the housing market and, indeed, that there might not be under-supply. Those viewpoints are fundamentally wrong. House price inflation is clearly a serious problem, particularly in London and the south-east, and people are being priced out of the property market. Of the younger generation, only those who inherit property can easily find their way into the market; those who do not inherit need to earn significant sums to do so. The increasing pressure of house price inflation is therefore to the considerable and unfair disadvantage of some, so affordability does matter.

House price inflation also reflects under-supply. Hon. Members are right to note that housing is a financial asset as well as a consumption good, and the Barker review recognises that. That means that housing is affected by a whole series of other factors, including the performance of other financial assets and interest rates. However, none of that is to deny the fact that housing is

also one of the most important consumption goods that we choose in our lifetimes. Those who suggest that we can simply dismiss the way in which it functions as a consumption good, and ignore the market relationships, are simply burying their heads in the sand.

Mr. Hayes: Will the hon. Lady give way?

Yvette Cooper: I am very concerned about running out of time, but I will briefly give way.

Mr. Hayes: I gave the hon. Lady two minutes of my time because this is a complex subject, as she will have noticed. She must, however, answer one point. The demand-side changes that I mentioned could be effected very quickly and have an immediate response, but the supply-side changes that she and Kate Barker seem to advocate would take a very long time to have any effect at all.

Yvette Cooper: Of course it can take some time to address housing supply—that is exactly why we should have been addressing the problem 10, 20 or 30 years ago and why we need to address it now. If we do not, we will have even greater problems in the future.

Housing supply has fallen. Demand has increased, and house prices have gone up, but housing supply has not increased in response. It was a fundamental part of Kate Barker's review to identify why housing supply has not responded effectively to house prices and what the barriers in the market might be.

The review also raises issues about affordable housing, and my hon. Friend the Member for Luton, North (Mr. Hopkins) is right to say that it is important. We have increased investment in affordable housing, but we need to increase the amount of such housing, particularly in London and the south-east.

Maternity Services (Wycombe)

3.44 pm

Mr. Paul Goodman (Wycombe) (Con): I am pleased to have secured this important debate on maternity services at Wycombe hospital. Perhaps you, Mr. Benton, can indicate whether the debate will get its full half hour if we are interrupted by the Division bell. You are nodding, so that is the case.

I am pleased to have secured the debate, but I must add that I am extremely sorry that I had to ballot for it at all and that it has to take place. Let me explain why. The reason behind the debate is the proposal in the consultation document "Shaping Health Services" to transfer key maternity services—the maternity department, the children's ward and the special baby care unit—from Wycombe hospital to Stoke Mandeville.

As the Minister may know, the plan has met overwhelming opposition, not only in the High Wycombe and Marlow area in my constituency, but in neighbouring constituencies, including that of my hon. Friend the Member for Chesham and Amersham (Mrs. Gillan), who is present. The major political parties in my constituency oppose the proposal, and so do Wycombe district council, the local race equality council and local midwives, who protested against it at a consultation meeting last Monday. Local people in general and mothers in particular oppose the proposal; already, a petition organised by Janet Milne, chairman of the Wycombe special care baby unit club, has gathered more than 14,000 signatures, and other petitions are circulating. For example, a petition organised by the Wycombe Conservative association gathered more than 1,000 signatures in a single morning. Signatures to petitions currently total more than 20,000, and there is an all-party campaign against the proposal, chaired by Steve Cohen, editor of the *Bucks Free Press*.

I pay tribute to Janet Milne, whose club has raised more than £70,000 for the special care baby unit since it was set up in the late 1970s, to Dr. Kim Cheetham, who has helped sick babies at the hospital for a quarter of a century, and to all the staff who help to provide maternity services at Wycombe hospital. The department has a good reputation; its results are excellent; its integration between hospital and home is outstanding, and it is larger than many other departments that are not being closed. The staff are a dedicated team and are mostly local, with personal local connections. The service may move, but there is no guarantee that the staff would move, too.

My concern, and that of all who oppose the plans, is not based simply on the underfunding of health services in Bucks, although they are underfunded. As my hon. Friend the Member for Chesham and Amersham made clear in a debate that she instigated on the subject recently, every resident of Bucks receives 18 per cent. less per head in health care spending than the national average. Nor is our concern based simply on the consequent deficits that arise from that underfunding, which is expected to run at some £14 million next year, and on the closures that have arisen at least in part from

[Mr. Paul Goodman]

that underfunding—the closure of the respite facility at Riversdale and the day-care facility at Marlow day hospital and the threat to the Haleacre unit in my hon. Friend's constituency in Amersham and other mental health facilities in the south of the county.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I am grateful to my hon. Friend for allowing me to intervene in his short debate, and for his references to me. Does he agree that there is concern among all Members of Parliament in Buckinghamshire that our health services continue to be seriously underfunded? There is no hope of the Government putting into the health system what the county and its residents deserve. It is not just isolated examples that are under threat; there is also a threat to Chesham hospital and to the Misbourne ward at Amersham hospital. Many issues are not being addressed because of the lack of funds.

Mr. Goodman: I agree wholeheartedly with my hon. Friend, who has an excellent record of campaigning on these issues. I was going on to say that our concern is not based on the belief of the people of south Bucks that they have paid their fair share in taxes, a phrase my hon. Friend has used, and that they are not getting their fair share in health service spending, nor is our concern about the proposals based simply on the anxiety, difficulty and stress that journeys from the south of the county to Stoke Mandeville would cause. To put it starkly, our concern is based on the fear that babies may die if maternity services go to Stoke Mandeville, and I shall explain why.

The local hospital trust assures us that no babies and mothers will be in danger if they have to make the journey by ambulance or other transport from south Bucks to Stoke Mandeville. It was said in a letter to me that the plan

"will not put women or their babies at more risk".

However, I must tell the Minister that that flies in the face of my constituents' experience. I have time to quote only one of many letters that draw on that experience, which states:

"My sister's first child developed an irregular heart beat six months into my sister's pregnancy . . . it was basically a 30 minute survival window for this to take place . . . Thankfully, we were incredibly fortunate and my niece got the care she needed and is now a healthy little girl. But if a 45-minute journey, not to mention the time waiting for an ambulance to arrive was needed, she would not have survived."

I could quote from many more letters on the subject, but the main point is clear: the journey from south Bucks to Stoke Mandeville is long and potentially dangerous for many babies and mothers.

The hospital trust estimates that a non-blue light ambulance journey from Wycombe to Stoke Mandeville takes 36 minutes 47 seconds and that a blue-light journey takes 32 minutes four seconds. That estimate has been met with incredulity by south Buckinghamshire residents and at least one expert. Peter Cox, a former paramedic with 20 years' experience of negotiating the road, has said:

"Maybe on a computer that journey can take 30 minutes, but in practice it can often be up to an hour or more. I have driven patients in ambulances both in south Buckinghamshire and abroad and the High Wycombe to Aylesbury road is one of the worst I have ever come across. The time it will take ambulance crews to make that journey will put the lives of sick and dying babies at risk."

In the light of that expert assessment, I want to put the first of a series of questions to the Minister. I do not expect complete answers from her today, although I expect them in due course in writing. I hope that she will assure me that I shall receive them and that she will respond to the full text of my speech, which I shall send her if the debate is interrupted by the Division bell.

What are the actual times for ambulance journeys in peak hours, with and without sirens and lights, at various times of day? What route would be used, and what assessment has been made of the propensity for severe disruption on those routes? Can we infer that Buckinghamshire Hospitals NHS trust is no longer willing to provide maternity services to Marlow and other parts of south Bucks and that people in those areas should travel to Wexham park instead?

There may be disagreement between the hospital trust and others about ambulance journeys, but I hope that there is complete agreement about other aspects of transport. We all agree, surely, that transport is vital. Without adequate transport, my constituents—particularly my poor and ethnic minority constituents who live in the deprived centre of Wycombe; they often do not have a car and may not speak English as a first language, or even speak it at all—will not be able to get from the middle of High Wycombe to Stoke Mandeville easily, conveniently and safely.

The consultation document states that the health authorities concerned are working on detailed transport proposals. It must follow, surely, that if detailed and adequate proposals are not in place by 25 June, when the consultation period is due to end, the strategic health authority will have to reject the proposals.

I understand that with less than eight weeks to go, little progress has been made in discussions between the relevant health authorities and the county council. No wonder that the county council feels, quite reasonably, that it is disgracefully underfunded by the Government, and it fears, also quite reasonably, that it will be forced, with no additional resources, to pick up part of the bill for the NHS and for the plans in question, in particular those relating to transport.

What consultations have taken place to date between the local health bodies and the county council? Who was there? What was decided? When are further meetings planned, and does the Minister agree that if a clear and coherent transport strategy is not in place by 25 June, the strategic health authority will surely have no option but to reject the proposals?

The proposals as a whole have been advanced by the mid and south Bucks health community. The Minister confirms to me in a written answer that

"The body does not exist in law"

but that the term "mid and south Bucks health community" refers to

"both the providers of health services and the people who use or have access to the health services in the mid and south Bucks area".

The people of south Buckinghamshire will not be pleased to learn that the proposals have apparently been issued in their name. Their response will be, to quote a phrase that has been current recently, "Not in my name."

A question obviously follows. Who will take the final decision if the local overview and scrutiny committee, under the chairmanship of Councillor Mike Appleyard, does not refer the decision to the Secretary of State? I understand that the strategic health authority wants a special committee, made up of members of local health service bodies, to make a recommendation to it. Can the Minister confirm that?

Will the Minister tell us how such a committee will be constituted, and what will happen if there is dispute or disagreement about its constitution? Can she confirm that if the overview and scrutiny committee refers the proposals to the Secretary of State, he will refer them automatically to the independent reconfiguration panel?

My constituents and others will give due regard to the main argument advanced by the hospital trust, namely that the proposals are in part driven by the severe national shortage of paediatric staff. I want to press the Minister on that point. According to the financial framework document that accompanies the main document:

"There are currently 18.8 WTE vacancies for consultant and junior medical staff within the acute trust compared to a funded establishment of 471 staff. At four per cent. of the workforce this is a good position compared to other parts of the NHS."

Can the Minister tell me into which medical categories those vacancies fall? In particular, how many of those vacancies are paediatric vacancies? Can she confirm the rumour that only three of the doctor vacancies are paediatric vacancies? Is this risk to mothers and babies and the potential disruption of successful teams taking place for the want of only three doctors?

I have already asked the Minister what efforts the hospital trust has made in recent years to recruit paediatric staff, and I have received only the most general of answers. I do not think that it was good enough, so I would like to put the questions again. How has the trust attempted to recruit? When, where and how often has it advertised? Has it advertised abroad and if so, when, where and how often?

More questions arise about the proposals. Another answer that I have received, which really is not good enough either, relates to risk assessment. Will the Minister guarantee that the clinical risk assessment that has been carried out—I have received details from her about how it has been carried out—will be published in full before the consultation closes? If acute surgery and orthopaedics were to be concentrated at Wycombe and children's services at Stoke Mandeville, that would mean that children who needed surgery or acute accident and emergency treatment would not be nursed in a children's ward or be tended to by children's doctors and nurses. Can she say whether the proposal would be compatible with the national service framework for children issued by her Department last year? Is she in a position to confirm or deny the rumour that the strategic health authority—I heard this only yesterday—plans to move the two intensive care beds in the Wycombe special care baby unit not merely to Stoke Mandeville but to the John Radcliffe hospital in Oxford in 2006?

Finally, there is the whole question of costs. The strategic health authority argues that the proposals are not driven by the need to reduce the deficits. The consultation document argues that the net effect of option one on income and expenditure would be minus £160,000 and that the net effect of option two would be minus £230,000. Did those calculations cover costs other than income and expenditure? What about each element of capital costs, recruitment and retention costs, travel costs, the cost to the ambulance service and, most important, transport costs? Has a full assessment been made and if so, what is it and where is it?

Of course, costs are not the primary issue at stake for my constituents and people in south Bucks. It is rather the fear that our local health care ecology and the lives of babies and mothers are being put at risk because of a rushed plan that has not been properly thought through and has been made under the shadow of the chronic underfunding of the NHS in Bucks. However, the case against the proposals does not ultimately rest on emotion alone. It also rests on reason and good health service practice.

To date, these proposals offer no cost information, no transport strategy, no publicly available clinical risk assessment and no clear decision-making criteria. The Minister must surely agree that until or unless they do, it is not proper to consider or reach a conclusion on the proposals because they are incomplete. Neither is it proper to consider alternatives, because not all the information needed to draw them up is available. I hope that the Minister will agree that, on the basis of the evidence we have, it would be impossible for the proposals to proceed properly. I look forward to her response.

Mrs. Gillan *rose—*

The Parliamentary Under-Secretary of State for Health (Miss Melanie Johnson): I received no request to speak from the hon. Lady.

Mr. Benton (in the Chair): I am sorry, but unless a specific request was made to the Minister, the hon. Lady cannot speak in the debate.

Mrs. Gillan: I made the request to my hon. Friend the Member for Wycombe (Mr. Goodman). Briefly, I wish to associate myself with the remarks that he made and to say that they reflect the views of my constituents. I think that the Minister has been most ungracious.

Miss Johnson: I will defer to the hon. Lady and allow her to speak. I merely point out that the House rules suggest that she should approach me as well as her hon. Friend.

Mrs. Gillan: I have made my contribution.

4 pm

Miss Johnson: I congratulate the hon. Member for Wycombe (Mr. Goodman) on securing this debate on maternity services at Wycombe hospital. Before I deal with some of the specific issues that he raised, I should like to take this opportunity to recognise the work done across Buckinghamshire to deliver good quality services and to pay tribute to all the staff who are dedicated to the process. All hon. Members rightly attach the highest importance to developments in the NHS in their constituencies, because local people should have local access to high quality health services, including maternity services. Local staff play a key role in ensuring that that is possible for local people.

National maternity services perform a core function in the NHS. More than 600,000 babies and their mothers in the UK each year benefit from our maternity services, which the NHS provides free, at a cost of £1 billion a year. The Department of Health is committed to improving maternity services by modernising all maternity units, increasing the number of midwives, giving women greater choice over childbirth and ensuring that they receive the highest quality maternity care.

Huge advances have been made in the past few years in improving the experience of women during pregnancy and childbirth. It is now much safer to give birth, and women are much more actively involved in decisions about the maternity care that they receive. The main driver for future change will be the publication of a children's national service framework later this year. Extending access and choice will be key themes of the maternity module, in order to make services more flexible, accessible and appropriate, and to give improved choice to all women and their families.

We have also made available £100 million of additional capital funding over the past two years, to refurbish and modernise more than 200 maternity units in England—including that at Wycombe hospital—to improve the environment in which care is provided and better meet the needs of women and their families. That is the largest investment to improve maternity care that any Government have made and it will help to ensure that women in every area of the country have high quality maternity services, as they should.

In order to achieve the goal of providing high quality maternity services, and as part of the modernisation programme that has been set out in the NHS, many NHS economies and organisations are considering changes to the organisation of their services with their local stakeholders. I am sure that Opposition Members will agree that we should recognise that hospital services need to change if they are to continue to fulfil patients' needs and improve access. Services should not remain static for ever, but should be responsive to local needs. That approach informs part of the work that underlies "Keeping the NHS Local—A New Direction of Travel", which was published in February 2003.

I deal now in more detail with the local services in Buckinghamshire. I beg greatly to differ with the assessment that the hon. Member for Wycombe gave of the underfunding of the Bucks health care system. The health services have received record sums of investment that were partly funded through the increase in national insurance, which Conservative Members opposed. I shall therefore take no lectures from the Conservative party about funding the NHS. The service would have been much more poorly funded, with many cuts, had that party's programme of patients passports been implemented. The underfunding that we inherited would also have persisted for a long time.

The funding that the Government have put into the NHS can be seen in the improvement in all the delivery information that we have about the Buckinghamshire health care economy. All waiters over nine months have now been seen. There are now no in-patient waiters over nine months and no out-patient waiters over 17 weeks. Buckinghamshire is ahead of profile on in-patient waiters for the end of March and is on profile for out-patient waiters. There is access to primary care, with 100 per cent. meeting the target of seeing a nurse within 24 hours and 99 per cent. meeting the target of seeing a GP within 48 hours. In the past weeks, the rolling average of people seen in accident and emergency is 96.7 per cent. hitting the target of being seen in under four hours. The ambulance response rates are above performance targets, too.

The overall picture is extremely encouraging, with a much better deal in terms of funding and performance for all of the Buckinghamshire health care economy. I am sure that Opposition Members, whatever their views about the level of funding, which I appreciate are different from the Government's support for more generous funding of the health care system, will welcome the improvements that that extra funding has brought for their health economy.

The hon. Member for Wycombe talked about a wide-ranging public consultation exercise that is being held by the mid and south Buckinghamshire health community into how best to improve the quality and range of health care services. It is considering services for patients with long-term conditions, planned surgical and emergency care, rehabilitation and mental health care. I have been assured by the Thames Valley strategic health authority that none of it, including the maternity review, is about cutting services and that no savings are expected from implementing the service changes. The proposals are about improving the quality of care for patients—we must remember that the patient in some circumstances will be a newborn baby or a would-be newborn baby—improving the use of existing skills and resources and providing sustainable, fully staffed services.

Mr. Goodman: I raised the issue of costs and finance, and the Minister has now alluded to it. I want to respond by simply asking her to answer one question. Will she guarantee in writing to answer all the points that I raised in my speech? I do not expect her to answer them all today.

Miss Johnson: I will endeavour to secure the hon. Gentleman an answer from the Minister of State, Department of Health, my hon. Friend the Member for Doncaster, Central (Ms Winterton), who has regional responsibility. I am sure that she will take a keen interest in what has been said today and will want to respond in detail to his points.

To reiterate, the consultation exercise is not about cutting funding, and it has the full support of the Thames Valley strategic health authority. I am sure that hon. Members will be in contact with their strategic health authority, and although we will endeavour to answer as many of the hon. Gentleman's points as possible, the truth is that the authority is often the best body to ask. It is responsible for what is happening within its area and for working with the local commissioners of health care.

The current consultation is the result of months of joint working within the local health community to come up with proposals to modernise the local NHS, both to improve the quality and range of services and to meet the challenges. Those challenges mean that no change to maternity services is not an option. I understand that there are already difficulties in providing children's in-patient services, and it has been decided that women and children's services cannot continue in their existing configuration because it is neither safe nor practicable in the long term.

I also understand that the mid and south Buckinghamshire health community has looked at ways of finding an option that offers a safe and sustainable 24-hour service at both Stoke Mandeville and Wycombe hospitals. However, no comprehensive option offers the safety needed at both sites. The proposal—I should stress that what we are discussing is only a proposal—is that in order to provide a service that can be safely staffed, a single women and children's in-patient unit would be developed at Stoke Mandeville hospital. It would include in-patient children's services, a special care baby unit, maternity deliveries, and emergency and in-patient gynaecology. The proposal would also mean that the special care baby unit at Wycombe hospital would close, but were that to happen the unit at Stoke Mandeville would be increased commensurately. I am sure that hon. Members are as painfully conscious as I am of the fact that the principal concern of any parent of a baby in a SCBU is that it is the safest possible place.

The maternity unit at Wycombe hospital would still have an important role to play. All day-time services such as antenatal and paediatric services will continue to be provided at the site. The possibility of establishing a midwifery-led delivery unit at either Wycombe hospital or Stoke Mandeville is being considered. That option would provide local services for women expected to have an uncomplicated birth. The preferred option in shaping the health service is to develop the single women and children's in-patient unit at Stoke Mandeville, but it is only a proposal. No decisions have been made. As the hon. Gentleman acknowledged, there is a considerable period of consultation still to run.

A detailed programme is now under way to engage with the local community. The hon. Gentleman reflected many of its views about the future provision of the service. This is the biggest and most wide-ranging consultation ever undertaken in Buckinghamshire. It provides local people with a real opportunity to make their views known about the future proposals and to shape future local health services. People are making their views known in a variety of different ways such as public meetings and focus groups or in response to the patient questionnaires that have been distributed. In addition, a web-based virtual health panel has been developed to encourage discussion and debate. It sounds as though there may not be much need to encourage debate. There have also been local radio phone-ins and a public question time event.

As the hon. Gentleman remarked, the Buckinghamshire health overview and scrutiny committee will be fully involved and consulted to ensure that the due process is followed. The scrutiny committee can refer a decision to the Secretary of State if there is any dispute or difference of opinion. That is obviously a matter for the future because the outcome of the consultation has not yet been determined. Were such a decision referred to the Secretary of State, he could refer to an independent reconfiguration panel if he so decided. The hon. Gentleman was interested in that and so I have taken the time to explain the process to him.

The hon. Gentleman also raised concerns about the distance patients will have to travel to receive maternity care if they are transferred to Stoke Mandeville. These issues have been given careful consideration and are addressed in the consultation document. The county council is working closely with the trust on transport issues and exploring possible solutions. The local ambulance trust would ensure that early transfer and admission for pregnant women were a priority in any event.

In conclusion, I have listened to the hon. Gentleman's concerns. Our policy is that primary care trusts, in partnership with the other local NHS trusts and the strategic health authority, decide the priorities for the NHS locally. They are closest to the provision and that is where the specific local knowledge and expertise lie. It is not appropriate for Ministers to decide.

Mechanically Propelled Vehicles

4.14 pm

John Mann (Bassetlaw) (Lab): In rising to raise the issue with the Minister, I pay tribute to my hon. Friend the Member for Rossendale and Darwen (Janet Anderson) who has proposed a Bill on this subject. I back it wholeheartedly and wish it all speed and success. I also pay tribute to my hon. Friend the Member for South Swindon (Ms Drown) for her brief but courteous contribution, in spirit at least, to the debate.

I do not intend to go through the detail of the consultation, but I am aware of that detail, as is the Minister. To repeat what has already been put on public record would be a waste of the debate. Therefore, I intend to raise issues and dilemmas faced by the Minister and to counter myths that exist in some organisations; I will cite certain correspondence that I have received to demonstrate those myths.

There is a straightforward dilemma: many people wish to walk or ride in the countryside to escape the noise and traffic of everyday life. Clearly that would not be possible if they came across someone riding a motorised vehicle—legitimately or illegitimately—on a right of way. We should start by recognising that there is a conflict of interest that will be difficult to resolve. The Minister and I subscribe to the Fabian ethos of gradual change and compromise. In this context, such a compromise can be found. Other hon. Members and I have raised the issue before, and I cite early-day motions supported by a significant number of Members of Parliament on both sides of the House to show the strength of feeling.

Now, I turn to the myths. The key myth is that supporters of change—the Minister, the Government and I—are hellbent on taking away people's rights. Letters to me from constituents refer to the Minister being misled by misinformation. One constituent asks:

> "Can you . . . speak please to the minister to tell him that he has been misled and get his reassurance that the interests of ordinary people . . . will not be unjustifiably prejudiced, and that he will insist on being better informed by fact-based evidence before taking further action?"

I intend to give him fact-based evidence. Has he spoken to all the parties concerned? The theme of misinformation comes up time and again.

A second letter from a constituent suggests that the Minister

> "seems intent on preventing me from following my legitimate hobby by banning the use of motorcycles on the 3 per cent. of country lanes, which I am allowed to ride at present."

I am sure that the Minister will want to respond directly on whether he intends to remove the rights of people throughout the country who are riding legitimately on existing, defined rights of way.

Some myths have been whipped up by hysteria. In an article from the Trail Riders Fellowship, under the heading, "Honesty—the best policy?", the organisation sets out its response to the "draconian proposals". I will not repeat it, because that is where information in my constituents' letters comes from. Having met members of the organisation, I must say that the Trail Riders Fellowship is a legitimate, lawful and well organised group. However, through its website and publicity, it is passing on misinformation about what the Government and Members of Parliament are trying to do. I cast no aspersions on trail riders. In my experience, they are honest and upstanding members of society who wish to pursue a hobby and a sport. I have no reason to stop people trail riding. Others, however, are more extreme.

The editor of the magazine, *Land Rover Owner*, pleads for more green-lane enthusiasts to "wipe the smiles" from ramblers' faces. He wrote:

> "You can't beat a wheel-deep wade for generating some big smiles".

The British Motorcyclists Federation says that there is no suggestion of an automatic upgrade, but a loophole in the law allows it—and my constituents cannot object. The only way to stop an upgrade that allowed motorised vehicles on bridleways in my area was if it could be proved that horse-drawn vehicles had no historic rights. In my area, that would include Roman chariots, of which there were quite a number. For example, Blue Stocking lane in Clarborough has been highlighted by the Trail Riders Fellowship and the Ramblers Association as being one of the most contentious of proposals. That historic right of way was initially determined by the Romans.

It is to stop such an automaticity of upgrade that I and others are pressing the Minister; we want a full public debate on the subject. The BMF suggests that the Minister is attempting to make it illegal to drive along country lanes unless they have been used for 100 years by motorised vehicles. He may wish to comment on that assertion. He may wish to comment also on the claim that the intention is to eradicate trail riding and that he cannot differentiate between trail riders and hooligans. It has been suggested that one consequence of his proposal is that motorcyclists would lose access to minor tarmacked roads across the country. He could counter some of those myths.

The fact is that three groups are involved. There are the trail riders, peaceably going along existing routes; there are those who are using bikes, off-road vehicles and quad bikes all over the place and causing havoc; and there are those who are using them through authorised centres. Authorised centres for quad bikes, such as that in Nottinghamshire, are good legitimate businesses. They often use Forestry Commission land and are well organised, but they have been tarred with the same brush as those in Langold, in and around Clarborough, and in Warsop in my constituency who use off-road vehicles, motorbikes and quad bikes ad nauseam—a use that would be illegal.

The question is whether it will be harder to police such vehicles if the rights of way that they use are legitimised. Traffic regulation orders can be made, but I would like to see additional powers—for instance, allowing parish councils to intervene in dealing with the rights of way in their areas. The police have a range of options for dealing with the irresponsible use of motorcycles, not least under section 59 of the Police Reform Act 2002. If it served a purpose, I would like to see zonal orders in Warsop that banned all motorised vehicles—and with them the wanton disruption of people's lives. Such disruption is not legitimate, and it is quite wrong to try to legitimise it by hiding behind the Trail Riders

Fellowship, organised sports organisations and other appropriate bodies. This issue motivates most Members of Parliament.

Lembit Öpik (Montgomeryshire) (LD): We all agree that few rights of way are contentious and that most riders are not irresponsible, and we accept the common concern that the small number of irresponsible riders must be stopped. However, does the hon. Gentleman not agree that the kind of measures that he describes could harm the great majority of responsible and careful motorcyclists in order to try to restrict the few irresponsible ones, and that it would be better to explore a dialogue about regulation with organisations that represent motorcyclists before taking stronger measures?

John Mann: I thank the hon. Gentleman for that intervention, but I disagree with him.

There are applications to upgrade all the bridleways around Clarborough, potentially causing some of my constituents to be surrounded by a race track. Their rights of appeal against that are nil, because the issue will be determined solely on the basis of whether there is a historic right of way, some of which date back 2,000 years. Clearly, that is nonsense. I would be more satisfied if my constituents, and I, as their representative, were able to put the case before a proper public inquiry, because all the issues could then be taken into account, rather than simply that of whether there was an ancient right of way in a time in which there were no motorised vehicles.

Automaticity is the issue. In the hope that that loophole in the law will be tightened, I ask the Minister what would then happen in areas such as Clarborough, in which proposals have already gone through the normal process with the county council, and therefore cannot be dealt with retrospectively. That would create an anomaly. Traffic regulation orders will have to be the answer, but I am interested to know specifically how. The Minister wrote to me on this matter on 20 February. What powers would he recommend to my constituents to ensure that their lives are not made a misery by off-roaders who carry out their sport in such places?

I also want to ask the Minister about long-distance footpaths. This summer, I shall walk the Pennine way for charity. *[Interruption.]* From the comments of the hon. Member for Montgomeryshire (Lembit Öpik), I take it that the sponsorship form will be completed. I will do that walk with my son and nephew—two young boys who will rightly be raising money for an orphanage in Malawi.

The Pennine way is 250 miles in length, and two sections of it have been particularly blighted by off-road vehicles. The blighting of long-distance footpaths by competing and contradictory leisure pursuits must be tackled. Long-established, long-distance footpaths should have an exclusion zone across them, whereas trail riders and others ought to have new rights in appropriate areas, such as on Forestry Commission land, which are agreed by consent, rather than restricted. There need not be a reduction in rights; there could be an apportionment of rights that allows everyone to follow their pursuits without cutting across one another, except on odd occasions.

The final issue that I want to discuss is that of quad bikes. I do not think that the issue has been highlighted in the House before. For every complaint that I receive about motorbikes, I get two about quad bikes, so I decided to investigate that phenomenon. According to the first website that I looked at, quad bikes bomb down at 30-plus mph. They are the slow and small ones. Driving the Suzuki 160 cc is described as akin to driving a rally car on ice. That would be rather unpleasant for the horse rider, the rambler with their family or the dog walker who meets it. Another website from the quad bike fraternity says that many walkers will be surprised to encounter a large vehicle or four in the middle of nowhere—precisely. At present, 260 cc quad bikes are available for purchase in Britain, and 49 cc quad bikes are specifically aimed at the under-eights.

This new phenomenon is blighting my local communities. There is lunacy as quad bikes go through estates, woods and fields, go down roads and go through car parks—they go everywhere. There are kids and teenagers, sometimes with their fathers, on quad bikes. As we saw with Mr. Ozzie Osbourne, who was riding his quad bike legitimately on his private estate, these bikes can be very dangerous. They can be dangerous not only to the individuals riding them, but to those who come across them. The "quadfathers" are the equivalent to the TRF in the quad biking industry—that gives us a picture of how some people regard this pastime.

Again, there is nothing wrong with organised centres and people making a good and healthy living from organised extreme sports, such as quad biking. Doubtless the hon. Member for Montgomeryshire is the first to want to participate in each new extreme sport. Quad biking is a perfectly legitimate pastime if organised, but having these people everywhere is clearly nonsense. That is the concern of my constituents and those of many other hon. Members. I implore my right hon. Friend the Minister to close the loophole. Indeed, let us go further and ensure that legitimate pastimes are carried on at appropriate venues in order to allow the rest of us to get on with our lives peacefully.

4.32 pm

The Minister for Rural Affairs and Local Environmental Quality (Alun Michael): I congratulate my hon. Friend the Member for Bassetlaw (John Mann) on the way in which he has raised this issue. I am happy to confirm that my approach is to seek consensus and mutual consideration of interests by users of motorised vehicles and all other users of rights of way. The examples that he cites of the language that has been used and the way in which some users refer to their activities demonstrates why we have something of a problem in getting the right communication and exchange. However, given that I have experience of dealing with a series of issues on which it has been necessary to bring together people with widely differing views, I shall seek to put it to good use on this issue. I agree with my hon. Friend about the need to consider the possibility of providing positive opportunities in appropriate places, so that it is not a question of saying no, but a question of seeing where we can say yes.

My hon. Friend has raised an emotive issue on which there are strong and divided views. The Government have received more than 15,000 letters and e-mails as a result of our consultation paper on the use of

[Alun Michael]

mechanically propelled vehicles on rights of way. To a considerable extent, that response appears to have been whipped up by a sustained campaign that has, as he suggests, misrepresented what the consultation proposes. That has not helped matters. Many respondents who appeared to be against the proposals were expressing opposition to a total ban on the vehicles, which was suggested nowhere in the document. Apart from factual errors, many letters were phrased in identical style and alleged that I had been misled about the impact of the vehicles on rights of way. In running such a campaign, these enthusiasts let themselves down. They failed to address the serious issues raised during the consultation. That so many respondents described themselves in identical terms, as "careful and considerate" drivers, does not exorcise the problem.

It is a fact that Members of Parliament, the public and various conservation and recreation organisations have expressed deep concerns about the problems caused by the use of mechanically propelled vehicles on some rights of way. The real issues that have been raised in the debate today serve further to demonstrate the problems. There is clear evidence of damage to fragile tracks and other aspects of our natural and cultural heritage, and there is anger about an activity that causes distress to others seeking to enjoy the countryside.

I understand my hon. Friend's point about long-distance trails. I have taken a particular and personal interest in the Ridgeway, in order to understand why it seemed to be so difficult to deal with the problems there. I believe that we have made great progress in trying to find a way of resolving the problems, with the help of Members of Parliament of all three main parties and the local councils. That sort of applied co-operation is essential in protecting our long-distance ways.

One only has to look at some of the motorised user websites and discussion forums to see pictures posted that unashamedly promote activities that are bound to cause damage through irresponsible use of recreational 4x4s. The quotations that my hon. Friend provided similarly underline the need to put the debate on a responsible footing and to discourage that type of incitement to people to undertake the sort of activities that should not be tolerated.

One of the lies to which my hon. Friend referred was the one circulated in recent weeks that I had refused to meet representatives of motor vehicular user groups. In fact, I had made it clear that I would meet them once the consultation period was over, and I confirm today that I have done so. At the meeting, I asked them whether they wanted to be part of the solution or part of the problem. I challenged them because there is no "please all" solution—my hon. Friend is right about that. Tough decisions will have to be taken in order for us to move forward in a sustainable way. It would be best if people on all sides were willing to listen to each other and understand others' concerns. The response of those at the meeting was positive and responsible, and I hope that we will now see a change in their stance in the public debate and in their communications with their members and supporters.

Lembit Öpik: Were motor cyclists' representatives present at the meetings with the Minister and, if not, would he be willing, in the context of seeking a consensual approach, to meet motor cyclists?

Alun Michael: I would be happy to meet such representatives, although I believe that they were included in the meeting—it was a broad group. If there are specific issues related to motor cycling, I am happy to meet a group if the hon. Gentleman would like to suggest one.

The judgment that we must make is how we want our countryside and rights of way to be used—both now, and in the future. Is it right that use by four-wheel drive vehicles and quad bikes and motor bikes for leisure purposes in the 21st century should be determined by the use made by horses or horse-drawn vehicles long before the invention of the internal combustion engine? Is it time for a change in a way that rights are established?

Our consultation paper "Use of Mechanically Propelled Vehicles on Rights of Way"—we specialise in catchy titles—responded directly to those primary issues of concern. As the law stands, the only consideration that can be taken into account is whether that right of way can be shown to have existed in the past. No other consideration, such as the environmental impact, the effect on local people, or the effect on other users can be considered. My hon. Friend is right to pose that challenge. It seems perverse that that is the only consideration, in cases in which the nature of the use has changed fundamentally over the years.

Production of evidence of use by horse-drawn vehicles many years ago—or a dedication for such use—currently gives rise to a public right of way for all vehicles, which is recorded on the definitive map as a byway open to all traffic. That is how most of the road network developed through history, because the use, on those roads, has been continuous and necessary and has kept pace with change. In some cases a six-lane highway follows the route of an historic drovers' road or a bridlepath, but it is difficult to see what that has to do with the principles on which rights for recreational or leisure use are based in the 21st century. It is hard to see the logical relationship between such historic use and a so-called right to use mechanically propelled vehicles on a way that has not been used by any sort of vehicle for many years and may never previously have been used by mechanically propelled vehicles.

The new proposals would limit vehicular rights arising from historic evidence to restricted byway rights—that is, rights on foot, on horse-back or on non-mechanically propelled vehicles—so that the rights claimed over a route reflect the historic usage of the route.

Similarly, we would make it absolutely clear that evidence of use by non-mechanically propelled vehicles in the future—after commencement of any relevant new provisions—would not be sufficient to establish a public right of way for mechanically propelled vehicles. It is important to ensure that property owners or occupiers who rely on unrecorded public vehicular rights in order to gain access to their premises are protected against becoming landlocked, and the proposals would require primary legislation.

However, the solution does not lie solely in new legislation; further proposals recognise the need for better enforcement of existing road traffic and other

offences on rights of way. Powers are already available under the Road Traffic Act 1988, the Police Reform Act 2002 and other legislation to regulate the use of mechanically propelled vehicles on rights of way. Those powers and offences need to be better publicised and more rigorously applied; that is happening in some parts of the country such as the Yorkshire moors, which I visited recently. I will meet key representatives of enforcement agencies shortly to see how we can move the matter forward.

Better management of vehicular traffic is also needed on rights of way. In the Lake district, an experiment on the hierarchy of trail routes has proved useful, and I am happy to acknowledge that it has been developed with the positive engagement of motorised vehicle users. However, stronger legislative backing is needed to make the approach fully effective, but that co-operation shows the way forward.

We have made a commitment to revise the document "Making the Best of Byways", published in 1997, which provides advice on managing the different sorts of traffic on byways and advocates management measures based on co-operation and agreement. My hon. Friend the Member for Bassetlaw suggested that the Government were not going far enough; as he said, some groups are very active in researching these rights, and he mentioned evidence of an increase in claims, mainly by the Trail Riders Fellowship, for vehicular rights of way across several local authority areas, including his constituency.

It was suggested that the Government should act to reclassify existing unsurfaced byways as restricted byways, but the use of mechanically propelled vehicles on unsurfaced road byways is not always damaging, nor is it always a nuisance to others. Use needs to be regulated according to the sustainability or suitability of particular routes. Where there are problems, traffic regulation orders can be used, or the management techniques that are outlined in Government guidance. I undertake to consider further measures that might be needed in the light of the consultation we have just completed, and any recommendations that arise from the findings later this year of a Government research project into vehicular use of existing byways open to all traffic.

Let us take the opportunity to consider all the comments that have been made on the consultation paper, including those from the users of motorised vehicles. I will seek to build consensus on the way forward, but I cannot do so alone. The representatives of motorised vehicle users need to join us in addressing the problems, rather than denying that problems exist. They also need to inform and engage their members. I hope that those who are interested in legitimate use will help us to counter activities of the type of publicity and website that irresponsibly encourage inappropriate use, to which my hon. Friend referred. Similarly, riders' and walkers' representatives must show a reciprocal willingness to engage.

Given the strength of divided opinion shown by the consultation, it is clear that leadership and action are required from Government, but I hope that that can be achieved through common sense, co-operation and constructive debate, which I am happy to lead. I hope that all users will be engaged in finding the best way forward. My hon. Friend's contribution was helpful—

It being sixteen minutes to Five o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Thursday 29 April 2004

[MR. DAVID CHIDGEY *in the Chair*]

Occupied Palestinian Territories

[Relevant documents: Second Report from the International Development Committee, Session 2003–04, HC 230, and the Government's response thereto, HC 487.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Derek Twigg.]*

2.30 pm

Tony Baldry (Banbury) (Con): The Select Committee on International Development report entitled "Development Assistance and the Occupied Palestinian Territories" was published in January, and the Government's response to that report was published on 11 March. Shortly afterwards, the Government published for consultation their draft "Country Assistance Plan for Palestinians: 2004–2006". There are effectively three relevant documents for this debate.

The International Development Committee report and our conclusions were unanimous. I know that several Select Committee members would have liked to be here but they are otherwise engaged on parliamentary business. The hon. Member for Leeds, West (Mr. Battle) is in Afghanistan, while the hon. Members for Ealing, Southall (Mr. Khabra) and for Putney (Mr. Colman) are on an overseas visit organised by the Quadripartite Committee.

I do not believe that any hon. Member does not fully support Israel's right to exist within secure and settled boundaries and the right of every citizen of Israel to the quiet enjoyment of their country. There is not a scintilla of a suggestion in our report, nor would I expect any hon. Member to utter any word, that impugns the integrity of the state of Israel.

I do not believe that any hon. Member would do anything other than unconditionally and unreservedly condemn suicide bombings as a crime under domestic and international law and an unforgivable crime against the law of God, whom we worship whether we are Christian, Jewish or Muslim. There is not a word in the Select Committee's report that could give an iota of succour to suicide bombers.

During our visit to the occupied territories, we took every opportunity to point out to Palestinians that such killings are not only morally abhorrent but, as our report states at paragraph 73,

"a catastrophic tactic that has done great harm to the Palestinian cause".

As our report says at paragraph 7 on page 10, the result has been that the Government of Israel

"and many Israelis, now see every Palestinian as a potential 'suicide bomber'."

Not many Palestinians have access to television and are able to watch CNN, but understandably and rightly, whenever there is a suicide bombing, it is a significant item on American and international television. Also understandably and rightly, those watching the breaking news items that are the consequence of suicide bombings are filled with overwhelming revulsion that anyone could perpetrate such acts of wickedness. That revulsion reflects itself on the whole Palestinian community and drowns out human concern for and media attention on the daily grind of life for Palestinians who have to subsist day by day. As our report notes in paragraph 6, page 10:

"Rates of malnutrition in Gaza and parts of the West Bank are as bad as anywhere one would find in sub-Saharan Africa. The Palestinian economy has all but collapsed. Unemployment rates are in the region of 60–70 per cent. and many of those who are employed are dependent upon NGOs or international relief organisations for employment."

I suspect that it is difficult for television or the media adequately to portray the everyday desperateness of Palestinians in Gaza and the west bank. It is also difficult for us to understand the continuing loss and statelessness felt by Palestinians both within and outside the occupied territories. Such loss is well summarised by Marwan Barghouti in his book, "I saw Ramallah". In it, he says that

"occupation prevents you from managing your affairs in your own way. It interferes in every aspect of life and of death; it interferes with longing and anger and desire and walking the street. It interferes with going anywhere and coming back, with going to market, the emergency hospital, the beach, the bedroom or a distant capital".

He also observes:

"The Occupation has created generations without a place whose colour, smells and sounds they can remember; a first place that belongs to them that they return to in their memories in their cobbled together exiles . . . the occupation has created generations . . . that have to adore an unknown beloved; distant, difficult, surrounded by guards, by walls, by nuclear missiles, by sheer terror. The long occupation has succeeded in changing us from children of Palestine to children of the idea of Palestine."

I turn to the Committee's conclusions and recommendations. For there to be a peace process, there must be some Palestinian body with legitimacy with which Israel and the international community can negotiate. Moreover, if there is ever to be a viable Palestinian state, there must be an embryonic Administration capable, in due course, of properly administering that state.

The Palestinian Authority arose from the Oslo agreements. Paragraph 58 on page 30 of the report states that

"the PA is in itself a strange institution, created through negotiations between Israel and the Palestine Liberation Organisation, as part of an interim arrangement until the creation of proper national institutions in a Palestinian state. The PA's creation under the Oslo Accords never envisioned it as a sovereign state, but rather a restricted institution with a very short lifespan. It has always had limited capacity as a service provider and has been plagued by corruption and allegations of corruption, credibility problems, and great difficulties in providing the Palestinian people with sufficient representation."

I did not meet Yasser Arafat when the Select Committee visited the occupied territories, but I met him more than a year ago on a previous visit to the occupied territories with Christian Aid—it was entered in the Register of Members' Interests. I found it instructive that, although he talked at me for nearly an hour, at no time did he mention the future. The whole of his discussion was about the past and, to a lesser extent,

[Tony Baldry]

the present, and how the Palestinians had been made, and continued to be, victims—victims of history, of circumstance and of Israel.

When someone considers themselves to be simply a victim, they tend to seek to absolve themselves from any responsibility for present circumstances or future well-being. I certainly do not see Yasser Arafat as part of the solution. Ironically, however, the harder the Israeli defence forces bear down on the Palestinian community, the more Arafat seeks to, and seems to, become a figurehead as the father of the nation.

Disregarding Arafat, it is fair to observe that in June 2002 the Palestinian Authority launched a reform programme to improve its accountability and efficiency. The Department for International Development's consultation paper observes, on page 14:

"Significant achievements have been made by the PA in the fields of administrative, financial, and economic reform. The most important reform measure of 2003 was the decision to establish a post of Prime Minister, who is responsible for selecting ministers and directing the PA's overall work programme. This is now being complemented by steps to develop a system of Cabinet government and a longer-term programme to improve the performance and accountability of the civil service. Financial management and transparency have been much improved under Finance Minister Salam Fayyad. Reforms include: consolidation of all PA revenues in a Single Treasury Account under the Ministry of Finance; publication of the Palestinian Authority's budget on the internet, including monthly spending reports; steps towards the unification of the payroll and payment of salaries through the banking system; consolidation of all PA commercial activities into a properly audited Palestinian Investment Fund."

That all seems to be intended, quite rightly, to marginalise Arafat and to try to provide some sensible, rational organisation with which Israel and the rest of the world can negotiate. *The Economist* recently observed that, if Prime Minister Sharon were unilaterally to withdraw from the settlements in Gaza, Israel would need someone on the Palestinian side with whom it could negotiate.

The Select Committee met Salam Fayyad, the Minister of Finance. We were generally impressed by him. He struck us as someone who was determined to ensure the transparency and accountability of the Palestinian budget, and particularly accountability of funds received from international donors. Conclusion 16 on page 73 of the Committee report states:

"It is in everyone's interest that every penny of international development aid to the PA, whether from DFID or charities, is fully and transparently accounted for. Some of the PA's critics would prefer to see donor funding stopped. But we believe this would do more harm than good. It would push more Palestinians below the poverty line and lead to total collapse of the PA. A collapse which would have a detrimental effect on the peace process. In the absence of the PA, people would be more likely to turn to extreme positions and measures and support terrorism."

Of course, much more needs to be done. Conclusion 16 also says that

"there is still need for further reform in the Palestinian Authority, particularly in relation to the accountability of the presidential accounts and in terms of the legal, executive and judicial reforms outlined in the 100 day reform plan. Continuing to drive through planned reforms is the best way for the PA to deal with its critics."

As the DFID consultation paper makes clear:

"Serious challenges remain ... particularly in addressing internal resistance within the PA to reform. This is especially evident with regard to the security services".

The paper says that a number of

"Key reform benchmarks ... remain outstanding".

In our collective judgment, nothing will be achieved by undermining the PA. Rather, we should simultaneously seek to build responsible capacity in the PA and to ensure that it delivers on further agreed reforms.

If there is to be a Palestinian state, it will work only if it is a viable state. I shall comment briefly on settlements and the barrier. We saw it with our own eyes. We comment at paragraph 23 on page 16 of the report:

"The network of settlements and their segregated access roads also contribute to the fragmentation of the OPT ... Settlements and their associated infrastructure have a major impact on Palestinians. A network of 'by-pass' roads is arranged to provide access between settlements and links to Israel. Palestinians cannot use them. The by-pass roads add to the sense among Palestinian communities of being penned into enclaves, movement between which is at the discretion of the IDF. Land is confiscated without compensation on which to build settlements, their access roads and infrastructure. Palestinian infrastructure is often destroyed in the process and Palestinian agricultural lands are cut through. The settlements also enjoy privileged access to natural resources. Water consumption by settlers in ... Gaza and the West Bank is four to five times that of Palestinian villagers."

We received countless written submissions. We heard farmers whom we met in the occupied territories give their own testimonies of their difficulties. It is sometimes argued that Palestinian farmers do not have title deeds to their land, so it is not theirs. In fairness, I think that that is a somewhat disingenuous argument. As we all know, all this territory was, before the first world war, in the Ottoman empire. The Ottomans levied a land tax, but obviously the further away from Constantinople, or Istanbul, the land was, the more difficult it was for them to extract the tax. As a consequence of the tax, farmers in the Ottoman empire were, understandably, not desperately keen to demonstrate how much land they owned. However, much of the land that has been confiscated in the west bank has clearly been in and worked by Palestinian families for generations.

There is a broader point. If Israel continues to allow consolidation and expansion of existing settlements and the setting up of new settlements, just what does it see as the borders of a viable Palestinian state? Does Israel actually want there to be such a state? If all that Israel wants to offer is a number of Palestinian enclaves under some semi-autonomous Palestinian local government control, it is very difficult to see how everyone living in the west bank will not sooner or later, de facto and de jure, become citizens of Israel. It simply is not possible to have a large number of people who are in effect without statehood, citizenship rights or remedies indefinitely.

When the Select Committee was driving to Tel Aviv to meet Israeli Ministers, senior members of the Israeli defence forces and others, we had as our guide a young, very bright official from the Israeli Foreign Ministry. One member of the Committee asked why there were so few settlements between Jerusalem and Tel Aviv. I suspect that the official's response was somewhat tongue in cheek, but it still makes the point. He said, "This land is indisputably Israeli, so we don't have to make a point here." If the point of building the settlements in the west bank is to make the land Israeli, there comes a point when a two-state solution is no longer possible. The logical consequence of that must be the creation of a

single state. Paragraph C5 on page 18 of the Government's consultation paper, "Country Assistance Plan for Palestinians: 2004–2006" points out:

"There is a second threat to a two-state solution: a majority of Palestinians may stop wanting it, preferring a single state from the Jordan to the Mediterranean. Palestinians would outnumber Jewish Israelis in such a state within 10–15 years. Such a state could thus not be democratic and preserve the Jewish character of Israel."

That is, the paper observes,

"a reminder of the logical consequences of indefinite occupation."

No one challenges Israel's right to build a barrier if it so wishes. We stated in the report, in conclusion 5 on page 71:

"We can understand why Israel, fearful of its security, wants to build a barrier."

However, we go on to observe that

"any such security fence should be constructed on Israeli, not Palestinian, land. The construction process and path which the barrier takes support Palestinian fears about the motivation which lies behind it. The barrier destroys the viability of a future Palestinian state."

According to the latest projections of the Israeli Government, approximately 210,000 acres—just under 15 per cent. of west bank land, excluding east Jerusalem—will lie between the separation barrier and the internationally recognised green line separating Israel from the Palestinian territory. That land is some of the most fertile on the west bank and is home to 274,000 people, many of whom do not have Israeli residency permits. More than 400,000 other Palestinians living to the east of the barrier will need to cross it to get to their farms, jobs and services. In total, approximately one third of Palestinians in the west bank will be directly affected by the barrier. Little of the barrier follows the green line; some 90 per cent. of it has been built on Palestinian land. Those statistics are from paragraph 8 of the Department for International Development consultation paper.

The Select Committee and the Government are as one on the concerns about the barrier. The Government's response to our conclusion on the barrier states that they

"support the Israeli government's right to take legitimate measures to protect its citizens. But unilateral measures, such as the barrier, will not provide lasting security. This can only be delivered by a negotiated settlement. Construction of the barrier on occupied territory is unlawful, inflames Palestinian public opinion and harms the prospects for peace. The confiscation of Palestinian land associated with the construction of the barrier is also unlawful and creates a physical obstacle to the two-state solution."

Joan Ruddock (Lewisham, Deptford) (Lab): I too recently visited Palestine with Christian Aid and put it in the Register of Members' Interests. Does the hon. Gentleman agree that it is not just a case of illegality and taking land? The barrier separates farmers and families from the crops that they must grow, attend to and harvest. It separates school children from their schools. It separates sick people from the hospitals that they desperately need. That adds up to a real humanitarian crisis beyond notions of illegality.

Tony Baldry: The hon. Lady makes a good point. I hope that this afternoon we will all—collectively and individually—be able to add to the texture of the desperateness that many Palestinians experience in circumstances that are clearly beyond their control. My only concern is that, if I start to describe some of the scenes that I witnessed, I may lose the objectivity that, as a Chairman presenting a unanimous report on behalf of a Select Committee, I am trying to hold to.

It is fair to say that, in their response, the Government agree with the Committee's 53 conclusions and recommendations. However, there are two areas of disagreement, on which I shall briefly comment. It was clear to us that

"The reality is that at the present moment there is no 'peace process' in the Middle East . . . There are, within Israel and the OPT, two groups of people—the 'occupiers' and the 'occupied'.

The fact is that Palestinians in Gaza and the West Bank have no state, neither de jure, nor de facto; no citizenship; no rights; no remedies, and no one from the international community taking the responsibility to seek to ensure that an occupied people in these circumstances are treated as humanely as possible."

2.50 pm

Sitting suspended for Divisions in the House.

3.15 pm

On resuming—

Mr. David Chidgey (in the Chair): Before we continue, I should advise hon. Members that the debate will continue until 5.55 pm to make up for the two Divisions. A large number of hon. Members wish to speak, so I ask them to keep their contributions as short as possible. I intend to leave the last half an hour of the debate for the winding-up speeches from the spokespersons from the Opposition parties and the Government.

Tony Baldry: Before the Divisions, I was explaining that Palestinians in the west bank and Gaza have no rights or remedies, as the Select Committee report sets out at conclusion 41. It recommended in conclusion 43:

"In addition to strengthening the role of UNSCO and the Special Co-ordinator, it is time for the Secretary-General of the United Nations—with the authority of the Security Council—to appoint a further Humanitarian Envoy or Special Representative to undertake the specific task of ensuring that the occupation is as humane as possible and that there is a coherent and co-ordinated international scrutiny of what is taking place in the OPT. Such an appointment will need to be accompanied by provision of the necessary money, materials and resources."

In his statement to the House on 19 April, the Prime Minister said that we should acknowledge what he described as the "realities on the ground". The reality on the ground is that, as the Government acknowledge in response to our conclusion 22:

"The Government of Israel could do a great deal more to ease the humanitarian and economic situation of the Palestinian people without threatening Israeli security. Improvements in the freedom of movement of people and goods would be the most significant step towards the recovery of the Palestinian economy. We have urged the Israeli government to take these steps."

There needs to be someone of sufficient international authority to see that all that can be done is done by Israel to

"ease the humanitarian and economic situation of the Palestinian people without threatening Israeli security."

[Tony Baldry]

It may be that the Government have made such a suggestion to Israel and the United States and have simply been rebuffed. On Saturday 27 March, *The Times* observed:

"President Bush has rejected Downing Street pleas for an American-led 'monitoring force' . . . to act as a buffer between Israel and the Palestinian Authority . . . the decision is understood to have dismayed Tony Blair who has gambled huge quantities of political diplomatic capital on his relationship with the President, not least in securing American backing to the Middle East Peace process."

The other area of disagreement between the Select Committee and the Government is over the EU trade agreement. Conclusion 23 states:

"Movement restrictions have caused an unacceptable situation whereby EU trade agreement is obstructed by a party (Israel) which itself benefits from preferential EU trade terms."

Conclusion 24 states:

"Trade agreements are usually based on the principle of reciprocity; market access, freedom of movement and tariff and duty regimes applied by one state or authority normally has to be applied even-handedly and in the same way by all participants in a regional trade agreement. Unfortunately Israel's restrictions on the movement of Palestinian goods, its destruction of Palestinian infrastructure, and its total control of the OPT's borders, are denying Palestinian exporters access to EU markets. We therefore urge the UK Government to propose to the EU Council of Trade Ministers that Israel's preferential terms of trade with the EU be suspended until it lifts the movement restrictions which it has placed on Palestinian trade."

The fact is that, because of the closures, the Palestinian economy has collapsed. It is not possible for Palestinians to export strawberries from Gaza, or simple bars of olive oil soap from the west bank. The Government's response to these recommendations by the Select Committee is

"constructive engagement with Israel is the best approach to exert influence."

What evidence is there that such constructive engagement by the UK Government is exerting influence? Our report and the Government's response were of course published before the recent meeting between President Bush and Prime Minister Sharon. Obviously, as a consequence, the Select Committee has not had the opportunity collectively to consider the effects of what I think is now known as the Washington accord, so for the moment I speak for myself and not for the Committee.

I entirely agree with the Prime Minister that the road map remains the best way to peace, and that the UK Government and the international community should, as he said in the House,

"help the Palestinian Authority take the necessary economic, political and security measures so that a viable Palestinian state becomes not just a concept but a real possibility."—[*Official Report*, 19 April 2004; Vol. 420, c. 22.]

But I do not see how Israel disengaging from Gaza while continuing to occupy large parts of the west bank conceivably offers an opportunity to return to the road map.

Hon. Members will have seen the letter to the Prime Minister from 52 former ambassadors and heads of missions who held senior postings in the Foreign Office. It said:

"The decision by the US, the EU, Russia and the UN to launch a 'road map for the settlement of the Israel/Palestine conflict' raised hopes that the major powers would at last make a determined and collective effort to resolve a problem which, more than any other, has for decades poisoned relations between the west and the Islamic and Arab worlds. The legal and political principles on which such a settlement would be based were well established: President Clinton had grappled with the problem during his presidency; the ingredients needed for a settlement were well understood and informal agreements on several of them had already been achieved. But the hopes were ill-founded. Nothing effective has been done either to move the negotiations forward or to curb the violence. Britain and the other sponsors of the road map merely waited on American leadership, but waited in vain.

Worse was to come. After all those wasted months, the international community has now been confronted with the announcement by Ariel Sharon and President Bush of new policies which are one-sided and illegal and which will cost yet more Israeli and Palestinian blood. Our dismay at this backward step is heightened by the fact that you yourself seem to have endorsed it abandoning the principles which for nearly four decades have guided international efforts to restore peace in the Holy Land and which have been the basis for such successes as those efforts have produced."

Sir Crispin Tickell, one of the contributors to that letter, who has been an adviser to several Prime Ministers and is now Chancellor of Kent university, said that he

"has never seen such a level of . . . despair amongst those who have been involved in the Diplomatic field".

He observed that

"we have seen the road map for Palestine being torn up. Mr Bush appears to have given Ariel Sharon permission to do whatever he likes. If this continues, all we can look forward to is war."

Hon. Members will have to judge whether engaging with Israel has resulted in the UK Government having any leverage.

The Select Committee is primarily concerned with development, getting people out of poverty and meeting the millennium development goals. It is used to poverty—individually and together, we visit some of the most desperate and dispiriting places in the world—but as we collectively concluded:

"What . . . makes the poverty in Palestine so unpalatable is the level of deprivation vis a vis Israel, and the awareness that it is not the result of a natural calamity but of deliberate actions on the part of the Government of Israel."

We are conscious that the UK and the European Union contribute significant amounts of financial assistance to the occupied territories in a number of different ways. Indeed, by my calculations, taking into account the money that DFID has given bilaterally, donated to the United Nations Relief and Works Agency, and support given through the European Community, during 2003, total assistance from the UK to the Palestinians amounted to some £73 million. To put that into context, DFID's programme in the occupied territories is our 15th fifteenth largest bilateral aid programme, but as we also observed in our report

"there has to be a sense of realism about what development assistance can achieve. The World Bank told us that removing the 'access control' imposed by the Israelis would have increased real GDP by 21 per cent., whereas even the doubling of developed assistance—without easing closure—would only reduce the number of people living in poverty by 7 per cent. by 2004. The situation in the OPT in other words is not one which donor assistance can resolve".

Jeremy Corbyn (Islington, North) (Lab): I compliment the hon. Gentleman on the report. In the

Select Committee's studies, did it examine the amount of infrastructure funded by the EU, by Britain or by other organisations that was destroyed by Israeli bombardment? Is there any question of getting Israel to repay that money for wilfully destroying what, particularly in Gaza, were important and valuable projects?

Tony Baldry: Indeed, the report refers to that. In Jenin, among other places, we saw projects that had been destroyed. Work by the European Union included building new housing for refugees in Jenin—housing that was destroyed by the Israeli defence forces. It must be of real concern that it has not been possible for the UK, the EU and others to establish an accord with the Israeli defence forces on protecting development projects funded through international contributions. It must be of real concern to hon. Members that there is no guarantee that projects will be protected if further money is spent on development assistance.

What is happening in the middle east is an ongoing tragedy for all involved. A few weeks ago, I spoke to a meeting of the Conservative Friends of Israel about the report. A representative of the Israeli embassy in London—I do not think that I am misrepresenting his remarks—said that we had produced a comprehensive and balanced report, but that the choice was ultimately between Israeli security and Palestinian humanitarianism. I think that that is a false choice, and I am glad that the Government agree. Paragraph B25 on page 15 of their consultation paper states:

"Israel's stated top priority is security, and the prevention of terrorist acts against Israeli citizens. But poverty and injustice caused by occupation and disproportionate Israeli actions can fuel Palestinian rejectionism and undermine public support for peace and reform. These factors, combined with large numbers of young people out of school and unemployed, help perpetuate the violence."

Lastly, it may interest hon. Members to know that the Select Committee's report has received a favourable response elsewhere. The Swedish International Development Cooperation Agency—Sweden's equivalent of DFID—wrote to me at the end of last week:

"SIDA is currently preparing a new Country Strategy Proposal to be submitted to the Swedish Government by the end of this year. In line with our policies not to produce new Reports when excellent material is already available SIDA has decided to base our analysis of the current situation in the Occupied Palestinian Territories mainly on the Report prepared by your Committee. In our view, the Report highlights to the point the situation for the Palestinian people in the absence of a real peace process. This view is also shared by our colleagues in our Field Office in Jerusalem".

I fully recognise that, on an issue as contentious and as sensitive as development assistance to the occupied Palestinian territories, one is unlikely ever to achieve universal agreement. I hope, however, that the Chamber recognises that the report is an honest attempt by members of a Select Committee of this House to bear witness to the facts as we see them and unanimously to make recommendations that we hope the Government will adopt and pursue.

3.28 pm

Ann Clwyd (Cynon Valley) (Lab): Thank you, Mr. Chidgey. I was just in the process of turning off my mobile phone, which takes a little time.

I am a member not only of the International Development Committee but of the Inter-Parliamentary Union human rights commission, which finished its conference in Mexico last week. I congratulate the Chairman on the forceful way in which he put the case as found by the Committee. On this occasion, I was unable to accompany other members of the Committee on their trip, but I was in Jenin two years ago and I saw some of the destruction to which he referred.

I want to speak about some of the report's conclusions. The report says that

"we agree with the UK Government that the Geneva Conventions apply to the Israeli occupation. The 4th Geneva Convention should remain the standard by which the GOI"—

the Government of Israel—"should perform" in the occupied Palestinian territories. It continues:

"The UK Government has its own obligations to uphold the Convention, and monitor breaches of the rules of the Convention as regards to the civilian population."

I cannot see much reference in "Country Assistance Plan for Palestinians" to the importance of international law, but I may have missed it. International law and Israel's adherence to it would greatly assist both the humanitarian situation and others in which the Palestinians find themselves. As one of the high contracting parties of the fourth Geneva convention, it is the British Government's responsibility to ensure that Israel meets its legal obligations as the occupying power to uphold the rights of the Palestinians.

Mr. Mark Hendrick (Preston) (Lab/Co-op): Does my hon. Friend agree that the UK Government, with their European partners, should ensure that Israel is held to account under article 49 of the Geneva convention? That states:

"The Occupying Power shall not deport or transfer parts of its own civilian population into the territory it occupies."

That would go some way to addressing the concerns that she mentions.

Ann Clwyd: I thank my hon. Friend because that is precisely the point I was coming to. I want to raise the case of Mr. Marwan Barghouti, who is the most important Palestinian prisoner in Israeli custody.

The Inter-Parliamentary Union committee on the human rights of parliamentarians has been dealing with Mr. Barghouti's case for some time. As hon. Members will know, the IPU custom is that if it wishes to raise the case of a parliamentarian who is in jail or has problems in their country, it asks for a mission to be allowed to go to the country in question. The IPU asked that a delegation be allowed to meet Mr. Barghouti, taking up an invitation extended by the Speaker of the Israeli Parliament in a letter of 9 July 2003 to observe the trial proceedings. The IPU decided at its 173rd session to send an observer to see Mr. Barghouti's trial. That was not allowed, however, so the IPU committee on the human rights of parliamentarians decided instead to send a legal expert to Israel to gather on the spot as much detailed information as possible on Mr. Barghouti's trial.

[Ann Clwyd]

Mr. Simon Foreman, a lawyer in a Paris firm, travelled to Israel at the beginning of December and was able to meet the case prosecutor, Mr. Barghouti's defence team and other parties. He provided the IPU committee with his report, which is annexed to the resolution that we passed last Friday at our convention in Mexico. It was decided to do that in advance of Israel's observations on the report being made, because the next opportunity to publish it would have been in September, which in our view would be too late.

Mr. Barghouti was arrested in April 2002. He is an elected member of the Palestinian Legislative Council, which is the Parliament of the Palestinian Authority, established following the two Oslo accords. Since January 1996, he had represented the constituency of Ramallah. He was elected for Fatah, the political movement of which he is the general secretary in the west bank and to which the President of the Palestinian Authority, Yasser Arafat, also belongs. Analysts regard him as a moderate on account of his support for the Oslo accords, an opinion that was expressed by the former head of the Israeli intelligence services in *Ha'aretz* in September 2003.

Mr. Barghouti was forced to go underground in 2001. On 4 August of that year, he narrowly escaped an Israeli army missile strike on two vehicles leaving Fatah headquarters. He was in one of them, but the Israeli Government stated that another person was the target, even though Mr. Barghouti, according to the Deputy Internal Security Minister,

"amply deserves to die . . . for he is very much to blame for the attacks against Israel."

Our Chairman referred to the article by Mr. Barghouti published in the *New York Times* and in the *International Herald Tribune*, which attracted a lot of attention. It was entitled, "Want security, end occupation". After very violent suicide attacks during the Easter holidays in March 2002, the Israeli army called up the reserve and launched Operation Defensive Shield, under cover of which it penetrated deeply into the occupied territories of the west bank. In that context, the Israeli army resumed control of Ramallah, which it had evacuated six years earlier under the Oslo process. It succeeded in locating and capturing Marwan Barghouti.

When Mr. Barghouti was arrested on 15 April 2002, he was taken by military forces from Ramallah, in west bank territory, to Jerusalem, and jailed in the Russian compound prison. He remained in solitary confinement for a month, except for two visits by his lawyer—one on 18 April, when they were able to communicate freely, and the other on 7 May, under the supervision of the security services.

During that month of isolation, Mr. Barghouti was interrogated by the security services. On 21 and 22 May, he had long working sessions with his lawyers, and described to them his conditions of interrogation: physical pressures in the form of sleep deprivation and uninterrupted interrogations and recourse to what is known as the shabeh method, which consists of attaching the person interrogated to a chair and forcing him to sit for several hours in a painful position—in this case, protruding nails in the back of the chair aggravated the discomfort by preventing him from leaning back. Mr. Barghouti also said that the interrogators made death threats against him and his son.

The defence has argued throughout that the Tel Aviv district court could not try Mr. Barghouti for a great many reasons, deriving essentially from international law. They included the facts that, first, the Oslo accords transferred to Palestinian jurisdiction the authority to try Palestinians, including with respect to attacks carried out against Israelis, and the accords have been embodied in Israeli law; secondly, Mr. Barghouti should enjoy prisoner of war status, pursuant to the third Geneva convention; thirdly, the arrest of Mr. Barghouti was unlawful, because he was abducted from his home in Ramallah, a Palestinian area, by the Israeli armed forces; and, fourthly, the transfer of Mr. Barghouti from Ramallah, a territory under Palestinian sovereignty and occupied by the Israeli army, to Israeli territory to be tried in Tel Aviv was in breach of the fourth Geneva convention. Lastly, the defence argued, the arrest and trial of Mr. Barghouti violated his parliamentary immunity deriving from his status as a member of the Palestinian Legislative Council.

I have mentioned the third and the fourth Geneva conventions, and the responsibility of the UK Government, as an upholder of those conventions, to ensure that they are upheld. There is still no news about the verdict of the Tel Aviv district court, which has reserved judgment since 29 December last year. According to the case papers, from Mr. Barghouti's arrest on 15 April 2002 to the trial, the Israeli authorities and the prosecution have tried to turn the situation into a media event and a symbol, putting on trial one of the men who epitomised the intifada and presenting him as a terrorist. Of all the Palestinian prisoners held by the Israelis, Mr. Barghouti is the most senior member of the Palestinian Authority and he is said to be close to Mr. Arafat.

The observer made one or two comments to the IPU concerning the statement by the Israeli Deputy Homeland Security Minister that Mr. Barghouti "thoroughly deserves death", the statement from the Attorney-General calling him a terrorist, the way in which Mr. Barghouti's lawyers have been prevented from meeting him, the long interrogations to which his French lawyer was subjected on her arrival at the airport in Tel Aviv and Israel's refusal to allow in an observer from the International Federation for Human Rights.

Such incidents have been facilitated by the climate that has made this trial increasingly a political rather than a judicial matter, but also by a breakdown of Israeli law, which has been placed in breach of international law by authorising prisoner transfers. As I spelled out earlier, that is clearly prohibited by the fourth Geneva convention. It also tolerates interrogation methods that should be prohibited, in addition to the laws that make it possible to keep a prisoner incommunicado for excessively long periods.

Nobody would dispute that the Israeli authorities are right to point out that their country is up against blind terrorism, which poses serious security problems that they have to address. However, our report, which the IPU governing council has distributed to 150 countries that are members of the IPU, illustrates the fact that the methods chosen to deal with terrorism have been

inconsistent with the rule of law and that sight has been lost of such equally essential principles as the absolute priority that should be given, under all circumstances, to respect for the physical integrity of prisoners.

The Barghouti case has clearly demonstrated that, far from bringing security, the breaches of international law have, above all, undermined the authority of Israeli justice by casting discredit on its conduct of investigations and the procedures used. The United Kingdom Government have a responsibility to ensure that the conventions are upheld.

3.43 pm

Mr. Quentin Davies (Grantham and Stamford) (Con): Let me start with a disclaimer, because I was not on the Committee when it went to Palestine and to Israel. Since I did not take part in the evidence taking—I did not see or hear the evidence—although I joined the Committee a few days before the final session in which the draft was debated, I deliberately and explicitly excluded myself from making any substantive contribution to the report. It seems wrong, if one has not heard or seen the evidence, to be a party to reaching a verdict.

Never in my life have I been in the occupied territories and Palestine; I have only ever once been to Israel, and that was a very long time ago when I was in my early 20s. I think that Israel has changed quite a bit since the 1970s, when I was there. Unfortunately, the problems that then seemed intractable—refugees, the status of Jerusalem, the status of settlements and so on—remain with us. There has been absolutely no political progress at all. One could pick up a newspaper and imagine that one was back 30 years ago and that nothing had changed.

I want to start where the Committee ended—to start from the conclusion. The clear conclusion of the report and of anything else well informed that I have read on the issue is really quite simple: there will not be a cat in hell's chance of any development in Palestine until there is peace—until there is an end to the violence, to the restrictions that have been imposed on movement and other activity as a result of the violence, and to the total demoralisation of Palestinian society that has resulted from the tragic events of the past few years.

The two key questions that we should be considering in Parliament are, first, why has there been no progress—not since the Oslo 2 agreement, not since the road map, not since as far back as the 1970s, the 1960s or the 1950s, indeed no progress at all with this problem—and, secondly, what are we to do now?

The generally fashionable line to take on this debate, and the one that my hon. Friend the Member for Banbury (Tony Baldry) took, although I congratulate him on his lucid speech, is that the fault has been largely with the Israeli Government. I find that entirely unconvincing. I am not afraid to criticise the Israeli Government; I have never taken a partisan view in these matters. It is clearly the fault of the Israelis that the Palestinian refugee problem was created in the first place, and that Palestinian civilians were forced in 1948 to leave what has become Israel.

There is clear evidence that the appalling massacre of Deir Yassin was carried out deliberately with a view to intimidating the Palestinian population and driving them out. Those are serious charges and I am not afraid to make them. There have been some legitimate complaints on the part of the Arabs left in Israel since then. A very black day in the history of Israel—a country that is on the whole a fine democracy, and proud of that tradition—is represented by the treatment of Palestinians trying to get their land back who won cases in the 1950s in the Israeli courts. Those judgments were overruled retrospectively by Israeli legislation. That is an appalling record.

I am not afraid to criticise Israel when it needs criticising, but I do not think it sensible or rational—I do not think that it conforms to the facts—to criticise Israel for the current situation. Why do I say that? Because if there has been no progress since Oslo that is because of acts taken by the Palestinian leadership, or through their lack of leadership. I wonder which phrase is more appropriate.

A very hopeful moment occurred at the end of 2000, with the Camp David meeting. You will recall Mr. Chidgey, that the then Israeli Prime Minister, Mr. [illegible]d Barak, arrived with an offer that was presented in n[illegible]y quarters as extremely generous. I shall not make any value judgment on it. It was certainly very significant. It amounted to handing over more than 90 per cent. of the territories and the Haram al-Sharif, and that was just for starters.

I do not say that I expected Arafat and the Palestinian delegation to say, "Yes, that's fine, Mr. Barak. Thank you very much. We shall sign on the dotted line," and that that would be the end of the story. However, one might have expected, if they had been remotely responsible or rational, that they would have started to talk about it, saying, "This is our response to the offer." Not at all. To the absolute consternation of President Clinton, who was presiding over the meeting, Arafat refused to negotiate at all.

An awful lot of criticism has already been made in the Chamber—no doubt more will be made before the end of the debate—about all the things that are going wrong in Palestine now, and the restrictions placed on Palestinians. Of course that is appalling. I am sure that the economic situation is as desperate as that described in the document before us, but none of that need have happened.

What is more, it seems extraordinary to say that that is the fault of the Israeli Government and Sharon, because it is clear that the person who created that Israeli Government is Mr. Arafat. When Arafat refused to deal with Barak—Barak having made that substantial offer at Camp David—there was only one conclusion to be drawn. It was the one that the Israeli electorate of course drew, when they had to go to the polls a few weeks later. They concluded that there was not a deal to be done on land for peace.

Richard Burden (Birmingham, Northfield) (Lab): Will the hon. Gentleman give way?

Mr. Davies: Not at the moment, because we are under time pressure.

There was no deal to be done because the Israelis might give away the land but would not get the peace. There was no negotiation to be conducted. The intention of the Palestinian Authority was not to

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negotiate at all but simply to use violence. In retrospect, it is fairly clear that the second intifada was being planned at the very time of the Camp David meeting.

I do not see how the Israeli electorate could possibly have been expected to support Barak, or how any Israeli Government could have been expected to make more offers of that kind, given the response to their offer in December 2000. I say it again: any problems with the conduct of the current Israeli Government, such as the regrettable construction of the barrier and the restrictions, have been brought about by the recklessly irresponsible behaviour of Arafat at Camp David. We must recognise that.

Joan Ruddock: The points that the hon. Gentleman makes are debatable. Considering the response of the Israeli Government, does he justify the building of the barrier on Palestinian land?

Mr. Davies: The answer to that is yes. *[Interruption.]* I did say yes; there seemed to be a reaction to my use of that monosyllabic word. The hon. Lady asked a question and I said yes. If people came to Lincolnshire and started killing my constituents with suicide bombs, I would be the first to say that we should build a barrier between Lincolnshire and wherever the problem was coming from. That should be the inevitable response of any Government, because their first responsibility is to defend the lives of their citizens. The tragedy is that the second intifada was ever launched. That was a fundamental and despicable mistake, involving the deliberate shedding of innocent civilian blood for no coherent political purpose. Pragmatically, it was counter-productive; I condemn it morally above all, but also pragmatically.

There was a second element to the hon. Lady's question, which I am not running away from either: if a barrier is put up, should it be only in Israeli territory or beyond the 1967 international frontier? Again, I have sympathy with what the Israelis have done. There must be negotiation about which, if any, settlements remain in the occupied territories as part of a long-term settlement. However, the Israeli Government cannot possibly allow their citizens living in those settlements to be massacred in cold blood—of course they must be defended. It was necessary to respond in that way to defend those settlements because of the second intifada, because of Arafat's refusal to negotiate and because there was no prospect for continuing with a land-for-peace strategy as a result of the reckless and irresponsible decisions of Mr. Arafat.

I have answered the hon. Lady's question, possibly not as she wanted or expected, but coherently with the argument that I have been advancing.

Richard Burden: Will the hon. Gentleman give way?

Mr. Davies: The hon. Gentleman has been persistent, but this will be the last time that I give way.

Richard Burden: I hope that the debate will focus on the present and future rather than on the past. However, when the hon. Gentleman referred to Camp David he made no mention of the Taba talks, which I think took place in February following Camp David. Those talks did not lead to the Palestinians or Israelis rejecting anything; they broke down when Sharon won the election. Why did he not mention the Taba negotiations?

Mr. Davies: If we had the whole afternoon and I was pressed to do so, I would refer back to the Balfour declaration and talk about an awful lot of things. The reason that I did not mention the Taba talks is that I think that Arafat, or some of his advisers, may have panicked and thought that they made an awful mistake at Camp David. They may have decided to try to regain some of the lost ground at Taba, but it was too late. That emphasises my point that they made a colossal mistake.

The hon. Gentleman started his intervention by saying, "I hope that the hon. Gentleman gets on soon to talking about the future and doesn't worry too much about the past." He has more or less conceded that he agrees that my analysis of the past is pretty near the mark and pretty near the truth. That must be the case since neither he nor the hon. Member for Lewisham, Deptford (Joan Ruddock) contested the good sense of what I have been saying.

It makes no sense, in the circumstances, to criticise the Israeli Government. What has happened has been a product of the behaviour of the Palestinians, tragic and regrettable though that is. There is no question but that there have been many sufferers in Israel; many innocent people have lost their lives or been maimed and mutilated for life, which is appalling. Of a secondary order, in those terms, is the economic damage that has also been done to Israel. The Palestinians have suffered much greater human and economic damage, however, but it has been delivered to them by the actions of their own purported leader. In those circumstances, it makes no sense to criticise the Israeli Government for building the barrier.

I criticise the British Government strongly, and the Foreign Secretary and the Prime Minister in particular, for their criticism, which makes no sense, of the Israelis for taking action to deal with the leaders in this violence—those who have been planning and sending suicide bombers into Israel. I cannot think of a more horrific or perverted evil in this life than suicide bombing—we have seen recently that they have even sent children to deliver suicide bombs. The Israeli Government have been taking the action that any Government should take, including trying to take out the leadership of the movement that is organising that violence.

Tony Baldry: Will my hon. Friend give way?

Mr. Davies: I explained earlier that I do not want to give way again, but as my hon. Friend is the Chairman of our Committee naturally I shall do so.

Tony Baldry: My hon. Friend was, for a while, the shadow Secretary of State for Northern Ireland. This country endured terrible atrocities from the IRA and others—many in the House suffered. Is he really arguing that it would have been acceptable for the British

Government, at any time, to have ordered or organised targeted assassinations of those whom they thought to be responsible for those acts of terrorism?

Mr. Davies: At present, our forces are engaged in Afghanistan, with our American allies. Among other things, they are trying to find Mr. Bin Laden, Mr. Zawahiri and the other leaders of al-Qaeda. If we learned that, instead of those people being captured, they had been killed, most of us would rejoice and think that a desirable and thoroughly justified response to the problem. It is therefore hypocritical, if we are trying to take out the leaders of al-Qaeda, to protest against another Government seeking to defend themselves by taking out the leaders of a terrorist organisation that is directing violence at them.

The Northern Irish problem, to which my hon. Friend refers, is in a different category, because there is a negotiation in place. There is the Belfast agreement and, although there have been some difficulties with it and some backsliding, which I have referred to in other contexts, on the whole Sinn Fein-IRA have followed through the process that began in Belfast.

Unfortunately, the Palestinian leadership did not follow through the process started in Oslo 2 and did not respond at all at Camp David. Hamas and the other terrorist organisations have not ceased their violence and there has been no attempt, as far as one can see, by the Palestinian Authority to stop that violence. One of the conditions—a prerequisite—for the road map was that violence would stop and that the Palestinian Authority would take measures to arrest those responsible for violence and bring it to an end, but they have not done so. I hope that that deals with the point raised by my hon. Friend the Member for Banbury.

I am glad, by the way, to have shocked a few people in the Chamber by saying some of the things that I have said. It is extremely important that we are prepared to confront reality here and to apply the same standards to the middle east as we apply elsewhere in the world.

I want, however, to focus on what should happen from now on. We need to get back to the road map—to the negotiating process. If comments such as the ones that I have made today make those who have the cause of the Arab—and particularly the Palestinian—peoples close to their hearts think again about the quality of the leadership that the Palestinians have had and the decisions that have been taken on their behalf over the past few years, and if that provokes a change of course and of attitude, I shall be more than relieved, as should we all.

The first step, if a negotiation is to take place, must be a ceasefire. If I may remind my hon. Friend the Member for Banbury of the analogy that he raised, there was a ceasefire in Northern Ireland. Violence stopped before negotiations began. We rightly insisted on that prerequisite. There has been a ceasefire, more or less, in Northern Ireland for the past seven years or so. We need to end violence; there needs to be a negotiation.

I am making my points without fear or favour, because I hold no brief for either side. I regret President Bush's statement the other day, and the Prime Minister's endorsement of it, on the frontiers and settlements, because it seemed to prejudge the negotiation that should take place between the parties. I do not want to say now whether I think that the frontier should be the same as or different from what it was in 1967 or whether some settlements should remain in the territories. There have been some Jewish settlements there, I think in Hebron, going back over the 2,000 years since the Jews were expelled from that area—we should not call it Palestine—by the Romans in AD 70. I recognise that there is a big issue as to whether there should be any settlements, and if so which ones and where, and which frontiers should be adopted. That must be a matter for the parties to negotiate. It is not helpful for outsiders, even outsiders as powerful as the United States, to make public comments that prejudice the negotiation that should take place.

Those negotiations clearly must cover refugees. That is a very important issue. It seems to me that the refugees who left in 1948 are entitled, in principle, to return, but they are not young and if there is a suitable alternative financial offer they will probably not do so. One can easily foresee a pragmatic solution to that issue, while recognising the right of return for those who left. I do not know that a right of return can be inherited by future generations. If it can, one has to ask for how long it can be inherited. Is it three generations or five? On that basis, perhaps the Jews can claim the right to return, because they were expelled by the Romans in AD 70. It might be more sensible to say that those who were physically expelled from, or previously lived in, a place have a rather more special status than others who may call themselves refugees or be called refugees by the United Nations Relief and Works Agency or other bodies.

There is the basis for a negotiation, albeit a complicated one that has eluded the parties for decades. Nevertheless, it is as urgent as ever that that negotiation should take place. We do no service to anyone in the middle east if we suggest in the House that there is any other solution, or if we spend our time here criticising one party while being apparently oblivious to the failings of another.

I have criticised both sides in the process. I sincerely hope that they can find a way to ensure that future generations of Palestinians and of Israelis do not have to grow up and live their lives against the background of the terror and violence of which we have had far too much, particularly over the past few months and years.

4.3 pm

Mr. Gerald Kaufman (Manchester, Gorton) (Lab): One did not need to hear the disclaimer at the beginning of the speech by the hon. Member for Grantham and Stamford (Mr. Davies) that he was not a party to the report and was not a member of the Select Committee when it compiled its report, because his stupefying ignorance of the situation, as emerged from his speech, demonstrates that entirely. His response to the intervention by the hon. Member for Banbury (Tony Baldry) about the relationship with the IRA bombing campaign in this country showed that he did not even understand that. Perhaps his leader was right to remove him as Northern Ireland spokesman.

My city, Manchester, had the whole of its centre destroyed by an IRA bomb. What did we do? We held an Irish festival. We hold an Irish festival every year. It is about reconciliation, not revenge or vindictiveness. The hon. Member for Grantham and Stamford says that the

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Israeli Government have the right or the duty to defend the lives of their citizens. If that is their right or duty, they are singularly, indeed spectacularly, unsuccessful, because more Israeli civilians have been murdered by terrorists in the period in which Ariel Sharon has been Prime Minister of the state of Israel than in any other period during the 56 years of the existence of that state.

Last year, an article by Avraham Burg, who, until last year, was the Speaker of the Knesset, the Israeli Parliament, was published in the Israeli press. Last month, that article was republished in *The Sunday Telegraph*. What did he say?

"Israel, having ceased to care about the children of the Palestinians, should not be surprised when they come washed in hatred and blow themselves up in the centres of Israeli escapism. They consign themselves to Allah in our places of recreation, because their own lives are torture. They spill their own blood in our restaurants, because they have children and parents at home who are hungry and humiliated. We could kill 1,000 ringleaders a day"—

that is a reference to targeted assassinations—

"and nothing will be solved, because the leaders come from below—from the wells of hatred and anger, from the 'infrastructures' of injustice and moral corruption."

The phrase "moral corruption" is as accurate a way of describing the Israeli Government as it is possible to find. Ehud Barak, a very fine man, whom I met when I was in Israel not long ago, made an offer. I agree that it was an error by the Palestinians to reject that offer in the way they did. However, Ariel Sharon's whole life has been based on killing people, first as a soldier and then as somebody who connived in the massacre of Palestinian refugees in Sabra and Shatila and who was condemned by the Israeli Kahane commission for his role in that.

Ariel Sharon is the person who, when I was in Israel, went on to the Temple Mount when opposition leader as an act of deliberate provocation. It is perfectly true that the Camp David negotiations and the Taba negotiations did not end in agreement. However, it is an interesting fact that, in the period between Camp David and Taba, efforts at negotiations were continuing and that, up to the moment when Sharon went to the Temple Mount, the situation was relatively peaceful.

At the weekend on which Ariel Sharon went to the Temple Mount, I was visiting friends in northern Israel. We had a meal at an Arab restaurant just outside Haifa. We were received with cordiality and that wonderful welcome that Arabs offer their guests. That was on the Friday evening. By the end of the weekend, there were riots at that restaurant. Those riots were provoked by Ariel Sharon.

If there is one individual in the entire world who can be regarded as primarily responsible for the deaths of more than 600 Israelis at the hands of vicious, foul terrorists, it is Ariel Sharon. Every Israeli who dies may primarily be murdered by Palestinian terrorists, but they are victims of Ariel Sharon and his policies as well. It is as well that that should be placed on the record.

Mr. Quentin Davies: Will the right hon. Gentleman give way?

Mr. Kaufman: No, I will not give way to the hon. Gentleman. He had his turn.

I congratulate the Select Committee on its report, which is absolutely first rate, and the hon. Member for Banbury on the way he presented it. I was interested in the notion that it is the duty of the Chairman of a Select Committee to be impartial. I shall have to think about that concept in my own role.

It so happened that I was in the Palestinian territories at roughly the same time as the Select Committee—either the Committee followed my path or I followed its path, but our visits coincided. I was there as an individual on a visit that was arranged—but not, I must make clear, financed—through the Foreign Office. My visit was greatly facilitated by our marvellous consul general in Jerusalem. I went around the occupied territories.

The hon. Member for Grantham and Stamford talks about the right to defend the settlements, but every settlement is illegal. They are against international law. All those settlements should not be there. They are not simply illegal; they are aggressive. I was in Hebron with the Temporary International Presence in Hebron. I could not have travelled as I did in the Palestinian territories unless I was driven by the consul general, the United Nations or TIPH. I would have been held like all the Palestinians for hours at the checkpoints described in the Select Committee report.

It is not simply that the whole regime of the Israeli army is to protect the settlers in Hebron. Those settlers have completely destroyed the ancient souk in Hebron. It no longer exists. I always went there on my visits. I had food there. I used to shop there. I used to buy the wonderful Hebron glass there. Now it is dead—gone. The settlers rampaged through Hebron. They deliberately attack Palestinians. There is a road on the perimeter of the new city of Hebron, which Palestinians are forbidden to use, but settlers who travel on that road go to the Palestinians for their car repairs. The sheer irony, the through-the-looking-glass situation that we witness there, is one of my most appalling experiences.

I am attacked on this the whole time, so I might as well get attacked on it again. As a Jew, it disgusts me that a Government of a country that was established as a Jewish state should be managing the most oppressive regime in the entire developed world. When I say the developed world, I find it particularly repulsive that, when one is in Israel or in an illegal Jewish settlement on the west bank, one need travel only a matter of minutes to go from the first world to the third world. One travels from a country that, even with the terrible depredations of the incompetent economic policy of Netanyahu and Sharon, is still rich in terms of the world as a whole, into areas where people are living in abject poverty.

The most appalling part of that poverty, as is demonstrated in the Select Committee report, is that it is man made. I do not say human made, because it is not women who have done it—it is the Israeli Government and Israeli soldiers. They have created a situation in which huge numbers of human beings are living in misery, in what even President Bush when he spoke at Banqueting house, called "daily humiliation." That is done deliberately. The poverty is created. Palestine is an affluent place. It is a fruitful place. The horticulture and agriculture should be prosperous.

I went to Jericho with the consul general. Jericho is rich, fruitful and has several crops a year of fruit and food that it could export, yet there is misery and poverty

there because restrictions on movement prevent the farmers and horticulturalists from selling their produce. The appalling thing about what is going on in the occupied territories is that none of it needs to be happening.

Of course, there are two sides to any negotiations, the Israelis have the right to defend themselves and the families of people who have been killed and maimed are understandably vengeful—although not all of them by any means. However, it is for us to try to assist in the reaching of a settlement. To do that, we must first understand the situation as described so vividly and factually by the Select Committee. We must also understand who is responsible, and let us be clear that the worst development in Palestine is not the election of Sharon, appalling though he is, but the endorsement of whatever Sharon does by Bush.

The only way to achieve a settlement between the Israelis and Palestinians is with the impetus of the United States Administration. Jimmy Carter made great efforts and had considerable success. Bill Clinton also made great efforts and could have had greater success if he had had the co-operation from both sides that he deserved. I pay tribute to Ehud Barak and say that, in my view, Arafat made serious errors in how he reacted to what happened at Camp David.

We now have a President of the United States who not only does not understand the situation—one would think that the hon. Member for Grantham and Stamford was one of his advisers—but has a time scale of only seven months, until election day on 2 November. As Jews are located in strategic states with big electoral college votes, he is grubbing for their votes. I have greater respect for the Jewish community in the United States than George W. Bush has, because there is no doubt that, if their votes had been counted in Florida, he would not be President today. Al Gore would be President, and we would not be in this situation.

We need negotiation and an alleviation of the deliberate man-made poverty, the terrible humiliation of human beings and the degradation in which people live. The Select Committee report included a map that showed the noose around Qalqilya. I visited Qalqilya with United Nations representatives. As the report points out, there is only one exit from it—a gate that is open only if Israeli troops are there to open it. On my visit, they were not there, so the gate was not open. I saw people going to the gate in the hope that it would be open, but it was not. People are prisoners in their own town.

The Select Committee report accurately describes the situation. Let us be clear that we are watching a deliberate exercise in ethnic cleansing. The Israelis are mak.ng life impossible for the Palestinians, building a wall that encloses large numbers of them, separating the farmers from their land, the workers from their jobs, the sick from the hospitals and the students and pupils from their place of education. Like the Select Committee, I have seen that. What is being said is: "Do what was done to the souk in Hebron and get out." Eventually, if the Israelis were to spread, the Palestinians would have to get out beyond the other side of the Jordan.

We are talking about a Jewish state. I was brought up as a child with a yearning for a Jewish state. We had a collection box on our mantelpiece, and whenever my father had any spare money, in the coins would go. The day the Jewish state was founded was a great day for Jews all over the world, including my family in Leeds, but if they go on as they are, there will not be a Jewish state any more. If they go on as they are, there will be a state in which, because of the fact that there are not two states beside each other, the Arabs will eventually become a majority. The Israelis are taking part in what Meron Benvenisti, the deputy mayor of Jerusalem, referred to a few days ago in an article in *The Guardian* as the creation of Bantustans.

Mr. John Bercow (Buckingham) (Con): It was one of the proudest experiences of my life, as a young boy just before my bar mitzvah, to be taken by my father for the first time to Israel, the Jewish homeland and a democratic state. Does the right hon. Gentleman accept that one of the saddest phenomena that I observed on my most recent visit to the occupied territories was the confiscation of land, the destruction of crops and the seizure of property without any compensation? That is a wholly undemocratic principle, in violation of the founding principles of that Israeli state.

Mr. Kaufman: I agree with the hon. Gentleman, but I would go a tiny bit further, and say that if what the Israelis are doing to the Palestinians were being done by some external power to Jews the entire international Jewish community would rightly be up in arms demanding an end to such an oppressive regime. The hon. Gentleman had his bar mitzvah, so he will know the Hebrew word ts'dakah. It is an obligation of ts'dakah to do right. That is what Jews are supposed to do. That is why Sharon is the worst representative of a Jewish state that there could be.

I do not want to take up much more time, because I know so many hon. Members want to speak, but I want to say this. Given my experience as a Chairman of a Select Committee, reading the Government's response to the report, with all those paragraphs beginning "We agree", made me green with envy. I wish that that could be taught to my right hon. Friend the Secretary of State for Culture, Media and Sport.

There are just one or two things, as the hon. Member for Banbury pointed out, about which the Government are over-cautious. Their stance on the issue is fine. My hon. Friend the Minister will know that the reputation in the Palestinian territories of our Department for International Development stands very high. The reputation of my right hon. Friend the Secretary of State for International Development stands particularly high, as I found when I discussed the matter with Palestinians in Ramallah. However, the Government are over-cautious in not wishing to use the authority and power of the European Union to exert pressure in this matter.

Page 65 of the report, at paragraph 151, quotes one of the most degrading statements that I have read from the European Union for a long time. Last night, I was with other right hon. and hon. Members in the Foreign and Commonwealth Office, listening to my right hon. Friend the Prime Minister make a wonderful speech about the new Europe that will emerge on 1 May. However, hon. Members should hear this passage from what the European Commission told the Select Committee when it asked the European Union to use its power on preferences to put pressure on the Israelis to behave in a reasonable manner:

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"The trade balance with Israel is very, very heavily in our favour. So when you say, 'What is the benefit or impact on Israel of these arrangements', at the moment the European Union is doing quite well out of them both in terms of industrial trade and agricultural trade . . . So I am not sure what would be the result of disrupting these or interrupting these. It may actually harm the European Union more than it harms Israel".

I am one of the Members of Parliament for Manchester. During the American civil war, the cotton workers of Lancashire were willing to give up their livelihoods in the battle to end slavery in the United States. They were poor workers in a poor area of England. The European Union is enormously prosperous. It has economic power. It has been suggested to me that it ought at least to set up a monitoring team to consider the human rights aspect of the preferential agreement. I believe that that is essential.

One may be asked what can be done. George Bush senior imposed economic sanctions on Yitzhak Shamir, and that is why the Madrid procedure began. The US held $10 billion of loan sanctions in order to push the Israelis to negotiate at Madrid. My hon. Friends talk about what the Israeli Government could do, and speak of a constructive engagement with Israel, but one cannot have a constructive engagement with a lout. Hundreds of thousands, even millions, of decent, fine Israeli people want a free Palestine alongside a secure Israel. The Government of Israel should be pushed into negotiations. I believe that economic sanctions are the way to achieve that.

I thank the Select Committee for its report. It is not the end of the story. We are not going to rest until there is a free Palestine alongside a secure Israel.

4.27 pm

John Barrett (Edinburgh, West) (LD): I congratulate the right hon. Member for Manchester, Gorton (Mr. Kaufman) on a thoughtful and considerate speech. It was obviously based on experience and a great deal of knowledge.

This Select Committee report is different from the other reports on the subject that have been produced in my time. Unlike most of them, this report makes it clear that the problems addressed are obviously man made. Unfortunately, I was unable to join the Committee on its recent visit. However, many right hon. and hon. Members have visited the middle east with all-party groups or other organisations; indeed, my hon. Friends the Members for Carshalton and Wallington (Tom Brake) and for Hereford (Mr. Keetch) have just returned. A significant number of Members have first-hand experience of the region—experience that brings real expertise and wisdom to our debates. We heard a good example of that earlier this afternoon.

One of the best aspects of being a member of the Select Committee is being able to meet different people, see different parts of the world and, sometimes, listen to quite moving evidence. For instance, the Committee heard evidence about the demolition of houses, but I shall not go into detail about it.

One of the disadvantages of membership of the Committee is that its inquiries can sometimes be overtaken by events, and in ways that some other Select Committees' cannot. However, despite all that has happened since its publication at the beginning of the year, this report remains as valid as when it was published, although the scale of the problem has increased because of the recent actions of the Israeli Government.

Those members of the Committee who have spoken to me since their visit to the occupied territories told me of the shock of the humanitarian situation there. What makes a bad situation worse is the fact that, as I said, those humanitarian needs are virtually all man made. That makes the situation all the more frustrating. We have enough trouble helping those countries ravaged by natural disasters or events that are outwith our control without adding to them. Of course, I understand the need for Israel to protect its people and to minimise the potential for horrific suicide bombings like those that we have seen. However, the Israeli Government fail to realise that their actions serve only to give greater cause to organisations such as Hamas, which seek to recruit Palestinians in their campaign of terror. Rather than preventing suicide bombings, the Government of Israel are fuelling the fire that leads to such acts of terrorism.

Richard Younger-Ross (Teignbridge) (LD): Does my hon. Friend agree that there cannot be peace unless there is justice? I have just received a report from the village of Jayyous, which has been cut in two by the barrier. It has 15,000 olive trees, 120 greenhouses, 50,000 citrus trees and six out of seven of its groundwater wells on the wrong side of the fence. There is a gate, but it is never open when it should be, so the people are denied access to tend their crops. Can there be justice in that sort of situation?

John Barrett: I take my hon. Friend's point. There can be no excuse for the wall or fence—however people refer to it—having been built where it has been built, separating pupils from schools, farmers from fields, and villagers from their hospitals. It is an outrage. As long as that barrier exists, it adds to the problem; it does not take away from it.

There is no excuse for suicide bombings, and at the same time there is no excuse for targeted assassinations. Both are illegal under international law and the Palestinian Authority have to take a greater hand in trying to prevent the suicide bombings. As the Committee found, the authority should, as a first step, condemn the bombings much more strongly. At the same time, investment in and development of the Palestinian Authority security forces needs to be made a priority. Israel has to recognise that that will serve its interests, while donors such as the UK should see it as a key part of technical assistance. Israel has no excuse for building the wall on Palestinian land, breaking up and closing in Palestinian communities, and there is no excuse for the US Administration to be anything other than critical of that move.

It is important that the Department for International Development should respond not just to short-term humanitarian needs, but help countries to develop in the long term by solving their long-term problems—that normally means helping countries to help themselves. In places such as Ethiopia, aid is about the provision of food in the short term, while making the country less vulnerable to freak climates in the long term. In Malawi,

it is about treating those suffering from HIV in the short term while preventing the spread of disease in the long term. In Palestine, we need to avert the humanitarian disaster that threatens while pursuing as a long-term solution an end to the violence that has plagued the region for so long.

As the hon. Member for Banbury (Tony Baldry) said, for Palestine it is not, as in some other countries, just about aid. The Committee found that merely increasing aid spending would decrease poverty by about 7 per cent., but tackling the cause of poverty—ending movement restrictions—would result in a reduction of 15 per cent. This is not a problem that needs to have money thrown at it. Although there is, of course, a need for continued spending, it needs much more. As others have said, the wall and the movement restrictions are causing immense problems. Palestine is not a country with food shortages, yet the Committee found rates of malnutrition as bad as those in sub-Saharan Africa. Between the movement restrictions and the confiscation of land, farmers are unable to provide the food that their people need. Surely the movement of food cannot be described as a security threat. The Committee found that, provided no weapons are being transported, there is no need for the additional restrictions on the movement of food.

There are still water access requirements and, if my hon. Friend the Member for Richmond Park (Dr. Tonge) catches your eye, Mr. Chidgey, she will go into the detail of that. The Committee found that DFID and non-governmental organisations were undertaking excellent work in helping to improve water access. However, the violence in the region often results in the demolition of infrastructure. One example cited in the report was the destruction by the Israeli army of US-built wells. There is no point in the UK, the EU and other donors investing in infrastructure improvements if they are to be undermined by authorised acts of violence.

The other issue that struck me during the inquiry was the importance of education. As has been said, half the population of the occupied Palestinian territories are under 18. That makes it even more important to provide good educational facilities, but in this case too the restrictions imposed by the Israelis are causing considerable, potentially permanent damage. The Palestinian Ministry of Education reports that almost 1,300 schools have been closed because of curfews, seizures and the fact that some of them have been converted into detention centres. A further 280 schools have been damaged by military action. Of those that remain, restrictions on movement and fear of retribution mean that teachers are unable to teach and that they and pupils are unable to reach their classrooms. Charities such as Save the Children report an increased use of violence in the playground as a means of settling disputes. If we are ever to find a long-term solution to the mistrust between the two sides, we must ensure that the next generation of leaders are not burdened by ignorance. Allowing children in Palestine to go through their entire childhood without proper education is contrary to that.

The only long-term solution to Palestine's development needs is peace. It is safe to say that despite the result of the Commons vote on 18 March 2003, the majority of Members were sceptical about military action in Iraq. One reason that some went through the Aye Lobby was the commitment that the Israel–Palestine conflict would be given priority and that the road map would be implemented. President Bush's endorsement of Sharon's disengagement plan and his partisan comments since run contrary not only to that commitment, but to international law and UN resolutions.

The interjection of 52 former British diplomats on Monday was a timely reminder of the work that still has to be done. Even those who disagree with the content of the letter must accept that those who signed it were some of the most expert people in Britain on the middle east. Their comments should not be dismissed out of hand but should be considered carefully and thoughtfully, just like the Committee's report.

4.37 pm

Hugh Bayley (City of York) (Lab): I am not a practising Jew. I am about as secular as they come but I say to the hon. Member for Grantham and Stamford (Mr. Davies) that I know only too clearly from my family history why Jews around the world would no longer entrust their human rights and security to other states after the holocaust, and wanted to create their own state. Nevertheless, I support the report's recommendations in their entirety, because I believe that the injustice done to Palestinian people by the occupation of their territories undermines the security of Israelis. As my right hon. Friend the Member for Manchester, Gorton (Mr. Kaufman) said so eloquently, Jewish people around the world should be deeply concerned about that.

Perhaps it is not surprising that people talk about the political process and foreign affairs when we debate the middle east, but it is worth making the point—particularly as the report has been criticised for being too pro-Palestinian and one-sided—that the report was prepared by the Select Committee on International Development, not the Select Committee on Foreign Affairs. As the Department for International Development has a programme of development assistance in the Palestinian territories, not in the state of Israel, we necessarily focused on the economy and development possibilities in those territories and the needs of the Palestinian people.

However, I will say a few words about the political context. The hon. Member for Banbury (Tony Baldry) made an important intervention on the hon. Member for Grantham and Stamford in which he asked about British policy in Northern Ireland. If, during the troubles, we had decided to build a barrier between Northern Ireland and the Republic to stop the import into Northern Ireland of materials used by terrorists to make bombs and to pursue their campaign of terror, we certainly would not have built that fence on the territory of the Republic of Ireland.

I can understand why the Israeli Government wished to build a barrier to try to protect their people, but to build a barrier on other people's land makes the problem worse and puts the security of Israelis in the state of Israel at risk. When we were engaged in the troubles, we identified leaders of the IRA, but we did not set out to assassinate them. Heaven forbid that we should have tried, but had we done so, we would not

[Hugh Bayley]

have dropped 1 tonne bombs from the sky to kill them, with the collateral damage that other people round about would be killed.

I have been to the occupied Palestinian territories only twice: once 18 months ago, which was paid for by the United Nations Association International Service, a non-governmental organisation based in my constituency; and, six months ago with the Select Committee. On my visit 18 months ago, I was taken to a site in Gaza city where a bomb was dropped by aeroplane and killed a Hamas leader, a terrorist, but with the collateral damage of killing 12 people in neighbouring homes, injuring 42 people and destroying the property of many more. That cannot be a way to work towards a peace process that will guarantee the security of the Israeli people.

Israel exists. It is recognised by the United Nations. We, as decent people and democrats should defend its right to exist and recognise that it has a right to defend itself and its people against terrorism, but the Palestinian people have the right to a state too, which must imply a two-state solution, which so nearly came about under the Barak plan. It was rejected by Arafat, but it was also rejected by the Israeli people in a general election when they voted Barak's Labour Government out of office.

Since the failure of the Barak plan, there are people on both sides of the argument who no longer talk about a two-state solution; they talk about a one-state solution. That simply cannot be an answer, because it means either the destruction of the state of Israel, or the ethnic cleansing by the state of Israel of all the Palestinians from the occupied territories, neither of which can possibly bring peace to the region.

A two-state solution must be the answer. To achieve that, there must be clear political leadership and unequivocal policy shifts by political leaders on both sides. There cannot possibly be a two-state solution if the Palestinians insist on the right to return to the state of Israel, because if that right of return were taken up, the demographics of the state of Israel would make it no longer a Jewish state and the Israeli Government would not accept that ever, under any circumstances. Similarly, there cannot be a two-state solution as long as there are Israeli settlements, roads and a military presence in the occupied territories.

My depressing conclusion from my two visits was that there is an absence of leadership on both sides, and a minority on both sides who use violence to drive people away from the negotiating table and the peace process. However, most depressing of all was a remarkable change in the mood in the 12 months between my two visits. Eighteen months ago, I felt that the overwhelming majority of the Palestinian people rejected the men of violence and saw that it was necessary to compromise, because it was the only way in which they could gain security in a Palestine state. The mood 12 months later was very different.

When we talked to people who lived in communities near the fence or the barrier and who were directly affected by it, we found that there was anger. Intellectually, they understood that terrorism could never achieve their aims; no amount of suicide bombing, however horrific, will defeat a military as powerful as the Israeli defence force. We put it to people at a community meeting that such a strategy was doomed to fail, but we were shouted down by the vast majority of people in the room, albeit in the politest possible way. They said, "We don't care whether it works. What else we can do?" Well, there are other things that they can do. Indeed, other things must be done, otherwise there cannot be a political solution. Both sides need to do things, and one of the things that the Israeli side needs to do is to remove the fence from Palestinian territory. I agree with the hon. Member for Grantham and Stamford: let the Israelis build a fence by all means—it is part of their protection against the extremists and terrorists who go to Israel to kill and maim. However, they should build it on Israeli territory.

The report is primarily about the UK's development assistance programme to the Palestinian Authority and, through NGOs and others, to the Palestinian people. One conclusion that I drew from the Committee's visit is that development policy planners need to address the assumption, which has been made for the past 50 or 60 years, that the Palestinians' need for development assistance is a temporary phenomenon, that the peace process is ongoing and that a solution will shortly be reached. I hope that life will be breathed back into the peace process and that agreement on a two-state solution will be reached sooner rather than later, but, to be pragmatic, I do not see that happening in the short term. Those who provide development assistance therefore need to be cognisant of the fact that they are providing support for the Palestinian people not just for a few months, as a temporary stop-gap, but, quite possibly, for years to come.

The various UN agencies need to co-ordinate what they do. In Jenin, we saw the nonsense of the UN Relief and Works Agency delivering food aid to Palestinian refugees—people who were driven out of their homes in 1948, as well as children and grandchildren—while, on the other side of the road, an entirely separate World Food Programme operation was delivering food aid to Palestinians who had always lived in Jenin and who were not refugees. There were two sets of trucks, two sets of delivery rotas, two sets of warehouses and two sets of buying agents—it was nonsense. The Palestinian people need food aid because the occupation has destroyed the Palestinian economy, but the UN agencies could save money by running a single relief operation. Perhaps UNRWA could distribute food aid in Gaza, while the World Food Programme did so in Jenin.

I am not saying that the separate identities of the two organisations need to be destroyed. Indeed, the Palestinians feel strongly that the refugees' separate identity needs to be maintained until there is a final solution. Administratively, however, more aid could be provided if what the UN agencies did were rationalised.

We saw the same with the schools. UNRWA provided a school to which only refugee children were admitted, while, 200 or 300 yards away, the Palestinian Authority had provided a school for children who were not from refugee families, which was funded by other donors. Apart from anything else, that divides the community. It is not right and should change.

There is also a need for more policy coherence from the relief agencies. UNRWA does an essential job in distributing food aid. Its spending is probably the

biggest slab of public expenditure in the Palestinian territories—it is a huge part of the gross national income of those territories. One of the rations that it distributes is cooking oil, yet virtually none of that is bought from Palestinians; it is bought from outside Palestine because it is cheaper to buy from other sources. We were told by the World Food Programme that this year it has introduced a new scheme and bought 272 metric tonnes of olive oil from Palestinian farmers. That is 272 tonnes out of 25,000 tonnes which were unsold.

Mr. David Chidgey (in the Chair): Order. I draw the hon. Gentleman's attention to the fact that seven more hon. Members want to contribute to the debate before the winding-up speeches and 35 minutes remain.

Hugh Bayley: I shall seek to make progress. I am one of only two members of the Select Committee who visited the Palestinian territories and I wish to explain some of the things that we learned during that visit.

It is incoherent for UNRWA to spend money on micro-credit schemes, seeking to provide business opportunities for Palestinians, while spending hundreds of millions of dollars on buying food from non-Palestinians.

Finally, I shall pick up on the comments made by the hon. Member for Banbury about trade. That is the one substantive part of the Select Committee's recommendations with which the Government did not agree. The European Union has similar trade agreements with Israel and the Palestinian Authority. The latter agreement has the potential to help to reconstruct the Palestinian economy, which, to all intents and purposes, has collapsed since the second intifada. Gross national income has fallen by between a third and a half, there has been a huge increase in unemployment, and investment has fallen by about 90 per cent. Without trade, the economic prospects of the Palestinians will not significantly change. The World Bank estimated that a doubling of aid would reduce the proportion of Palestinians living in poverty—on less than $2.1 a day—by only 7 per cent. The removal of access controls in the occupied territories by the Israeli Government would reduce the number by about twice as much.

The trade agreement with the Palestinian Authority does not work. The Palestinian port and airport in Gaza have been destroyed by the state of Israel and access to Israeli ports and airports is limited by the access restrictions. Our Government say that now is not the time to use the leverage of our trade agreement with the state of Israel to enable Palestinian businesses to trade. If the Government believe that constructive engagement with Israel is the best way to exert influence, they should set a timetable over which it will seek to negotiate with the state of Israel and exercise that constructive influence. If it does not work, they must take action because the fundamental basis of every trade agreement is reciprocity. One needs to treat all parties equally, and at the moment the trade agreement is delivering for the European Union and Israel but it is not delivering for the European Union and the Palestinians.

4.55 pm

Mr. James Clappison (Hertsmere) (Con): I welcome the work of the Committee in drawing attention to the humanitarian plight of the Palestinian people. I may not go down the same road as my hon. Friend the Member for Banbury (Tony Baldry) in all the conclusions that he has reached, but I respect the work that he has done and I recognise that a great deal of careful and hard work has produced this report.

Whatever one's views on the politics of the middle east—we clearly have different views here today—there is clearly a significant level of humanitarian need among the Palestinians, including high levels of unemployment, poverty and even malnutrition. There is clearly a need for better health care and, importantly, for better education. Whatever one's views on the middle east, we should all look for a way of alleviating the suffering as much as we possibly can. However long we have to wait for a political solution, we should seek to address those humanitarian needs in the interim. Whatever I say in the debate, I will not demur from that proposition and neither will I try to use aid to the Palestinians as a way of putting pressure on the Palestinian Authority.

I think that it is right that first and foremost we should seek to address humanitarian needs, provided—this is a very important provision—that the aid is properly applied for the intended purpose. That is a material consideration in the debate and an important reservation. I welcome the approach taken by the Committee in paragraph 68 of its report, where it states:

> "It is in everyone's interest that every penny of international development aid to the Palestinian Authority, whether from DFID or charities, is fully and transparently accounted for."

I would adopt and echo that conclusion.

While the report sets out to establish what aid is possible in the present situation, it implies— as today's debate has implied—that the undoubted plight of the Palestinian people cannot be separated from the political context in which they find themselves. Wherever one's sympathies have been engaged during the long period of this dispute, it is hard to avoid the conclusion that a great deal of the suffering could and would have been alleviated if there had been a negotiated political settlement that addressed the aspirations of both the Israeli and the Palestinian peoples, and that the suffering and deterioration that has undoubtedly taken place since September 2000 could have been avoided if agreement had been reached at Camp David and if the peace process initiated at Oslo had been kept on track. I do not want to go over ground that we have already covered, but it will take a great deal to persuade me that it was not the leadership of the Palestinian Authority—it is still the same leadership today—that manifestly failed to take advantage of what was, I believe, a good offer in prospect for it at the Camp David negotiations in the summer of the year 2000. I have to say that. Of course the Palestinian leadership was not forced to take that offer; it was freely negotiating. However, it was a realistic offer given the domestic constraints on Israel. It sought to address all the old historic issues, including a sovereign state for the Palestinians on the west bank, and the status of Jerusalem. There was even a formula for the return of refugees, to enable some refugees at least, from the 1948 struggle, to return to Israel. All those matters were on the table and open for negotiation, and the plain fact is that it was the Palestinian leadership who walked away from that offer.

We will hear what the hon. Member for Birmingham, Northfield (Richard Burden) has to say if he is called, but it will take a lot to persuade me that the then leader

[Mr. James Clappison]

of Israel, Ehud Barak, did not have every possible interest in bringing those negotiations to fruition, staking his political future on them, trying to bring peace to the people of Israel and facing an imminent election. It will also take a lot to convince me that President Clinton did not have a sincere and long-term interest in bringing about a peaceful solution in the middle east as the final achievement of his presidency, which was also running out. It will take a lot to persuade me that that decision did not belong to the Palestinian Authority. That decision was taken by the present leadership of the Palestinian Authority and it had the right to take it. However, it will take a lot to persuade me—in the face of what all the evidence suggests—that, having taken that decision, the then leadership of the Palestinian Authority did not decide to leave those peace negotiations and to embark on an intifada as an alternative to seeking a peaceful solution.

I heard the analysis of the situation by the right hon. Member for Manchester, Gorton (Mr. Kaufman). No doubt it did not help at all that Mr. Sharon decided to take his walk on the Temple Mount when he did. However, it will take a lot to persuade me that the decision on the whole intifada—the campaign that we have seen since and the intensification of the suicide bombings that were already taking place—was brought about by a single walk on a religious site. However grave the offence that that may have caused, it will take a lot to persuade me that that decision was not taken by the Palestinian leadership elsewhere, for whatever reasons, as an alternative to peaceful negotiation.

Mr. Quentin Davies: I share my hon. Friend's analysis. Does he agree that there is, sadly, all too great a suspicion and all too great a likelihood that the second intifada was actually under preparation at the time of Camp David and that that was one of the reasons why Arafat was not prepared to negotiate?

Mr. Clappison: It may well be that in due course historians will look with great interest at exactly when the intifada was prepared.

As far as the Palestinian leadership—Yasser Arafat—is concerned, I hear what the Committee has said and I agree with the tone of the comments that my hon. Friend the Member for Banbury made about Mr. Arafat's backward-lookingness and with the analogy that my hon. Friend drew with the situation in Northern Ireland. Of course we should be prepared to welcome people who have used terror in the past to the ways of peace, and it is possible for terrorists to become leaders and statesmen. However, if, once they have set out along that path, they forsake statesmanship and return to terrorism and violence, there is a danger that they will lose credibility altogether. We would not, as a nation, negotiate with a leader who had behaved in that way; I very much doubt that we would. We would not be prepared to negotiate.

Jeremy Corbyn: Will the hon. Gentleman give way?

Mr. Clappison: In a minute, if the hon. Gentleman will hear me out. We would not negotiate with such a leader. Even now, one would hope that there could be negotiations. However, the difficult problem that the Palestinians face, and which we as a country face in trying to help, is that Yasser Arafat has lost credibility with the Israeli people. Whatever one wants to say about the present leadership of Israel, I doubt very much that the right hon. Member for Manchester, Gorton, who gave us his point of view on the subject, would be able to find today many of the people of Israel, whom he rightly said are thirsting for peace and want to see an honourable solution, who would regard Yasser Arafat as a credible figure who could deliver peace.

I give way briefly to the hon. Member for Islington, North (Jeremy Corbyn) but this will be the last time that I give way.

Jeremy Corbyn: May I ask the hon. Gentleman to advance as far as the present, if not into the future? Will he explain to the House what possible benefit it is to any kind of peace process to have the wall constructed, the continuing illegal occupation and assassination policy, helicopter gunships over Palestinian towns, children being killed and no prospect whatever of anything other than the ritual humiliation of Palestinian people for a long time to come? Where does he think that brings anything?

Mr. Clappison: I may surprise the hon. Gentleman by saying that I share his reaction to much of what he describes. However, I think that he is falling into a trap, into which many others fall, of seeing the security response of the Israeli Government to the intifada and the violence that has been visited upon them as the cause of the problem, rather than a response to the real cause of the problem. The real cause was the decision of the Palestinian leadership to embark on an intifada. It may have got out of hand, but that decision is, as a matter of history, the initial cause.

Dr. Jenny Tonge (Richmond Park) (LD): What about the occupation?

Mr. Clappison: I hope that the hon. Lady will accept that the occupation can be solved by peaceful negotiation, not by suicide bombs; I agree with the comments on that in the Select Committee report. That is the long-term future. I hear some of the criticisms that have been made, and I share some of them, but under international law Israel does have a right to self-defence; and when looking at self-defence, one has to judge the severity of the threat that Israel has faced.

Israel has faced an extremely severe threat in the form of suicide bombers coming from the occupied territories and elsewhere into Israel, causing substantial loss of life. Any Government would want to use their right to self-defence, and their people would expect them to do so, in the face of such a severe threat. That is the background against which we should judge this. I look forward to the day when there can be a return to peaceful negotiations, but there has to be a change in the Palestinian leadership.

I have two points to make in conclusion. First, it would be wrong to put the pressure on Israel alone. The pressure has to be put on both sides. Pressure must also be applied to the Palestinian side, through inducements and as much diplomatic pressure as possible, to come

back to the negotiating table and to give up the suicide bombings. I do not believe that the Palestinian Authority have done all they could to restrain and prevent suicide bombings. There seems to be a suggestion that the al-Aqsa brigades organisation, which has directed suicide bombings itself, is linked to the Fatah organisation which is part of Mr Arafat's own political organisation. There has to be a much more robust approach on this. I look forward to hearing the Minister tell us what the Palestinian Authority have done to improve the security situation over which they have responsibility.

Secondly, I have asked the Government questions in the past about the aid that this country has given to the Palestinians to enable them to negotiate. That was commenced in 1998 when it was reasonable to give such aid to the Palestinians because a negotiation was taking place and there was still a good prospect of a peaceful solution. But we have continued to give them that aid since the year 2000. There have not been negotiations on the part of the Palestinians or what I would regard as a sufficient willingness to take part in such negotiations. Yet they are still receiving a substantial amount of aid—£9.2 million up to 2006—to support negotiations.

I would draw a distinction between money that is going to support negotiations and the technical and legal side of negotiations and funding that is going to support propaganda as a result of a general political case. I ask the Minister to look carefully at that funding. I have no problem with humanitarian aid to the Palestinians provided that it is strictly monitored and controlled. Why not switch some of that funding towards alleviating the real problems that the Palestinians face? We need a long-term political solution to this. There needs to be an even-handed approach that brings about the peaceful negotiations that we all seek.

5.8 pm

Mr. Mohammad Sarwar (Glasgow, Govan) (Lab): I fail to understand the argument advanced by the hon. Member for Hertsmere (Mr. Clappison) that as there was no agreement between Yasser Arafat and Ehud Barak, Ariel Sharon has the licence to kill innocent Palestinians, destroy their homes and build an apartheid wall that causes hardship, deprivation, poverty and economic ruin in the Palestinian territories. I cannot understand that argument.

Mr. Quentin Davies *rose—*

Mr. Sarwar: But I can say to the hon. Gentleman that this debate will make very interesting reading for President Bush, and I will be surprised if the hon. Gentleman does not get the job of special adviser on foreign relations.

I welcome the hard work done by the International Development Committee to produce this comprehensive report. While all Palestinians in the west bank and Gaza strip are adversely affected by the Israeli occupation and its accompanying violence, I would like to focus the attention of the House on the particularly desperate plight of Palestinian women. As the United Nations Development Programme says:

"It has been established that development assistance does not necessarily reach the whole population. Development literature has amply illustrated that women are often treated as though they are invisible vis-à-vis development assistance, largely because of the false assumption that the benefits accrued by men as the head of the family unit are shared by the family. This unisex vision of development neglects the fact that there are certain gender-specific factors that determine how men and women perceive and articulate their development needs, participate in contemporary development activities and determine the course of their lives."

Save the Children notes:

"Frequently absent from recent reports about violence in the Middle East are the everyday dangers facing women and children whose access to education and health care is limited or blocked, and whose nutritional and psychological needs are not being met."

Palestinian women have always been active participants in their society and the struggle to liberate their people from Israeli occupation. Since the 1920s, they have worked through social, humanitarian and political organisations. During the first intifada, women took a leading role in the boycott campaign against Israeli products in the west bank and Gaza strip. They led a campaign to reopen schools closed by the Israeli army. Palestinian mothers established underground schools that their children could attend. Women frequently confronted the occupation forces to protect children and young men. Between the creation of the Palestinian Authority in 1994 and the outbreak of the second intifada, women's organisations worked hard to enhance female participation in the anticipated Palestinian state.

Unfortunately, the situation since September 2000 has made life harder for women. Palestinian women are suffering on several levels. There is the terrorisation of everyday life. The Israeli army invades their towns, villages, camps and even homes at any time of the day or night. That produces constant feelings of fear and apprehension. There are more than 120 Israeli checkpoints on the west bank, which means that every town and village has become a sort of prison. It is difficult to move from place to place, and violence at checkpoints is common. People are killed, injured or subjected to demeaning treatment. Long delays, even for ambulances, are normal.

Since the beginning of the current intifada, 1,162 homes have been destroyed. A total of 40,415 Palestinians have been made homeless. Such events are traumatic for all families, but especially for women. Women are worried about their children's safety, which increasingly results in a decision not to send them to school. Children have been deeply traumatised by the daily Israeli aggression. The risks of bombardment or shooting are constant throughout the occupied territories, and the fear and insecurity felt by everyone contribute towards psychological problems.

Israeli forces have shelled and raided hospitals and clinics. That, together with Israeli attacks on Palestinian infrastructure and industry, has severely affected the health sector. In more than a dozen cases, women have been forced to give birth at checkpoints, resulting in at least five stillbirths. Unemployment in the occupied territories is more than 50 per cent., 60 per cent. of the population live below the poverty threshold, and 1.2 million Palestinians depend on food aid.

Since the beginning of the al-Aqsa intifada in September 2000, 134 women have been killed by Israeli forces. Clearly, the vast majority were accidental victims, killed on the streets of their towns or even in their homes. That has increased feelings of victimisation: women feel

[Mr. Sarwar]

that they can do nothing to protect themselves and their families. During the same period, 558 children have been killed by Israeli soldiers or settlers. Palestinian mothers suffer the anguish of losing their children or seeing them injured. They are also forced to endure the insult of international condemnation and of being called unnatural mothers for "allowing" their children to roam the streets and confront the occupation forces. In fact, Palestinian mothers are the first to point out that no mother wants to see her child killed or harmed. The atmosphere of fear and danger permeates every aspect of daily life in the west bank and Gaza strip. Women feel powerless to protect their children; even young children are aware that their parents are unable to protect them from the Israelis.

Palestinians see their schools and hospitals attacked, men, women and children treated with violence and contempt by the Israelis, and the utter indifference of the international community. I ask the British Government to consider increasing the development assistance specifically targeted at Palestinian women.

5.16 pm

Dr. Jenny Tonge (Richmond Park) (LD): I welcome the report and congratulate the Chairman of the Committee, the hon. Member for Banbury (Tony Baldry) and the other members of the Committee on its publication. It is comprehensive and brave, and it says all the right things, although whether that will lead to our Government doing the right things is a different matter.

I expect that hon. Members all know how passionately I feel about this problem. Some share my view that strong action against Israel, as well as insistence that it complies with UN resolutions and the fourth Geneva convention, are essential to achieve peace between the two countries and in the wider middle east.

I appreciate that it is necessary to understand the history but, as the hon. Member for Islington, North (Jeremy Corbyn) said, we are dealing not with the history but with the present and the future. Whatever the history, it cannot be denied that the current behaviour of Israel as an occupying force is outrageous.

As we are short of time, I want to concentrate on the issue of water. The right hon. Member for Manchester, Gorton (Mr. Kaufman), in a magnificent speech, mentioned ethnic cleansing. What better method of ethnic cleansing is there than depriving a population of clean, drinkable water? My geologist son keeps reminding me that water is the oil of the 21st century and that we politicians pay only lip service to the problem.

After Anwar Sadat signed the peace treaty between Israel and Egypt in 1979, he said:

"The only matter that could take Egypt to war again is water."

All the Arab states are anxious about future water supplies; all see this as a flashpoint for war. Israel is well aware of that, and with characteristic brilliance and foresight has made water supplies one of its main concerns in its plans for Israel and Palestine.

During my recent visit to Palestine, I met Jeff Halper, an admirable American Jew, who works for the Israeli Committee Against House Demolitions—members of the Select Committee may also have met him. He was clear about Israeli plans to create three Bantustans in the west bank, cut off from the River Jordan, along with the Gaza strip near the sea. Sadly, seawater is not what people need to live. Water supplies to Israel have been incorporated into that plan; that has been considered carefully. Israel squanders water: it has the highest per capita water consumption in the middle east. As the Chairman of the Committee said, Israelis use six times—I have heard it is 10 times—the amount of water used per capita by the Palestinians.

When I was in Bethlehem, in February this year, people were getting clean water through their pipes once a week. Up the road, as the right hon. Member for Manchester, Gorton said, people were squandering water—filling their swimming pools and putting sprinklers on their lawns—which could easily be seen by the Palestinians. Israelis consume far more water than they produce, and the report notes that it is estimated that 80 to 90 per cent. of the water that Israel uses comes from the occupied territories.

All water in Israel and the occupied territories is controlled by the Israeli water authority. It appears that that started during the Oslo peace process, when Israel was given control of water supplies. Farmers in the occupied territories are monitored by meters on pumps, which allow them far less water than their Israeli counterparts. Wells have been dug along the borders of the Gaza strip on the Israeli side to collect the water that comes down from the hills. That is good advance planning for the planned withdrawal from Gaza by the Israelis. The people there are already desperate for water; they dig wells in their back yards, which become contaminated with sea water because they are so near the sea. The people then get blamed and fined by Israel for mismanagement of resources.

The Select Committee received submissions on deliberate pollution of water supplies. In the west bank I saw sewage from a Jewish settlement going into the stream that supplied a couple of Palestinian villages with water. Other wells have been filled with concrete or destroyed by bulldozers. That is unnecessary. Lack of water and contamination of what water there is severely affect the health of Palestinian children and cause kidney disease in adults.

Why do Palestinians pay $1.20 for 1 cu m of water when settlers in the same area pay only 40 cents? Why are permits to dig wells, which are issued by the Israeli defence forces, in such short supply for Palestinians? Has anyone listed the wells and underground aquifers in the occupied territories that just happen to lie on the Israeli side of the security wall? The course of that wall has been deliberately altered to enclose not only settlements and land, but crucial aquifers and water supplies.

Is anyone other than the Israelis recording the water level in the Sea of Galilee, which provides 25 per cent. of Israel's water? There is a red line below which the water level should not fall, but Israel keeps lowering the line to keep up with the falling water level—it has dropped 2.5 m over the past two decades. What international body is monitoring that? For that matter, why are there no international monitors in Israel and the occupied territories watching what is happening?

What plans does the Department for International Development have to encourage the Israelis to build the desalination plants that I heard about? Israel is suggesting that they be built in Gaza, presumably with international money. Why can they not be built on Israeli territory? It has a far bigger Mediterranean coast and Israeli money could be used to build them.

The report is good, but it devotes only one and a half pages to the subject of water, which the Committee rightly describes as

"a core human right and a Millennium Development Goal."

I wonder whether anyone is taking Israel's theft of water from the occupied territories seriously enough. Water must be a shared resource and must be shared fairly. What assessments are being made of Israeli misappropriation and misuse of water? Are negotiations going on to ensure the right to water for a future state for Palestinians or will they for ever depend on the few drops that the Israelis allow them? Plans must be made to ensure that if and when there are two secure, peaceful states in the region—please God, let there be—war will not break out again over water.

5.23 pm

Ms Meg Munn (Sheffield, Heeley) (Lab/Co-op): I welcome the opportunity to speak in such an important debate and I refer to my entry in the Register of Members' Interests.

No one can doubt the suffering of the many Palestinians who find themselves forgotten or the pawns in a gigantic political chess game that always leaves them in misery. Some political players always seek to polarise the conflict and demonise one side or the other. However, when I was in Israel last year, I met relatives of victims of terror. Not all of them wanted to continue and deepen the divisions between the two peoples. One young woman, whose niece and mother had been killed in a suicide bombing, was able to see beyond her grief and recognise the importance of both sides reaching a solution. The majority of both the Israeli and Palestinian populations want the same thing: peace and safety, a chance to make something of themselves and provide for their families, and hope for future.

The report details the situation that faces the Palestinians, their economic conditions and the various pressures on them. As a supporter of the right for Israel to exist within safe and secure borders, and of the establishment of a viable and peaceful Palestinian state, I believe that substantial development assistance for Palestinians is crucial in laying the foundation for lasting peace. I am concerned about the relationship between increased aid, and incitement and misuse of funds. United Kingdom aid to the Palestinians must increase substantially, but that must be based on the condition of vital reforms being made in the Palestinian Authority.

The PA have still not made sufficient efforts to prevent the transfer to terrorist groups of funds intended to support the development of Palestinian society. Despite European Union declarations that the PA are not directing funds to terrorist organisations, Israel has continued to express concerns about that.

Last year I, too, met Salam Fayyad, the PA Minister of Finance, and found him impressive and determined in his role. Although I greatly support his work, there is more to be done to make the finances of the PA transparent. An International Monetary Fund assessment last year found that Yasser Arafat remains in personal control of 8 per cent. of PA funds—some $135 million—and the Department for International Development must redouble its efforts to tackle the lack of financial transparency as a key conflict prevention activity.

The same is true for the issue of incitement in the Palestinian education system, where there is still anxiety about images that are put before young Palestinian people. Other things remain worrying, such as running summer camps named after Wafa Idris, the first Palestinian woman suicide bomber, and the film that is regularly shown portraying a suicide bomber.

If EU and UK aid were conditional on vital reforms in the PA, it could help to stem the corruption and tackle incitement, while also allowing for a long overdue unity of command in the security apparatus, the development of functional institutions and the emergence of a responsible leadership and responsive public services.

One problem in developing the Palestinian economy is the erection of the security barrier, sometimes called a wall, by the Israeli Government. Given the Israelis' experience of terrorism it is understandable that the security of their population is paramount. However, building parts of the barrier on occupied territory will not lead to lasting security. Many Palestinians view the building of the barrier as a land grab, and that makes them less able to consider suicide bombers the horror that they are.

My final point is about the role of DFID. The recently published "Country Assistance Plan for Palestinians: 2004–2006" states that the Department's purpose is

"to work with partners to help end conflict and create a viable Palestinian state that will reduce poverty."

Is there not a danger that that is to broaden its mandate beyond its stated aim of sustainably reducing poverty in the Palestinian areas? There is a difference between working in ways that support the Government's aims and recognising that certain roles are more appropriately handled by the Foreign Office.

I want to ask the Minister about DFID's support for the Palestinian negotiation support unit, an issue that was raised by Opposition Members. There is no active peace process at present, although we dearly hope that it will resume. Funding of support for the role of the negotiation support unit should be addressed. To present the conflict as something driven by and contingent on one side's actions alone, or even principally, is clearly unfair. Israel and the PA need to work to ensure that terrorism is defeated, or it will remain an obstacle to peace.

5.29 pm

Tom Brake (Carshalton and Wallington) (LD): There have been many well informed speeches in the debate, and at least one very distinctive contribution. The speech made by the right hon. Member for Manchester, Gorton (Mr. Kaufman) was the most passionate contribution, but I suggest that he should not be put in charge of negotiations, as his diplomatic skills need honing.

The Select Committee report is excellent; the recommendations are sound and I wish there were more time to dwell on them. In opening the debate, the hon.

[Tom Brake]

Member for Banbury (Tony Baldry) referred to three reports under consideration: the Select Committee report, the Government's response and the country assistance plan. Although he mentioned it subsequently, he could also have mentioned the letter from the 52 ex-diplomats, because it has informed this debate almost as much as the other three documents.

Although concerns have been expressed about whether all the 52 diplomats are as unbiased as one would hope them to be, hon. Members should consider the different posts that they held, which include high commissioner to Australia and ambassador to Hungary, Norway and Israel. No one could argue that all the letter's signatories served their full term in Arab states and have therefore been unduly influenced by their contacts.

I hope that the Minister responds to the question whether he believes that the road map is still alive. We received some assurances yesterday from the Israeli ambassador that the road map, although clearly not active, is not dead and could be resurrected. Regrettably, a report from Agence France-Presse on Wednesday quoted Ariel Sharon as saying:

"I would have preferred to negotiate an agreement"—

with the Palestinians—

"but several months ago I realised that it is not possible to move the roadmap forward because the Palestinians do not respect their commitments".

He went on to say that he would expect Israel's responses to violence to be much harsher after the withdrawal. Will the Minister say what prospects he sees for future developments if the road map is dead, as Ariel Sharon seems to be saying? What does he think a harsher military response from Israel would constitute, and what would be the British Government's response?

In the time available, it would be difficult to go through the individual Government responses to the Select Committee report. However, I want to draw attention to a couple. At several points, the Government agree with the Committee, such as in answer 8 on a maximum waiting time of 30 minutes for ambulances at checkpoints. In answer 10, the Government agree that, in theory, pharmaceuticals should be classified as humanitarian, but:

"In practice it is not uniformly implemented."

It would be useful to hear from the Minister what follow-up there has been on those Government answers. Has there been any monitoring of whether progress has been made in ambulances getting through checkpoints and in ensuring that drugs are available as they should be from a humanitarian point of view?

I had a meeting earlier today with someone representing the Palestinian delegation, and I thought that it would be worth passing on the concerns that they wanted to be represented, specifically the issue of EU trade sanctions. Although the report suggests that, in the balance of trade, not much leverage could be exerted on the Israelis, the impact beyond the specific measure—in particular, on confidence in the Israeli economy—would be much more profound. The Palestinian representative is concerned that the focus is not lost on the issue of international development, because they clearly anticipate that the peace process will not be resolved for many decades. Therefore, to lose sight of the international development needs would be extremely regrettable.

It would be interesting to hear from the Minister about the Government's red lines on the Gaza withdrawal. The Palestinian representative's view, my view and, I think, the Select Committee's view is that it has the potential to be a positive development, but only if it is part of a package of measures, including Palestinian access to the sea and the airspace. Are the Government therefore arguing that there should be some red lines?

Regrettably, I do not have time to comment on the visit that my hon. Friend the Member for Hereford (Mr. Keetch) and I made, although I should mention that it was paid for by Friends of Israel and has been registered.

Yesterday, I sent a letter to the Prime Minister noting that there is clearly lots of good will towards the UK on both sides. Given that the UK provides bilateral aid, as well as multilateral aid through the EU, it can use its leverage to encourage the Palestinians to tackle security issues and the Israelis to address the expansion of settlements and human rights issues. I hope that the Minister can confirm that the Government will use that leverage; if they do not, they will, in the words of the 52 ex-diplomats, be backing a policy that is "doomed to failure".

5.36 pm

Mr. John Bercow (Buckingham) (Con): I congratulate the Select Committee on International Development on its report and my hon. Friend the Member for Banbury (Tony Baldry) on his admirable presentation of it.

At the outset, I want to make three statements as the background to my contribution. First, I support Israel, but that in no way reduces or removes my responsibility to observe the facts as I see them. Secondly, I rather agree with those who say that Yasser Arafat made a grave error, as far as the Palestinian cause was concerned, in so abruptly rejecting the Barak offer. However, we have to deal with the present and the future and not dwell on or inhabit the past.

Thirdly, I mentioned observing the facts, and I recently had the opportunity to do so. I went to the west bank and Gaza courtesy of Christian Aid, and the visit has been duly registered. I was accompanied by the hon. Member for Lewisham, Deptford (Joan Ruddock) and Baroness Williams of Crosby. It was an extremely valuable visit. I learned something from it and the focus of my thinking on the subject has moved on as a consequence.

The Palestinian economy has been all but destroyed. Unemployment rates have been highlighted, and they are acute. Huge numbers of people in the territories are now dependent on NGOs and international relief organisations for employment. As the Select Committee observed, farmers in the territories—my colleagues and I met many of them and took their testimonies—cannot readily fill the gaps in food production, because of the dislocation brought about by closure and, in particular, the impact that movement restrictions and land confiscations have had on agriculture.

The hon. Member for Richmond Park (Dr. Tonge) worthily and justifiably referred to water. Israeli control over water and restrictions on the development of

Palestinian infrastructure manifestly affect the development of the west bank and Gaza. That observation is not evidence of bias but simply a demonstration of the fact that one noticed that was before one's eyes.

The psychological impact on children of school closures and exposure to violence is manifestly damaging. It will hinder future generations of Palestinians and likely serve only to perpetuate the cycle of violence and hatred.

Reference has been made to the wall. My personal view is that a nation state has the right to defend itself and to erect a wall if it judges it necessary so to do, although whether that actually advances the cause of peace is another matter. However, doing so outwith one's own territory is obviously provocative. In this case, it is calculated, it has had a damaging effect and it is something that I greatly regret.

The report refers to the important issue of removing the access controls imposed by the Israelis. Doing so would increase the size of the Palestinian economy by more than a fifth and reduce poverty by approximately 15 per cent., whereas doubling development assistance would bring a reduction in the rate of poverty of only about 7 per cent. It logically follows, therefore, that the situation that we are obliged to address—that of humanitarian aid and the provision of development assistance—cannot be tackled adequately only by donor assistance. There is more to it than that. Restrictions on the movement of Palestinian goods, Israel's destruction of Palestinian infrastructure and its effective control of the occupied Palestinian territories' borders are denying Palestinian exporters access to EU markets. In practice, that means that the trade agreement does not work as its signatories intended it to. To state that is not to be guilty of bias, but to draw the logical conclusions from the facts as one observes them.

Reference was made in the report to a sense on the part of some representatives of the Israeli defence force that there should be a misery index whereby the morale of the Palestinian people would be diminished or destroyed. I very much hope that that is not an objective, but it is difficult to escape the conclusion that it forms at least part of the thinking. Baroness Williams of Crosby, the hon. Member for Lewisham, Deptford and I were all rather shocked at the entry point to Gaza by the inordinate and inexplicable delay that we and others experienced going into the territory, and the comparable delay that was experienced by those seeking to come out of it. Those delays appeared to be driven not by considerations of security, which are legitimate considerations in determining operational practice, but by a desire to obstruct, cause irritation and sap morale. Such arbitrary and capricious use of state power is a sad and unacceptable state of affairs.

Notwithstanding the important trade issues involved, DFID could provide greater technical assistance and could conceivably support the Palestinian Authority in developing poverty alleviation policies. If it is to move towards budget support, it should investigate the possibility of a unified monitoring system with other donors, as the Select Committee recommends. Failure to do that would almost certainly result in the Palestinian Authority being faced with managing a range of different, and often incompatible, donor conditions and monitoring requirements. If development assistance is to be maximally efficient and effective, aid should surely be delivered without putting an unnecessary strain on an institution that, as it stands, has relatively weak capacity.

I think that it will be evident from the Minister's reply that DFID can have an influential role in increasing donor harmonisation through its support for Palestinian-led development. DFID's work in building the Palestinian Authority's capacity has had some effect and met some of its objectives of supporting the process of developing the potential for a viable Palestinian state. DFID should also be considering its involvement with advocacy as part of long-term poverty reduction.

The hon. Member for Richmond Park made an interesting point about Israeli pollution of the water system. I have not heard that point before, and I do not sniff at it but respect it. I am prepared to look into it. However, I would like to put the counter-point, which we ourselves observed, and which I know she would not want to dismiss without consideration. The Palestinian Authority themselves are often guilty of poor management of the sewerage system. We cannot blame everything on the historical injustice. The Palestinian Authority have made worthwhile reform. I greatly admire the Minister of Finance, whom I met—he is either a Friedmanite or a Hayekian, although I do not want to make too partisan an observation. He is a first-class person working under difficult conditions and trying to achieve progress. However, a great deal more needs to be done.

In a debate that is principally about the humanitarian issues and the provision of development assistance, what should unite people of good will is a recognition that, from whichever side of this argument we come, historically or ideologically, we will not achieve a military solution. There will be peace in the middle east—peace for Israel and for the Palestinian people—only if both peoples have the right to their own independent, autonomous and secure states. Such recognition is a crucial prerequisite of achieving the peace that I believe everyone in the Chamber wishes to see.

5.45 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I am grateful to the Select Committee for its comprehensive report. I agree with much of its analysis and many of its recommendations but, as the hon. Member for Banbury (Tony Baldry) knows, not all of them.

The Palestine-Israel conflict is often in the headlines because of the ongoing level of violence and debates on the political process but rarely as a result of the humanitarian consequences that face the Palestinians. Rarely do the media throw a spotlight on the work of international development organisations in the Palestinian territories. The debate is therefore welcome and timely. It is through that prism that I intend to answer. By way of apology, I suspect that it will be difficult in the time available for me to do justice to all that has been said, but I will try.

One or two hon. Members alluded to the fact that, in parallel with the International Development Committee inquiry, the Department for International Development has been developing a country assistance plan to

[Mr. Gareth Thomas]

support the Palestinian territories. Our extensive consultation is drawing to a close, but I shall draw the many contributions made in this debate to the attention of my right hon. Friend the Secretary of State before he comes to his conclusions on the plan.

Richard Burden: I have two brief questions for my hon. Friend on the country assistance plan. First, will he continue to recognise the crucial importance of advocacy work, particularly that undertaken by the Palestinian negotiations support unit, which is partly funded by his Department? Will he reject the calls from the Chamber today that it will help the cause of peace to deny the Palestinians support for a negotiating voice? I can understand why the Israeli embassy is lobbying for that, but we should not be involved.

Secondly, although the country assistance plan, the Select Committee report and the Government's response rightly stress the importance of political action in order to achieve development goals, we should not lose sight of the importance of development action. Concern has been expressed by aid agencies about—

Mr. David Chidgey (in the Chair): Order. That intervention is long enough.

Mr. Thomas: I am grateful to my hon. Friend for his intervention. I get the gist of it. We think that the negotiations support unit is an entirely sensible investment in the peace process. Helping the Palestinians to prepare their position for the peace negotiations that we all want to see is an entirely good use of money. DFID's contribution will amount to about 3.5 per cent. of the overall assistance that we give the occupied Palestinian territories. I believe that it is a good use of our resources, and we intend to continue supporting that.

As the Select Committee drew attention to it, it is worth restating that, since the start of the second intifada, there have been more than 900 Israeli deaths and more than 3,000 Palestinian deaths. Quite apart from the appalling individual tragedies and their impact on families that are represented by those figures, the fear, the deeper insecurity, the lives that continue to be wasted and the knowledge that opportunities have been lost have undoubtedly been profound for both peoples. The conflict has had huge economic and humanitarian consequences, which have weighed particularly heavily on the Palestinians. Over the past three years, Palestinian poverty levels have tripled. About 60 per cent. of Palestinians are living in poverty, on less than $2 a day. Malnutrition is on the increase and far too many families depend on food aid. The despair among the Palestinians is increasing as the coping mechanisms for a society facing poverty are increasingly overstretched.

As the Select Committee's report made clear, the Israeli Government have imposed tight restrictions on the freedom of movement of Palestinian goods and of the Palestinian people. Closures and checkpoints together with the expansion of settlements and the construction of the barrier on Palestinian land have led to many Palestinians losing access to their livelihoods and to basic services such as health and education.

Jeremy Corbyn: I welcome what the Minister has said so far, considering the catalogue of disasters facing the Palestinian people, with house demolitions, assassinations and all the rest of it, as well as the attacks on internationals, some of whom have lost their lives trying to protect innocent Palestinians. However, what pressure have the Government put on the Israeli Government to mend their ways and to change their policies? Are we ending arms sales? Are we ending financial credits? Are we putting equivalent pressure on the United States? My belief is that, until we do, nothing is going to change.

Mr. Thomas: I shall come to some of the specifics of what we have said to the Israeli Government in a few seconds. The Government have made representations on a series of the issues that have come up in the debate and we will undoubtedly have to continue to do so.

In the absence of progress towards the sort of peace that we all want to see, we need to recognise that there is a limit to what development assistance can achieve. What is most needed is a relaxation of Israeli closures and eventual withdrawal, so that the Palestinian economy can take off and drive the lifting of the Palestinian people out of poverty, which everybody wants and to which the Select Committee's report rightly alludes.

Of the recommendations in the report that are specifically for DFID, the vast majority are already part of our approach, a point to which the hon. Member for Banbury alluded. A number of our projects specifically seek to enhance the prospects for peace, such as our support to the negotiations support unit and our support to the Palestinian civil police. Without progress on Palestinian security, Israel is unlikely to meet its road map commitments and the road map will probably fail.

It is not just Israel that will benefit from improvements in the quality of Palestinian civil policing. Better civilian policing is very much in ordinary Palestinians' interests and could help to demonstrate that road map implementation can bring visible improvements to their daily lives.

The hon. Member for Hertsmere (Mr. Clappison) asked specifically what we are doing about security. Only recently, we posted a senior policeman from Northern Ireland to the west bank and Gaza to help the Palestinian Authority to plan civil policing and law and order better.

It is absolutely right to continue to provide support direct to the Palestinian Authority. Sustainable poverty reduction is not possible without a political solution. The Palestinian Authority are the key vehicle to help to deliver the negotiated settlement back to the Palestinian side.

As I said at the outset, the Department is developing its own country assistance plan. I have not had time to respond to every hon. Member's specific points, but I will draw the attention of the Secretary of State to this debate and to many of the concerns raised by hon. Members. I hope that those interested in the issue will recognise that their concerns have been taken on board when the country assistance plan is published in due course. I thank the Select Committee again for its comprehensive report and welcome the opportunity to have had this debate.

It being five minutes to Six o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Tuesday 4 May 2004

[MR. KEVIN HUGHES *in the Chair*]

Occupied Territories

Motion made, and Question proposed, That the sitting be now adjourned.—*[Charlotte Atkins.]*

9.30 am

David Winnick (Walsall, North) (Lab): The debate is undoubtedly topical. The rejection by Likud members this weekend of the plans drawn up by Prime Minister Sharon should not lead us to believe that those plans were in any way right; it merely shows the deeply held views of a very right-wing party that wants to hang on to all the occupied territories, and the lobbying by the settlers, who obviously have much influence in the Likud party.

I requested this debate because of deep concern about Israel's intentions for the occupied post-1967 territories. The plan, as we know, was to evacuate the Gaza strip but to remain in occupation in nearly all the rest of the Palestinian land. That concern was deepened by President Bush's endorsement of the plan. The very fact that the most powerful nation—the one country that has such influence with Israel—was willing, through its leadership, to endorse the plan causes great concern. I am not at all surprised that 50 diplomats from the United States have made known their dismay at what has occurred. In my view, they speak more for the United States than President Bush does on this matter.

As for the west bank, just four settlements, with a population of 517, were to be evacuated. That would have left 134 settlements with a population numbering some 200,000—and that is apart, of course, from Israeli settlements in East Jerusalem and the Golan. Moreover, many of the settlements were begun or much expanded in recent years. Let us not forget for one moment that they are all illegal under international law.

It is difficult to see it, but what was intended for Gaza was a first step towards the road map, leading to a viable and sovereign Palestinian state. Of course, various Prime Ministers viewed the plan as a step to be welcomed, because it would have led to the viable and sovereign Palestinian state that was intended. However, let us be clear that it has never been the intention of Prime Minister Sharon, and certainly not of the Likud party, to allow any such state.

During his campaign to be elected Prime Minister in February 2001, Sharon made it perfectly clear that he did not intend to pursue a final peace deal with Palestinians that would give them their own state. He is not the leader of Likud for nothing. His aim, as commentators have said, was to pursue a series of deals to contain the bloodshed, as far as Israel was concerned, and to establish calm. As for calm, it can hardly be forgotten that, in his election campaign, Sharon took the most provocative action possible in going to the Temple Mount. We know what followed. That action was no accident; it was deliberate, and he knew what he was doing.

We should not forget—I have no intention of doing so, and when Sharon was elected, I raised the matter at Prime Minister's Question Time—that when Sharon was Minister of Defence he bore indirect responsibility for the massacre of Palestinian refugees in September 1982. Had he not given permission to the Lebanese Christian sect—the massacre was carried out by Christians—it is very unlikely that any such massacre could have occurred. Moreover, let us not forget that, when that massacre occurred, more than 400,000 Israelis demonstrated. If ever there were a demonstration along the lines of "not in our name", that was it. Nor must we forget that the commission that looked into Sharon's conduct as Minister of Defence concluded that he was not fit to hold that office.

The road map lays out various phases. Phase 1 was meant to freeze all settlements and to dismantle settlement outposts constructed since 2001. That was to lead in 2004–05 towards a permanent status settlement, including agreements between the Israelis and the Palestinians on borders, Jerusalem and the vexed, difficult and sensitive matters of refugees and other related issues. I emphasise that that would mean direct negotiations between Israel and the Palestinians, with countries in the international community that are involved directly having an overview and doing their best to bring about a final agreement.

As the Minister will tell us, the Quartet is meeting today in New York. I hope that it will reach the same conclusions as the United States, Russia, the European Union and the United Nations. It is a coincidence that the last debate that occurred here on Thursday was on the same subject that we are discussing today. It concerned the report of the International Development Committee. At least one hon. Member who is present today took part in that discussion and I heard at least half the debate myself.

Dr. Jenny Tonge (Richmond Park) (LD): I thank the hon. Gentleman for referring to our debate on Thursday, in which I took part. Does he share my great disappointment that on an issue of such magnitude—of importance not only to Israelis and Palestinians, but to the peace of the world—we are confined to short debates in Westminster Hall and not allowed a full debate in the main Chamber in Government time?

David Winnick: I agree with the hon. Lady about that, even if I do not agree with her about every aspect of the issue. I hope that we will have a debate in the Chamber as soon as possible, as that would be appropriate.

James Purnell (Stalybridge and Hyde) (Lab): I agree. We should have such a debate. I have been listening carefully to my hon. Friend's arguments. He does not disagree with the substance of what is being proposed, but thinks that it does not go far enough in respect of withdrawal from the west bank and other matters. Given Likud's rejection of the plan over the weekend, does he agree that there is now an opportunity for Israel to develop proposals that go further—perhaps on a cross-party basis—so that the road map can be put back on track?

David Winnick: I agree entirely with my hon. Friend. However, if I were optimistic that General Sharon and

[David Winnick]

the Likud party would go along with such a proposal, I would have a different view than I have at the moment. I do not believe that what was put forward by the Israeli Government and endorsed by President Bush was meant to lead to a viable and sovereign Palestinian state, which I hope is the policy of the British Government, the Opposition and the Liberal Democrats. I said that Sharon and the Likud party do not want to go along that route; Sharon would argue that he was not elected to create a viable—I emphasise "viable"—and sovereign Palestinian state. What was intended was not a first step, no matter what gloss was put on it by President Bush. It was to a large extent a step towards evacuating the Gaza strip and leaving it at that. The fact that the Likud party rejected that policy again illustrates the sort of the political party involved and the intense lobbying of the settlers.

The plight and poverty of Palestinians in the occupied territories was the subject of a previous debate here. Among other things, the International Development Committee report stated that the rate of malnutrition in Gaza and in parts of the west bank was as bad as anywhere in sub-Saharan Africa. The unemployment rate among the Palestinians is around 60 to 70 per cent. Just imagine what it must be like to have such mass unemployment, and the devastating effect that that is bound to have on families. We should not forget that, day in and day out, the Palestinians are subject to 24-hour curfews and denied freedom of movement, and that their lives are controlled in every conceivable way, even when they try to take close relatives to hospital, which, as the report points out, presents tremendous difficulties.

It does not take a great deal of imagination to imagine ourselves subject to such occupation and the restrictions and controls that I have mentioned. In those circumstances, is it any wonder that there is such a feeling of despair and dismay among Palestinians, including among those who reject violence, as we all do, and who put their faith in a political solution and who try to persuade other Palestinians that violence is not the way? What are they likely to say after President Bush's endorsement of Sharon's plans? Then there is the security fence, which Israel says is for its own security. However, 90 per cent. of it is being built on Palestinian land—not Israeli land, but Palestinian land.

Sometimes there is misunderstanding in debates such as these. Let me say where I stand on Israel. I came to the conclusion at a rather tender age in 1948—this shows my age, I suppose—that a Jewish state was justified, given what had happened to the Jews for some 2,000 years, and not just during the last war. They had been demonised, persecuted, tortured and mass murdered. Undoubtedly, that led in many respects to the basis on which the Nazis were able to carry out their terrifying crimes against humanity. Jewish people—men, women, children, even babes in arms—were exterminated in the camps on the Russian front and in other places. As a non-Zionist, I came to the conclusion that a Jewish state was justified in those circumstances.

Linda Perham (Ilford, North) (Lab): I am glad that my hon. Friend has taken time to talk about the suffering of the Jewish people and his support for the foundation of the state of Israel. Does he not agree that it is the very need for security that leads the Israeli Government to take the actions that they have and to resort to building a fence? Jewish people in Israel also have fears about suicide bombers.

David Winnick: I am coming to suicide bombers. My hon. Friend should not forget that the one issue, above all else, that Sharon campaigned on three years ago was that he would bring security to the people of Israel. More people have died in Israel as a result of his being Prime Minister. I would go further and say that the policies that he advocates and pursues have caused the deaths of many Palestinians—men, women and children, fellow human beings—who have as much right to live as anyone else, whether we are Jews or not. It could be argued that a number of Jews have died in Israel as a result of Sharon's very provocative policies.

If it is right for the Jews to have a state of their own, surely it is equally right and justified for the Palestinians to have a sovereign, viable state, because they have paid the price for the creation of Israel. They could argue that it was Europe's crimes, not those of Palestinians or Arabs, that were involved, but they have paid the price. Those of us who take the view that Israel has a right to exist in its pre-1967 borders and a right to defend itself nevertheless have even more responsibility to see to it that justice comes to the Palestinians. They should not be denied a proper, viable, state of their own; it should not be made up of bits and pieces, which would be rather meaningless. If Israel is a viable and sovereign state, the same should apply to Palestine; it should be no less sovereign than Israel.

My hon. Friend the Member for Ilford, North (Linda Perham) mentioned suicide bombing, which I deplore and consider a particularly abhorrent form of violence. I deplore other forms of terrorist violence and I am not going to stand here and be a party to, or argue in favour of, any form of terrorist violence. I think that I am on record as opposing terrorism in Northern Ireland, and the rest speaks for itself. If I were to say, "but", that would not lead to any justification of such violence. However, we must bear in mind our colonial history.

For example, 118 years ago last month, the first Irish home rule Bill was defeated in the House of Commons despite all Gladstone's eloquence. That was the signal for some people in Ireland to come to the conclusion that violence was the only way to achieve their aims and for all that followed up until the first world war. If one closes the door to constitutional settlements and gives the feeling that there is no hope in the political process—as occurred with Britain in its colonial history in Ireland and in other places, and as is happening in Israel now—that encourages the people of violence. It encourages, as it must do, Islamic Jihad and Hamas, who reject any negotiated agreement with Israel—or at least they say they do. We do not know what would happen in other circumstances.

It is said that there are many volunteers to become suicide bombers. That might well be so, but I read a recent article about the first female suicide bomber and it did not show quite the picture that some would lead us to believe; she had been marginalised in Palestinian society and decided that that would be the way out. Nevertheless, the fact remains that suicide bombing is, obviously, to be deplored.

I started by saying that I had the greatest doubts and reservations about what Prime Minister Sharon, endorsed by President Bush, intended to do. We read in today's newspapers that, to win approval, he might even dilute those plans further. As the hon. Member for Richmond Park (Dr. Tonge) said, I hope that there will be a debate in the main Chamber. I hope that today's debate will lead to renewed demands from the democracies, certainly, from Britain, other European countries and also the United States—I referred to the letter from the former diplomats—for a total change of policy on Israel.

My hon. Friend the Member for Ilford, North and others talk about security for Israel; the best and most effective security for that state is to bring about a viable and sovereign Palestinian state as soon as possible, not in the distant future. I am glad that the Minister is nodding. We need a change of policy, and I hope that we will put sufficient pressure on the United States, because it is one the country that can bring that about and that can ensure that what we all want, whatever differences we may have, will come about not in the distant future, but very shortly.

9.48 am

Richard Burden (Birmingham, Northfield) (Lab): I congratulate my hon. Friend the Member for Walsall, North (David Winnick) on securing the debate and on the passion with which he spoke. He referred to his commitment to the state of Israel and how he had come to the conclusion about the need for it. It seems that that commitment informs the passion with which he argued for a just solution in that part of the world.

What my hon. Friend said about Likud's rejection of the Sharon plan over the last few days provided a welcome perspective. There is going to be a tendency—perhaps, in some quarters, there already is—to portray those who campaigned against the Sharon plan as unreasonable and hard-line. I do not deny that they are, but that might lead to a tendency to portray the Sharon plan as reasonable. As Conal Urquhart perceptively said of Sharon in *The Guardian* yesterday:

> "Following yesterday's defeat, he is likely to strike the pose of a statesman, claiming that he was elected to represent national interests not factional ones."

Nobody is going to argue that if Israel is offering to pull its settlers out of Gaza and to withdraw its forces from Gaza, it should not do so. If there is such an opportunity, it should be seized. We should insist that any withdrawal should be properly negotiated with the Palestinian Authority. The United Kingdom, the European Union and—I would argue—the United States too should assist the Palestinian Authority in the takeover. If Israel withdrew from Gaza, we should insist that the settlements and the infrastructure should not be trashed in the same way as has followed military withdrawals from parts of Gaza, such as the village of Beit Hanoun, in the past. We also need to insist that any withdrawal is real: the Palestinians should have a real ability to trade, they should have access to sea and to air, and they should be able to rebuild their airport in Gaza.

Gaza was not the only part of Sharon's plan: it came with strings attached. The strings are very clear in the west bank, which is equally as illegally occupied as Gaza. The strings said that the six settlement blocs on the west bank would remain, not for negotiation, but in Ariel Sharon's words, "for eternity." Extra funding for settlements in the west bank has been announced by the Government of Israel and the wall continues to be built—not on Israeli land or down the border, but deep inside Palestinian territory. There is a real danger that, over the coming days and weeks, those concerns will be lost in the debate over Likud's rejection of the Sharon plan.

Sharon is now saying that the plan may be modified. Rather than becoming what my right hon. Friend the Prime Minister has described as an opportunity from which we can move forward, we might see a scenario developing in which as far as the Israeli Government—and perhaps the United States as well—are concerned, the Sharon plan is seen as a maximum from which negotiations are made downwards. That is not only wrong under international law, but a road to nowhere. It means that the dream of a viable Palestinian state, which, as my hon. Friend said, is absolutely crucial to a just peace in the middle east, will be all but impossible.

The problem with the Sharon plan and with President Bush's endorsement of it is that the Palestinians were entirely left out of the process. It is almost as if all that is needed is for the different factions in Israel to negotiate peace with each other, or perhaps for Israel to negotiate peace with the United States. The Palestinians have only a walk-on part in the whole affair, and that is why there has been such anger at the one-sidedness of President Bush's response to the plan.

We merely need to look at President Bush's statement and at the number of times that different things are referred to in it. I have had a quick look through, so the figures may not be entirely accurate but I think that they are roughly correct. He refers to peace 10 times in the statement; he refers to the two-state solution seven times; he refers to democracy and the state building of Palestine five times. Those things are good. He refers to security for both Palestinians and Israelis four times; he refers to security simply for Israelis seven times. He refers to security for Palestinians twice, and on both occasions the security for Palestinians is the security that they have to impose to fight terrorism and to maintain order in their own territories. There is nothing about security from Israel. He refers to terror or terrorism 15 times, all of which are in references to the Palestinians. He refers once to an obligation to cease armed activity, but that is imposed only on the Palestinians. He refers four times to settlements, or, as he puts it, population centres, and talks about the need to withdraw from all settlements in Gaza. There is one reference to withdrawing from "certain" settlements in the west bank, and another reference to making "progress" towards a freeze on settlements, including removing "unauthorised" outposts. One must wonder what the United States considers an authorised outpost in the west bank. There is nothing about the poverty, the destruction of homes, the razing of agricultural land, the destruction of shops or the land confiscations that the Select Committee on International Development so graphically described. Nor is there anything about the problems of access to health care, to water or to education that the Palestinians experience daily. That is going on to this day.

Mike Gapes (Ilford, South) (Lab/Co-op): My hon. Friend referred to the divisions among the Israelis and the fact that they could not agree. Does he accept that one reason why we have not made progress with the road map is that there is a substantial body on the Palestinian side, led by at least one organisation, that rejects Israel's right to exist, and that there will always be great difficulty so long as Hamas is as strong as it is in the Palestinian Authority, particularly in Gaza? Does he at least accept that the fault in this process is not all on one side?

Richard Burden: I have never argued that the fault is always on one side, but my hon. Friend should take note of what my hon. Friend the Member for Walsall, North said—namely, that if Sharon wants to encourage moderate and reasonable voices among the Palestinians, he is going about it in entirely the wrong way. He is actually strengthening voices on the other side.

I fully accept a two-state solution. Security for Israel is vital to a just settlement, but let us have some perspective. If we are saying that there are Palestinian forces that reject in principle the right of Israel to exist and to exist as a state, and that the peace process is blocked, which in many ways it is, why do not we say the same thing about forces in Israel that reject in principle the right of a Palestinian state to exist? Those forces in Israel are not fringe elements; they are in the Government. If we are to move on, we must move beyond excuses and ask how we can construct the right settlement for that part of the world. I do not dispute the suffering of the Israelis; it is real, and one feels it as one walks into any shopping centre in West Jerusalem or elsewhere. When Israeli children go to school on a bus or a teenage son or daughter goes to a disco, their parents wonder whether they will come back. That fear is real, and we must recognise it.

We saw another example of the suffering of Israelis the other day. Settlers should not be in the west bank, but no one could fail to be affected by seeing a mother gunned down with her children. Nothing justifies such actions, but we need to work out a solution if we are to end them rather than simply protesting about and condemning them. Avraham Burg, the former Speaker of the Knesset, put it very well last year when he said that Israel can choose democracy or it can choose occupation; it cannot have both.

We must face the fact that the west bank comes with 2.3 million people, and we should remember that Sharon's plan to deal with that problem of 2.3 million people is twofold. However, if Israel hangs on to that land with its 2.3 million people, and given that 20 per cent. of Israel's own population is non-Jewish, before too long there will be a non-Jewish majority in the historical land of Palestine, or, as extreme Zionists say, in the biblical land of Israel.

Sharon's response to that is part ethnic cleansing—ensuring that it is impossible for people to live in the area because of the impact of the wall and the use of such things as the planning laws in and around Jerusalem, which have, in effect, judaised large parts of the outskirts of Jerusalem—and part hustling Palestinians into what can be described only as Bantustans in the west bank and Gaza. The borders of the west bank and Gaza and access to water are all controlled by Israel. That is unacceptable. It is a recipe for further bloodshed. The only other option is to ensure, as Burg says, a complete withdrawal from the west bank and Gaza, and a viable Palestinian state. That is exactly what my hon. Friend the Member for Walsall, North suggested.

Time is running out. Before too long, the settlements and the Israeli presence in the west bank will be irreversible. As Jeff Halper, the respected Israeli academic and commentator, said, it will not be much longer before Palestinians will start saying, "The future is for us to demand equal rights with Jews in the whole area." As he says, that will be the end of two things: one is Palestinian nationalism, the other Zionism. If we wish to see security for Israel as a Jewish state, the only way of achieving that is to have a viable and independent Palestinian state.

James Purnell: I fully agree that the destination has to be a viable two-state solution on a negotiated basis. In the short term, given the distrust between the two countries, I should be interested to know what my hon. Friend would do if he were in charge. Would his ideal solution be to move towards a unilateral withdrawal from Gaza or does he think there should be the possibility of a negotiated solution? Given that there is now an opportunity to look at these plans—the point that I made to my hon. Friend the Member for Walsall, North (David Winnick)—how would he encourage the Israeli Government or the Israeli nation to move forward on this?

Richard Burden: I must not go on for too much longer because I know that many other hon. Members want to speak. I was going to come on to what we should do. A negotiated settlement is there for the taking. Voices on the Palestinian side, such as the Palestinian Authority, have said that they want to negotiate. They recognised the state of Israel years ago. However, Israel must—the Quartet has a major role in facilitating this and I hope that it takes it on board today—get the road map back on track and insist that any viable settlement is based on international law and UN resolutions. That means that the Palestinians must end violence, and so must the Israelis. It means the withdrawal from settlements; it means the creation of a viable Palestinian state; and it means that Israel needs to reconsider the construction of a wall inside Palestinian territory.

There are voices in Israel who are talking about this too. We do them no service by muting their voices and going down the one-way cul de sac into which Sharon is leading the state of Israel, backed, unfortunately, by the United States. The road map is not the gift of the USA; it is the property of the international community. Britain has a real responsibility to ensure, with the Quartet, that the road map is put back on track.

Our Prime Minister has played a major role in trying to shift American policy on this issue. I applaud and welcome that. However, in response to Bush's statement, for example, it is not enough for us not to say the things that Bush said about endorsing Sharon. It is

not enough not to say things. We need to say what we mean far more clearly. We want to see a viable Palestinian state, full withdrawal and respect for UN resolutions.

Several hon. Members *rose—*

Mr. Kevin Hughes (in the Chair): May I remind hon. Members that it is normal for the winding-up speeches to start at approximately 10.30 am? Three Members are indicating that they would like to speak. I leave it them to work out the maths.

10.3 am

Hywel Williams (Caernarfon) (PC): I take note of your point, Mr. Hughes, and I shall be brief. I congratulate the hon. Member for Walsall, North (David Winnick) on securing the debate. I regret that it has been given this slot early on a Tuesday morning. I echo the calls made for a proper debate to be held in the main Chamber in Government time.

I recognise that some hon. Members have a long-standing, detailed and diligent interest in this matter. Plaid Cymru's position is quite clear and it is worth restating briefly. We support the establishment of an independent and viable Palestinian state as a vital part of the solution to the Arab-Israeli conflict. We also recognise the legitimate right of the Palestinians to self-determination and, importantly, Israel's right to live securely within borders that are recognised. As a Welsh nationalist, that is also my ambition for my country.

I fear that Israel's actions over many years and, particularly during the present intifada, are not defensive anti-terrorist measures, but rather a means to prevent the establishment of a viable Palestinian Authority. Israel's actions succeed only in bringing about a further escalation of violence and terrorism. That might appease the warmongers on both sides in the short term, but it is futile in the end. As the Bishop of Exeter says in his foreward to the excellent Christian Aid report, "Losing ground: Israel, poverty and the Palestinians":

"The Palestinian-Israeli situation today shows the futility of violence, where endless repression and resistance feed off each other. From this cycle of repression and violence, conflict and provocation, comes the bitter fruits of poverty."

That report documents in detail the stark poverty in which millions of Palestinians live, with 60 to 70 per cent. living on less than $2 a day. The report also identifies clearly the key structures creating that poverty.

I hardly need rehearse the detail of those points with the hon. Members who are present. However, it is worth noting some key features, such as the loss of land. Gradual encroachment since the six day war has led to 82.8 per cent. of Palestinian land being under Israeli military control, while the growth of settlements has led to almost 42 per cent. of the west bank being controlled by Israeli settlements and regional and municipal councils. The number of settlers has doubled to 200,000 since the Oslo peace process, excluding those in East Jerusalem.

The report also details Israeli control of water, which limits Palestinian irrigation for agriculture and personal consumption. It contains a telling quote from a farmer from near Ramallah:

"Often our water is not running and we have little to drink. Over the road, we see the sprinklers on the lawns of the Israeli settlements."

That is inhuman and unacceptable. The report also details the effects of closure and curfew, with checkpoints and roadblocks, which make travel all but impossible and inflict psychological and economic damage. Lastly, and importantly, the report notes the lack of strong self-government and the failure of the Palestinian Authority to develop accountable institutions—a balanced report, I think.

No one imagines that progress from such a tragic situation will be simple. However, the steps that must be taken are clear, at least to us in Plaid Cymru and to many other hon. Members. Israeli forces should be withdrawn to positions held prior to the current intifada to allow humanitarian work to be carried out. There should be a full and negotiated withdrawal from the west bank and the Gaza strip, and a deployment of a UN peacekeeping force. There also needs to be a massive programme of reconstruction and rebuilding in the Palestinian territories. We in Plaid Cymru call on the European Union, as the largest donor to the Palestinian Authority, to take the lead in this and to ensure that the new infrastructure meets the modern needs of the people in the Palestinian territories.

Israel must observe the UN resolutions to end illegal settlements in Palestine, not just withdraw from the Gaza strip on a unilateral basis. The west bank cannot be set aside as a separate and non-negotiable issue, and the Palestinians certainly cannot be excluded from the debate. Finally, Israel must halt the building over Palestinian territory of the separation wall, which does not respect the 1967 borders and only contributes to the climate of fear and distrust and to the further destruction of life for divided Palestinian communities.

My party opposed the war in Iraq, but the majority of hon. Members supported it, many on the basis of their expectations that the Israeli-Palestinian conflict would receive the urgent attention of the United States and the United Kingdom Governments. I think that we are all bitterly disappointed, not only with the inattention of our Government, but with our apparent acquiescence with the Sharon Government's latest ploy and President Bush's endorsement of it. Let there be no mistake: strong and immediate action by the UK Government is the very least that we require to establish a proper settlement.

10.9 am

Mike Gapes (Ilford, South) (Lab/Co-op): I would like to take the Chamber back 11 years to the occasion on which the Israeli Prime Minister Yitzhak Rabin and the Palestinian leader Yasser Arafat shook hands in front of President Clinton. The Oslo process culminated in an agreement. In 1993, many of us had real hopes that, on the basis of that agreement, we would see a viable Palestinian state within three, four or five years and that Israel would be recognised by all its Arab neighbours and have secure borders. Those hopes have been cruelly dashed. I want to highlight some of the reasons why they have been dashed and how difficult the current situation is.

First, in 1995, extremist Israelis plotted to undermine the agreement and murdered Prime Minister Rabin. I was due to visit Israel that year with a joint Labour

[Mike Gapes]

Friends of Israel and Labour Middle East Council delegation led by the party's then foreign affairs spokesman, Derek Fatchett, and with me and my hon. Friend the Member for Dundee, West (Mr. Ross) representing the two Labour party pressure groups, which were working together in support of the Oslo process. The visit was postponed because of the assassination.

Finally, in December 1995, we met Mr Peres, the acting Prime Minister. At that time the country was in mourning, and Mr Peres did what he thought was the decent thing by postponing the general election until the middle of 1996. What happened then? Palestinian extremists carried out terrorist bombings in Tel Aviv, and Benjamin Netanyahu and Likud won the election.

The whole process had been put back. Great efforts were made by President Clinton, and Netanyahu eventually—and reluctantly—came forward with the Wye Plantation agreement, which involved some Israeli withdrawals from places such as Hebron and Jericho. However, the reality was that that was grudging rather than wholehearted.

Another breakthrough offered further hope. There was a change of Government in Israel; Mr. Barak was elected. He came forward with radical proposals for withdrawals and a two-state solution. In 2000, the Camp David negotiations took place, and the two sides were very close to an agreement, but the Palestinians could not endorse it. Then, Ariel Sharon visited the Temple Mount and the second intifada broke out. Some people claim that that was planned in July, and others say that it was spontaneous. However, regardless of the arguments, it happened.

That intifada is ongoing. I was in East Jerusalem during the first intifada in 1991. All the shops were shut, and the situation was very tense. However, the second intifada has been far more serious in its economic consequences for the Palestinian people and in its raising of the tension between the two sides. This intifada has become very violent, and has led to the current impasse.

Barak lost the election in 2001, despite going further even than at Camp David with the Taba proposals. There was no agreement on them. We can debate the reasons why; some relate to the west bank, others to different matters.

It is sad that every time there has been a proposal and we have got close to an agreement during the past decade, we end up having a great setback after that proposal has been rejected. Subsequent proposals, such as those that Sharon has just announced, are therefore far less significant than what Barak put on the table, or what was proposed at Camp David or the original Oslo process.

Sharon's own party has just voted by 59.5 per cent. to 31 per cent. to reject the current proposals. Many qualifications can be made, such as that the turnout was only 35 per cent. However, the reality is that the leader of the most right-wing Government that Israel has ever had is prepared to take things forward, albeit in a limited, inadequate way, and his plan is rejected by his own party. That is an indication of how violence and conflict breed polarisation, rejectionism and extremism. The same is happening on the Palestinian side. Hamas, which was a very small organisation, is now regarded as one of the dominant groups in Gaza and is much stronger than it was a decade ago.

I have always been a supporter of a two-state solution, but I see no immediate prospect of achieving one or, indeed, any solution in the current circumstances, unless there is some real, radical thinking about how we go forward.

David Winnick: My hon. Friend describes how the Likud membership has reacted, partly as a result of the violence and the rest of it. Would it not be right to say, however, that both sides use God without the slightest hesitation and that Likud members work on the basis that God gave the occupied territories of Judea and Samaria to Abraham and that, regardless of any violence by the other side, the land of greater Israel belongs to the Israelis and that none of it should, under any circumstances, be taken away from them? On the other side, the suicide bombers and the rest are the first to use God as an excuse. None of that gives any encouragement to non-believers such as me.

Mike Gapes: I am not Jewish and I cannot understand the history of the Jewish people in the way that my hon. Friend can. I simply say, however, that opinion polls show that the majority of Israelis—as opposed to the majority of Likud members—support the proposed withdrawal from Gaza and parts of the west bank and that, despite everything, they still believe in the concept of land for peace.

In that situation, the international community needs to find ways of moving the process back towards the road map, and I believe that that is what the Prime Minister was saying, although he has been misrepresented in publications such as *The Independent*, which one would expect to misrepresent a Labour Prime Minister—that is certainly what such publications always do on the middle east.

If there are obstacles in the road, one can either remove them or go round them. At present, progress on the road map is blocked because of a lack of trust on both sides, and we have already referred to the internal divisions on the Israeli and Palestinian sides. If one cannot secure a multinational agreement, one sometimes has to take independent or unilateral steps to move things forward and create new possibilities. The Prime Minister was right to take that position, but he has been completely and deliberately misunderstood by the 52 former diplomats.

In passing, I draw hon. Members' attention to the front page of today's edition of *The Guardian*, which has an interesting story about corruption in Saudi Arabia and about BAE Systems' expenditure in certain countries. I would be interested to know what Sir Andrew Green, as our former ambassador to Saudi Arabia, did to highlight corruption or women's rights or to push for democracy in the region when he was there. It seems some people have another agenda and have not really understood the importance of what we are trying to do internationally to take things forward.

This country is in a position to influence, to a limited extent, the prospects for peace in the middle east, but no one should have any illusions about the fact that we do

not have the ability or the influence to impose a solution in the present situation. Even if it wished to, the United States, with all its economic, military and political power, could not impose a solution on the region. All we can do—Britain through its influence in the European Union and America through its influence with Israel—is try to shift the debate forward. Through the European Union, we must support the Palestinian institutions, especially their security authorities, to enable them to control the situation effectively and stop terrorist attacks from Hamas, Islamic Jihad and other rejectionists. At the same time, we must continue our work towards transparency and the effective and efficient expenditure of resources to the Palestinian people.

Finally, we should do all that we can to work through the Quartet. Today's meeting in New York is important, but we must recognise that we should encourage Israelis not to be despondent after the Likud vote and to support those in Israel who understand the need to move forward and generate momentum, including those in the peace camp and the opposition Labour party. We are faced with the prospect of despair and no movement. Forward steps must be taken. We need initial limited withdrawals followed by an all-encompassing comprehensive agreement that will ultimately lead to the establishment of the viable Palestinian state and the secure state of Israel—both recognised internationally—which the 1993 Oslo agreement was supposed to bring about.

10.21 am

Mr. Colin Breed (South-East Cornwall) (LD): I congratulate the hon. Member for Walsall, North (David Winnick) on securing this debate and echo the comments made by many hon. Members that we must have a full debate at the earliest opportunity in the main Chamber in Government time.

The question that anyone listening to this morning's debate will ask is, will the Palestinians ever be released from their misery? From my experiences of visiting the area, I will highlight a few of the causes of that misery. Some are easy to understand; they are said to be for security purposes only, but have an enormous effect on the lives of Palestinians. There are 662 checkpoints, controlling people's daily lives in an area that is not huge. We see horrific pictures of teenagers and young people being shot at for throwing stones. Water supplies are redirected, for all the right reasons I am assured. Olive groves and the associated economy are destroyed. There are extra-judicial assassinations. Many hon. Members and I have seen the demolition of homes. What kind of a world order allows such actions to continue?

In some respects, the problems represent a moral dilemma for many people. On the one side, we see state-of-the-art weapons supplied by the United States for security purposes. However, when people on the other side attempt to defend themselves with sticks and stones, they are deemed to be terrorists and shot. There are continuing and growing howls of protest from people all around the world. I agree that time is running out; for many years there has been nothing but escalation. However, I believe that the Quartet, which meets later today, has an opportunity to act. We do not need more words or commitments that condemn and make all the right noises, but do not lead to any plan of action or feeling that action will be taken.

Every now and again, there are major atrocities, but even they are forgotten. The name of the town of Jenin has become synonymous with an act that was condemned by everyone. We had thought that that might be a watershed, but it has been forgotten into history and there have been more incursions, lives lost, and people maimed and injured. Our response to the situation has been to condemn it, to regret it and to say that it has horrified us, but what have we done? Since Oslo, there have been the Wye River memorandum and the Mitchell report; many discussions have taken place here and in the United States and many commitments have been made, but there has been no firm action.

In March 2002, the Arab League had its own peace initiative, which was greatly praised by us and by the US, and we thought that there would be some progress. Alas, nothing happened. Then came the road map, which promised to

"end the terror and violence, normalize Palestinian life and build Palestinian Institutions by 2003."

A second international conference was supposed to be convened by the Quartet by 2002. I do not think that there has been a first one yet. Inaction has been the hallmark of recent years. In February, the Palestinians took their case against the security fence—or wall or cage, whatever one calls it according to one's viewpoint—to the International Court of Justice in The Hague. In a landmark hearing that, for the first time, brought Israeli crimes before an international tribunal, the chief of the Palestinian delegation said:

"This wall is not about security, it is about entrenching the occupation and the de facto annexation of large areas of Palestinian land".

Linda Perham: Will the hon. Gentleman not accept that Israel has a problem with security? He has spoken at length about the suffering of the Palestinians, but he must accept that the people of Israel need the opportunity to live in peace. They are constantly terrorised by Palestinian suicide bombings and other terrorist activities, and have a right to defend themselves. If Opposition Members are concerned about the time available for debate, perhaps they would care to call a debate in their time.

Mr. Breed: Clearly, there are those who have called for debates, and I hope that we shall have such opportunities.

Finally, can the Minister answer a brief question about the tribunal decision? It seems that the British Government, who had long supported the tribunal and had been critics of the wall, have chosen to join hands with the US and Israel in a stance against the jurisdiction of the international court. Can he explain the Government's position on that decision? In recent times, Israel's security needs, the positioning of the wall, its effect on the Palestinian people and the likelihood that it will lead to a peaceful situation have been subject to much debate. I hope that he is able to explain the Government's stance.

10.29 am

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): I am delighted to be able to participate in this short debate on behalf of the Liberal Democrats. In doing so, I highlight the fact that I am a member and co-treasurer of the Liberal Democrat middle east council.

I, too, congratulate the hon. Member for Walsall, North (David Winnick). Like other participants in the debate, he spoke with great passion, but steered clear of being emotive. The debate has been stronger for that.

The wretched violence in the middle east continues. The latest estimates since the most recent uprising began suggest that nearly 3,000 Palestinians and nearly 1,000 Israelis have died. Pictures of the car in which an Israeli mother and her four daughters died are the latest in an appalling gallery of images of atrocities on both sides, which sicken the outside world. From a casual glance, it seems that there is little prospect of the region escaping the apparently never-ending spiral of violence.

There is a broad consensus about the need for a two-state solution to the situation, involving the creation of an independent, viable Palestinian state and the recognition of Israel's right to exist within secure borders. There is no debate about that in this country these days. The Prime Minister has spoken passionately about the need for peace and an end to violence. It is just over a year since the Government fatefully linked the middle east peace process with the decision to go to war in Iraq. At about that time, the road map was finally published, but since then we appear to have entered an international political vacuum. Last week's riposte to the Government by former senior diplomats highlighted just how serious things have become.

In response to all that, Prime Minister Sharon of Israel stepped in to fill the breach by promoting the illegal wall and the disengagement plan, with its limited proposals to withdraw from Gaza. Instead of a negotiated settlement, Israel offers an unacceptable unilateralist position, which fails to deal with settlements in the west bank, denies Palestinians the prospect of returning to their homes, and ignores the need to return to pre-1967 borders. Perhaps we should be glad that Likud rejected the plan, but that would be to ignore the fact that even the limited positive progress on offer in Gaza was too much for the hard-liners in the Prime Minister's party.

The division in the Palestinian communities also contributes to the desperate situation. The Israelis are right to seek security for their citizens; it is appalling how many of them have died as a result of suicide bombings. They are right to highlight the inability of the Palestinian authorities to control the groups that promote violence from the west bank and the Gaza strip, but that cannot justify the extra-judicial assassination of two Hamas leaders in recent weeks or the threat to kill Mr. Arafat.

As long as the economic plight of the Palestinians continues, and is exacerbated by the restrictions and humiliations of everyday life, the Palestinian authorities will struggle to make progress. They need hope.

The impression has gained ground that everyone has been sitting around waiting for the United States to take the lead on the road map. The timetable now makes rather surreal reading. As my hon. Friend the Member for South-East Cornwall (Mr. Breed) just highlighted, we should have nearly finished by now. Phase 1, which sought the end of terror and violence, the normalising of Palestinian life and the building of Palestinian institutions, should have been completed last May. The transition phase was scheduled for completion by last December. Phase 3, the movement to permanent status agreement and a full-time end to conflict, was due to be under way now. Instead, we are left arguing whether the disengagement plan is consistent with the process at all.

A meeting of the Quartet is taking place today in New York—and then what? It is surely time for the Government to make good their pledge to the people of Israel and the Palestinians. With their partners in the European Union, the Government need to demonstrate to both sides that there is no other serious prospect for peace than the road map. With our allies in the United States, we need to be resolute and prepare all parties to be firm and even-handed with both sides in the dispute. At present, the Quartet does not give the impression that it takes itself seriously. Until it does, we can expect very little progress and the agony will continue.

10.35 am

Mr. Gary Streeter (South-West Devon) (Con): I join others in congratulating the hon. Member for Walsall, North (David Winnick) on securing the debate. I also agree with those who have said that the issue is one of the most important with which the House of Commons will ever have to grapple. Perhaps it is time for a full and proper debate on the Floor of the House.

The contribution from the hon. Gentleman demonstrated his experience and knowledge of the subject, and the speeches and interventions in this high-quality debate have shown that arguments continue on all sides. The subject ignites the passions of us all.

As to party politics, there is nothing between us on this difficult subject. We all want the same thing: a peaceful, long-term resolution. Those of us who travel widely in the Gulf and who have had dealings with people from backgrounds of all kinds in and around the war on terror recognise that it is not just for the sake of the Palestinians or the Israelis, but for a lasting peace in the middle east, and perhaps a long-term resolution to the war on terror, that we need a resolution to the Israel-Palestine problem. It is a stain on the map of the world and a catalyst for all kinds of reaction and over-reaction. It is a focal point and we are right to focus on it.

As is often said, it is not as though the solution to the difficulty is unknown. We all, I think, agree that there should be a two-state solution with a secure and strong Israel side by side with a secure, strong and viable Palestinian state—with agreement over borders, starting from the 1967 boundaries and negotiating on them; with agreement on right of return; and with agreement on shared arrangements over Jerusalem, and so on. That is a clear framework for resolution, which is perhaps unusual in a dispute of this kind. We need the parties to sit down again and work their way towards it.

The road map that was launched with such fanfare and optimism 12 months ago seems, sadly, to have been completely destroyed by an increase in violence—suicide bombings and the swift and robust responses to

them. They have put paid to talks for the time being. I visited Israel in January and it was clear even then that the Israeli Government had lost patience with negotiations. They believed that there was no partner for peace, and a plan was emerging for some kind of unilateral disengagement, although at that stage the details were not known. They have become clearer since.

While I was there, I sensed on the Israeli side the fear of suicide bombings; there was real fear about going past a bus or sitting in a restaurant—and let us consider the plight of parents when their children go off to discos. On the other hand, there was real poverty, anguish and hopelessness in the Palestinian community. On visiting the country, I was aware of a sense of despair and thought that there must be more that we can do to resolve the issue.

Given what has been happening since January, we should remind ourselves that there is a broad base of political support in Israel for the kind of road map solutions that we have long supported. Will the Minister confirm today that—whether or not we now put another version of the disengagement plan on track—it can be only a start to a long-term resolution? We cannot impose a solution from the outside: an agreement on the final status issues must ultimately be negotiated by all the parties, the Israelis and the Palestinians. Our part is to get them to the table again to discuss and agree on those issues.

As has been said on many occasions over the weekend, we now have complete confusion over the Sharon plan, and where there is confusion and a vacuum something will rush in to fill it. Our job is to ensure that what rushes in to fill the vacuum is the international community with some fresh initiative. Does the Minister have a view on what part the killing of the 34-year-old mother and her four daughters played in the vote by Likud members? Is it not the case that no small groups—whether Palestinians or right-wing Israelis—should have a veto on the settlement? Is it not a sobering thought that the unilateral disengagement plan, about which many of us have profound reservations, was defeated in the vote not because it was too tough on the Palestinians, but because it gave away too much?

I want to put a number of questions to the Minister for him to answer in his winding-up speech, but first I shall read an extract of an e-mail from a Jewish friend who has relatives in Israel. He says:

> "I repeat—the army is the last place on earth my brother in law wants his kids to be. They have no choice—because the leadership of those around do not want to live side by side and in peace. If they did—my second nephew will not be joining the army in the Summer—he could and should be heading off to university."

Is it not the case that the vast majority of Israelis want peace and want a negotiated settlement? Does the Minister also agree with the Palestinian Prime Minister, Abu Ala, who said that the result of the poll at the weekend

> "should act as an incentive to resume negotiations about Palestinian statehood"?

I should like the Minister, in his winding-up speech, to deal with five issues. First, what is the role of the Quartet? We have heard about the meeting today in New York. Was the Quartet consulted before the US endorsement of the Sharon peace plan? Was the UK consulted? Have we not learned the lesson of the Iraqi war—that we must take the international community with us? Is it not true that only pressure from the international community can bring both sides of this long-running dispute together? What is the Quartet's role in that process, and what message has the UK sent to the meeting today?

Secondly, on a viable Palestinian state, what do the UK Government understand by the word "viable"? We heard earlier that the Sharon plan did not include much withdrawal from the west bank. How small a state do the Government believe would not be viable? What do they say about the links between Gaza and the west bank? To what extent do the UK Government believe that we must take into account the new realities on the ground, as President Bush said, and with which the Prime Minister seemed to agree? What is our view of those new realities?

Thirdly, what does the Minister say is necessary to get back to the road map, and what is the UK Government's role in that? Given that, whether we like it or not, the US is the most powerful player in that process—although it is distracted by the November presidential elections—and given that the EU is not trusted in Israel, does not the UK have a significant role in trying to put this initiative back on track? What does the Minister understand that role to be?

Fourthly, we have heard from the Prime Minister in recent days that, if there were some kind of unilateral disengagement, the international community would pour in and help to build a viable state for the Palestinians. Is there a plan for that pouring in of international support? What role would the UK Government have in such a plan, and who will co-ordinate such support? What role will the Quartet have in that process?

Finally, do the UK Government see any real prospects that the Palestinian Authority, as currently led, can be a partner for peace? What is the Government's view of the emerging leadership within the Palestinian Authority? Do they believe that there has been a failure of leadership on the Palestinian side, even though the underlying injustice of the situation for Palestinians is clear? What is the Government view on giving support to the emerging leadership, and what are they doing to build capacity in the Palestinian Authority, which will be needed if there is to be a viable Palestinian state?

We all want the same thing—lasting peace in the middle east, if possible within our lifetimes. The debate is a further opportunity for the Government to tell us what role they can play in bringing that about.

10.45 am

The Minister for Trade and Investment (Mr. Mike O'Brien): I congratulate my hon. Friend the Member for Walsall, North (David Winnick) on his powerful speech in opening this important debate. My hon. Friend the Member for Birmingham, Northfield (Richard Burden) spoke with great passion on an issue about which he cares deeply and on which he has spent a great deal of

[Mr. Mike O'Brien]

time as a Member of Parliament. My hon. Friend the Member for Stalybridge and Hyde (James Purnell), who has now left the Chamber, reminded us, in his role as chair of Labour Friends of Israel, that Israel also suffers from the lack of a peace settlement in the middle east. My hon. Friend the Member for Ilford, South (Mike Gapes) reminded us that Britain can influence the United States on the middle east peace process, but that we cannot control the superpower. We exercise our influence, but the US has its own policy and is the key player in encouraging a final peace settlement. It is therefore important that we bring our influence to bear, and we seek to do so.

The hon. Member for South-East Cornwall (Mr. Breed) showed how myth and ignorance can sometimes inform some of the debate, and raised one particular issue that I shall address later.

In contrast to the view expressed by the spokesman for the Liberal Democrats, I believe that there is little difference of opinion between the three main parties in the House on the desired result of a peace settlement—a two-state solution in which resolutions 242, 338 and 1397 are implemented. We want an Israel that is at peace and secure, and a Palestine that is independent and viable. I therefore believe that there is broad cross-party consensus—we all accept that the road map is the way forward to a peace settlement.

We have all been disappointed by the lack of progress on the road map in recent months. Political stalemate, the horrific cycle of violence and the humanitarian crisis continue. Since the beginning of the intifada in 2000, more than 3,000 Palestinians and more than 900 Israelis have been killed as a result of the conflict. The Israeli people live in fear of the next suicide bombing; meanwhile, targeted assassinations, which often result in casualties among innocent civilians, continue. The barrier is still being constructed on occupied land, cutting off people from their property, basic services and sometimes their families. There is a logjam in the peace process, and things show no sign of changing.

It is in that context that Prime Minister Sharon announced his intention to take unilateral action. On 14 April, he made public his plans to withdraw from all settlements in Gaza and some in the west bank. His plan also includes a substantial reduction in the Israeli military presence in those areas. The UK Prime Minister, the Foreign Secretary and the Quartet welcomed the move. Kofi Annan said:

> "I believe that any initiative that is taken to influence this relationship should not preclude the future status issues which have to be settled between the parties and if what is being done is done in the context of the Quartet's Roadmap and the attempt of the international community to establish two States that is fine. The withdrawal from Gaza should be seen as a first step."

The UK Government agree with that analysis.

The withdrawal of settlements is in line with Israel's road map commitments. It could bring visible benefits for the Palestinian people. If it is handled properly, it might provide the opportunity to breathe life back into the peace process. Those steps must not prejudge final-stage negotiations and must be integrated into the road map process. The Quartet is meeting today and we await the outcome. No one can seriously claim that resolving the issue will be easy or straightforward; there are many complex issues to be addressed, but we all share the common goal of a just and peaceful settlement, and we must make maximum use of the opportunity as a step towards achieving it. We must build on the Sharon formula to withdraw from parts of the west bank and all Gaza and see whether we can make that withdrawal the first step that can lead in due course to proper negotiations.

The proposed withdrawal is less than we would want. Prime Minister Sharon's plan does not envisage withdrawal from all settlements on the west bank, nor does it include full withdrawal from Gaza to include Palestinian control of the borders, the port and the airport. Full access to the outside world would certainly make a big difference to the prospects for Gaza's development and it could lead, as a first step, to a viable and more sovereign Palestinian state. However, we must not overlook the significance of the Sharon initiative. We have long been pressing for the dismantling of some settlements; the plan is therefore a first step. For that reason, it should be welcomed.

The Government share the eagerness of those who want the plan to be extended. We hope that Israel will consider handing over control of the port, airport and border in Gaza and, at a later stage, will also consider further withdrawals of settlements on the west bank. However, the Israelis, the Palestinians and the international community must first commit themselves to making the initial step work. For its part, Israel must engage with the Palestinian Authority on the details of the plan, but we do not yet have a plan that is likely to be implemented, because Likud appears to have rejected the proposals in a vote—with fewer than 1 per cent. of the Israeli people apparently voting as part of Likud. We await the result of the discussion within the Israeli Government. We want to see what result it will produce and how Sharon proposes to proceed.

In the meantime, there are steps that Israel and the Palestinians could take. The Palestinians could stop the suicide bombings, which cause every peace process to be frustrated, and Israel should stop demolishing houses, imposing collective punishments and launching targeted assassinations. Equally, the Palestinians must demonstrate the will and the ability to run themselves if they manage to control parts of their territory. As the Prime Minister said in Washington on 16 April, the international community will have a crucial role in helping the Palestinian Authority to build their capacity. Britain, bilaterally, through its donations and donations through the European Union, is one of the main funders of the Palestinian Authority. We therefore have a particular influence in seeking to move the process forward. We should use that in trying to create the capacity within the Palestinian Authority to deal with some of the enormous economic, political and security issues that they must confront. However, responsibility for a constructive Palestinian response to proposals from the Israelis lies with the Palestinians themselves: the PA must become a credible governing body, capable of winning the confidence of the Palestinian people.

We wait to see what the Quartet decides today, and whether the meeting in New York has new proposals to take matters forward. We have been closely engaged in private discussions on how that can be done, and I look

forward to the international community regaining political momentum. We should also provide the necessary support to enable the international community to work with us, with the Israelis and with the Palestinians to gain that momentum.

The United Kingdom continues to support the Palestinian Authority's efforts to improve their effectiveness in dealing with security in some areas in which they operate. We will continue to provide the advice, assistance and equipment that they need to deliver their objectives. We have had some encouraging results, and we will continue to work with Palestinian leaders. When I spoke to Yasser Arafat, he was very grateful for the work that the UK was doing to help the Palestinians to create the capacity in their Government and system to enable them to deliver when they have proper control of their own territory.

The letter written by 52 retired ambassadors to the Prime Minister was in many ways a cry of frustration that things are not moving in the middle east as quickly as we would all like. We all share the frustration of the slowness of achieving peace. Whether a retired ambassador, British Minister or American politician, we all want progress. Oddly, the ex-ambassadors claim that our policy has changed seems to be the basis of their letter. Let me make it clear that our policy continues to be based on UN Security Council resolutions 242, 338 and 1397. We want two states: an Israel secure and at peace, and a Palestine viable and sovereign. Final-stage negotiations, including on the settlements and right of return, are just that. They cannot be prejudged at this stage.

Britain has a vested interest in the middle east, and let me make it clear that it is in securing peace. We see the Sharon proposals as a first step, not a final one. The retired ambassadors advocate a policy of creating two states in the middle east. We agree with that, and I was not sure what the difference between us was, having read their letter. As I said, it seems to be based on the false premise that we have changed a policy that has not changed. Britain has that vested interest in the middle east, and it is a substantial one.

Richard Burden: Will my hon. Friend give way?

Mr. O'Brien: Given the time and the points that I want to make, I hope that my hon. Friend will excuse me if I do not.

The running sore of the failure to achieve a Palestinian state fuels extremism throughout the middle east. Creating peace would not only remove a great sense of injustice, but show that Europe and the United States have helped to end the injustice. We have a vested interest in reducing international terrorism, and achieving peace in the middle east is one of a number of steps that will assist the fight against terrorism. In the end, peace will also benefit Israel. The best long-term guarantee of a peaceful Israel is the creation of a stable, viable Palestinian state. As most Israelis know, peace is the only long-term guarantee of the security of Israel.

Let us be clear about the fact that both the Palestinians and Israelis have suffered. During my visit to Israel, I went to a hotel where I had had a coffee a couple of years ago on holiday. Only weeks before, the main hall of that hotel had been subjected to a Palestinian suicide bombing while a wedding had been taking place and about 20 people were killed. Standing in that hall, where I had stood before in more pleasant times, brought home to me the devastation that the Israelis have suffered. Then visiting Yasser Arafat in the west bank also brought it home to me that children are unable to leave their gardens for fear of being shot. They fear that if they chase their ball into the street, they will end up with a bullet in their head. Those are the sorts of problem that both the Israelis and Palestinians face on a daily basis.

Our objectives must now be to get the peace process started again and to ensure that the Quartet plays a valuable role in encouraging a positive outcome from negotiations. In the end, the Israelis and Palestinians must decide the terms for the end of the dispute, but we believe that our policy of enabling them to reach that end, based on UN resolutions, is the best way forward.

Kosovo

11 am

Mr. John Randall (Uxbridge) (Con): I am extremely grateful to Mr. Speaker for giving me the opportunity to raise this subject, which, I am afraid, has been rather sadly and mysteriously left off the list of Government priorities. I am delighted to see the Minister for Europe in his place, not only because it is always a pleasure to be in the company of such a charming and educated man, but because he has just returned from the region. I hope that he will be able to give us some news of what he found out there and assure us that Her Majesty's Government are trying to address the serious problems and the injustices that affect that poor, blighted, sad part of the Balkans. I know that the Minister is aware from his family background of the terrors that extremism, whether political or nationalistic, can inflict.

At the weekend we welcomed some new countries into our European family, including some that had been under the domination of the Soviet Union. We also welcomed Slovenia, which was a former republic of Yugoslavia. However, our delight at that must be tempered with the realisation that there is still an unresolved and serious problem in another area of the former Yugoslavia. That area, which was at one stage an autonomous region within the Yugoslav republic, is, of course, Kosovo.

Five years after the NATO intervention, the de facto UN or NATO protectorate is in a dire condition. Lawlessness and corruption appear to be the hallmarks of the area. I am afraid that that legacy was all too easy to foresee. It seems that some observers are beginning to examine what went on five years ago in a new light. After a weekend in which we have all begun to wonder whether we can really believe the evidence before our own eyes, such reflection is not before time. I read an article in the Canadian *National Post* from 6 April of this year, in which a Mr. Lewis Mackenzie posed the question whether we bombed the wrong side:

> "Those of us who warned that the West was being sucked in on the side of an extremist, militant, Kosovo-Albanian independence movement were dismissed as appeasers."

He also pointed out that, at the time,

> "the Kosovo Liberation Army (KLA), was universally designated a terrorist organization and . . . receiving support from Osama bin Laden's al-Qaeda".

What makes Mr. Mackenzie's views particularly interesting is the fact that he was a major-general in the Canadian army and commanded UN troops during the Bosnian civil war of 1992.

I want to dwell not on what I perceive to be the mistakes of the past, but on the recent events in Kosovo and Metohija. Sadly, the media have turned their attention elsewhere, but there have been some voices. In September last year an article in *Le Figaro Magazine* described a victory for the Albanian extremists who dream of ethnic purification in the Serb enclaves, where the inhabitants live and die like condemned prisoners.

In March this year, horrific violence against the Serbs erupted, the pretext for which was the tragic drowning of some Albanian boys. Reports have now established that those unfortunates were not chased into the River Ibar by Serbs, but died in a horrible accident. However, the incident was a light that set off much violence. That violence was almost too spontaneous—it was as if it was premeditated. I wonder whether the Minister has any evidence relating to that or any reports from which he can ascertain what happened.

According to UN statistics, 50,000 Albanian Kosovans, in the presence of 18,000 NATO peacekeepers, drove 4,500 Serbs and other non-Albanians from their homes, injuring 900, including 150 peacekeepers, and killing 19, in 33 flashpoints. Kosovo was engulfed in flames, and more than 300 homes, many of which had been recently rebuilt by the international community, were looted and torched.

Human life is obviously the most precious commodity, but the destruction of much else, including 35 additional churches, took place. I say "additional" because, as most people aware of the region know, since 1999 there has been incredible destruction of churches and monasteries in the area. It is fair to say that, as a result of the desecration of churches in Kosovo, there were retaliations against a couple of mosques, including a very old one in Belgrade. The Kosovan-Montenegran Government have condemned those retaliations. I mention that because, as in so much of the region, these are more than very important heritage sites; they are symbols. The fact that there is a desire on both sides to eradicate such symbols shows the incredible feelings that still exist.

Mrs. Alice Mahon (Halifax) (Lab): Is the hon. Gentleman aware of whether any single person has been arrested or held responsible for the burning and looting of the monasteries and churches in Kosovo?

Mr. Randall: The last time that a question on that matter was laid in Parliament, the answer was no. I would be interested to know whether, since then, and particularly since the recent attacks, any of the perpetrators have been caught.

The Minister for Europe (Mr. Denis MacShane): More than 200 people have been arrested. Their cases are being examined and charges will be laid. There is no question about that; I reported it to Parliament before the recess.

Mr. Randall: I am grateful to the Minister. If I have got the facts wrong, I will be the first to apologise to him.

Mrs. Mahon: The 200 have been arrested since the latest outbreak of violence. I was talking about the whole of the five-year period.

Mr. Randall: I am glad to see that we are getting somewhere. If 200 people have been arrested for the most recent outbreaks, I am delighted. That is a very positive move, which we should applaud. Without prejudging their guilt or innocence, we hope that at least some who are guilty will be found guilty and punished accordingly.

Last week, I and other members of the all-party group on Serbia and Montenegro, including the hon. Lady, met people who had just visited the area. Their witness statements were very telling. I hope that, in the near

future, the all-party group will be able to visit the region to see what is going on and report back. We could also talk to our counterparts at parliamentary level, to see what they are saying and doing about this situation. In due course the Foreign and Commonwealth Office might be able to assist us on that.

One of the people who came and gave us their views was Her Royal Highness Princess Linda of Yugoslavia, who visited the area from 14 April to 23 April. I would like to read out some excerpts from the speech that she made, because it is difficult for us in London to understand exactly what is going on. The Minister has been there and we will want to hear whether he was able to visit some of these areas outside Pristina. The Princess said:

"The Serb enclaves are not properly secure, even with the presence of KFOR. Albanians have freedom of movement in most of the enclaves, while Serbs cannot go anywhere without escort, which is how I personally travelled between all the enclaves. The enclaves are heavily dependent on humanitarian aid, land cannot be farmed safely. In many areas, Serbs complain that KFOR rarely responds to kidnappings, stonings and physical attacks, or destruction of property . . . The people driven out on March 17–19 were not allowed to take anything with them, even personal documents, by the Kosovo Police Force . . . Most Serbs were in a desperate psychological state even before the March 17–19 events. There is no possibility of jobs. They've gone through the NATO bombing in 1999, and have spent the time since as virtual prisoners, behind razor wire."

I shall not carry on with that quote, because it is one person's witness, and although I have no reason to doubt it, we have to try to resolve the problem, and to be as dispassionate as possible while understanding the real plight of people on both sides.

There has been some comment in our media but, strangely, the situation does not seem to have caught the imagination of the news desks. On 23 April, *The Guardian* reported that the International Crisis Group think-tank said:

"Kosovo is in danger of becoming Europe's West Bank, a destabilising source of unrest in the Balkans, because of five years of flawed and failed western policy-making and peacekeeping".

The Economist of 27 March quoted Mr. Javier Solana fulminating at the appalling and intolerable behaviour of people during recent events. The article went on to quote Harri Holkeri as saying that trust had been destroyed, and mentioned that one member of UN staff in Mitrovica said that she saw all her work go up in flames—literally. Also on 27 March, Christopher Caldwell wrote a piece entitled "NATO's Kosovo Dream is Dead".

The picture that I am painting is rather depressing, and that is not something in which I take any pleasure. One image presented to me has stuck in my mind; possibly it is not the most terrible, in terms of human suffering, but it could be regarded as the most upsetting. It is of the church in, I think, Pristina that has been turned into a public toilet. Elsewhere in the world, we are talking about winning over hearts and minds. Can we imagine what the world would say if a mosque were similarly desecrated? We would be rightly shocked if that happened.

The Minister has suggested that he came back from the area well educated—if that is possible for such an educated man. What is being done to repair homes and churches, and what input are the Government making towards the repair of churches and homes?

Despite all the misery, and despite seeing human behaviour at its worst, I have heard reports of some exemplary behaviour, and I should like to report the exemplary acts of some Irish soldiers. The UK forces are also well respected, I understand. Also, although I know that the matter does not come under the Minister's brief, I am sure that he has an understanding of current plans with regard to UK forces in Kosovo.

Tony Lloyd (Manchester, Central) (Lab): Perhaps the hon. Gentleman would also like to mention—unusually for our Chamber—the role of the French troops, who were, I understand, instrumental in preventing an attack on Mitrovica, or at least a Serb part of it, by mobs in mid-March. They put their lives at risk, and one French soldier died, so we should recognise their role, too.

Mr. Randall: I am grateful to the hon. Gentleman for that, and I am sure that there were many such examples. I have also heard examples of behaviour on the part of troops that was not so good, but I do not wish to dwell on them, and I certainly think that it would be invidious to name nations. Whenever a multinational force is involved, there will always be some with more experience than others in certain situations, and some will perhaps always behave in a way that is more sympathetic in the circumstances.

The Prime Minister of Kosovo, Mr. Bajram Rexhepi, declared recently that

"if the final status for Kosovo is not resolved by next year, the Albanians are going to have a referendum and will declare independence."

That is obviously a dangerous prospect; it would increase tension not just in the province but throughout the region. I hope that there will be swift action in response to that declaration, and that a clear message will be sent to the Albanians that the status of Kosovo can be resolved only under the terms of UN resolution 1244, and only through negotiation.

I also understand that the head of the United Nations interim administration in Kosovo approved the establishment of a Kosovo office for foreign affairs and dialogue. I understand—although I would be grateful for information on this—that it is not proposed that any Serb will be employed in that office. On 29 April the Serbian Parliament unanimously adopted a plan of autonomy for Serbs and other minorities in Kosovo. I should be grateful to hear the UK's view on those proposals.

I understand that a large amount of weaponry is still in Kosovo, and still coming in. The KLA has, of course, never disarmed, although it gave back a few weapons. Safety and security for all citizens of Kosovo might, obviously, be achieved if the area were to be disarmed. I wonder what progress is being made towards that.

The borders around Kosovo—particularly between Albania and Kosovo, and Kosovo and Macedonia—should be properly guarded. I understand that there are still holes along the borders. I knew the area pretty well and I know that it is easy to say that a border of that kind should be properly patrolled. Still, I think that even I could possibly have penetrated some of those borders, without SAS training. The matter is an important one, encompassing the need to give people confidence that the borders are secure.

[Mr. Randall]

I am sorry that I must bring these matters to the Chamber; I have often said, as in 1999 when I was against what NATO did, that I want to be proved wrong. I hoped that everything would be sorted out, and it is a great sadness that things have gone as wrong as they have. Many people, and certainly the Serb community in this country, are bewildered and astonished by what little response has been made in recent years to the destruction and desecration of hundreds of churches, graveyards and cultural monuments, some going back to the 13th and 14th centuries. They even survived Ottoman rule, which was not always regarded as the most enlightened, although that is probably a controversial statement for which I shall get into deep trouble.

There might be an answer to all this, probably in the long term, with an even more expanded EU. However, even an avid Euro-enthusiast like the Minister would have to recognise that the admission of the countries in question is some way off. In the meantime, we must all work extremely hard to try to rid Europe of this potentially explosive problem—not least because of the huge number of refugees and internally displaced persons who are living in misery.

I ask the Minister not only to take the issue seriously but to make it a high priority of British foreign policy. Another tragedy is taking place in the Balkans before our eyes. It is an area where tragedies have become almost commonplace. I plead with the Minister to give all the people in the region hope of fairness and equality for the whole area.

11.19 am

Mrs. Alice Mahon (Halifax) (Lab): I thank the hon. Member for Uxbridge (Mr. Randall) for securing the debate. I endorse what he said, particularly about last week's delegation to the all-party group on Serbia and Montenegro. Our visitors were three people from very different political, cultural and social backgrounds. One was a member of the Yugoslav Government in the 1980s and 1990s. Another was an American citizen who was born, brought up and educated in the United States but is a devout follower of the Orthodox faith. The third, as the hon. Gentleman said, was an English woman who married into the Serbian royal family, lives in Belgrade and does humanitarian work in Kosovo. All three had the same tale to tell: there has been widespread ethnic cleansing since NATO and the UN took over five years ago.

Some 180,000 refugees and displaced persons—Serbs, Roma, Gorani, and other ethnic minorities—are now living in Serbia and Montenegro. The hon. Gentleman and I visited some of them a year ago. They are living in camps in miserable conditions, often just a few miles from the border of Kosovo, and are desperate to return home. They are simple, by and large agricultural, people. Great events happened around them, but they did not understand why they could not go home. All this took place under the noses of UNMIK and KFOR. To many of us who followed these events closely, it seems that the UN and NATO have turned a blind eye to what has been happening. When I think of all the debates, statements and passionate speeches about the dreadful ethnic cleansing, albeit temporary, of the Albanians, who fled to Montenegro and Macedonia, I wonder where the sympathy is now for these people who, it seems to me, are permanently ethnically cleansed.

In my intervention, I mentioned the destruction of the churches. I add to that the fact that crimes that have been committed against minorities. Where are the people who have been arrested? Who has been sent to The Hague for crimes against humanity? When will there be justice for people still living in Kosovo but in dreadful conditions in heavily guarded enclaves without any freedom of movement? It is a mockery to say that the elections held there are in any way fair and legitimate when minorities cannot get about and do the usual things that we all do in elections, such as canvas and move about safely without fear of death or injury.

In March, I asked the Minister questions about the recent outbreak of violence in Kosovo. He was not very reassuring. He could not even go so far as NATO did and condemn what was happening. Since then, I have waited for the Government's condemnation of what happened. Frankly, it is not good enough to say, as was said then, that inter-ethnic violence is to be condemned while studiously ignoring the main source of the violence. Can the Government bring themselves to say that the KLA orchestrated and perpetrated the violence? Not to do so is an insult to the people who are suffering at the hands of the Albanian terrorists, and undermines our position. It also flies in the face of utterances about the war on terrorism to ignore a bunch of thugs, terrorists and Mafiosi who have just purged another 4,500 Serbs and other minorities. I know that the Minister visited Kosovo recently. I hope that he talked to the same people on the ground to whom the hon. Gentleman and I talked and was not cosseted from the real situation. The hon. Gentleman and I hope to go there in the near future, and we will not let the issue go.

What is happening in Kosovo is incredibly serious; it is an attempt to eradicate a whole culture and a whole history. We must ask ourselves why. We cannot simply pretend that it is not happening. In the short time left to me, I shall concentrate on some of the most salient points that form the background to the latest series of attacks. First, the scale of the violence lends credence to the claims that it was systematic and planned by Albanian extremists. Amnesty International, for example, says that 33 violent incidents took place throughout Kosovo in mid-March and involved 51,000 people. Dozens were killed and hundreds injured. Amnesty International also takes seriously claims about the Kosovo police service. I am all for peace and reconciliation, but I do not understand the decision to put Agim Ceku, who led the KLA pogroms of Serbs and other minorities during and after the NATO bombardment, in charge of that police force. That is obscene.

In March, a senior UN spokesman, Derek Chappell, said:

> "This is planned, co-ordinated, one-way violence from the Albanians against the Serbs. It is spreading and has been brewing for the past week. Nothing in Kosovo happens spontaneously."

Others have said similar things.

It has been reported in the British press and elsewhere that the violence was sparked by an incident in which Serbs drove Albanian children into a river, so that they were drowned. Those claims are being investigated by

an international prosecutor. Will the Minister explain what happened? I find it difficult to conceive that Serbs were playing on the Albanian side of the Ibar river—I have been there two or three times. There were early witness accounts that those claims were not true, and that it was a tragic and dreadful accident. Perhaps the Minister can put us right about whether those claims are true. Even if they are, it stretches credulity to say that the co-ordinated attacks involving 51,000 people were spontaneous.

As Amnesty International and others point out, the violence is related to talks on the future of Kosovo, which are to due to begin next year. If there are no Serbs or other minorities left in the province, it will be considerably easier to make it independent, which is, of course, what the KLA wants. The KLA never disbanded; it simply took another name, and was allowed to keep all its arms. If we give in to such action, we will have deliberately encouraged and rewarded terrorism.

Many authorities have reports from a variety of sources, which establish that the KLA is sustained by organised crime. In my view, that occurs with the tacit approval of the United States and its allies. Some of us, including people far more exalted and knowledgeable than me, warned that that might happen. The hon. Gentleman quoted Major-General Mackenzie, who commanded UN forces in Bosnia during the civil war. In a recent article, the major-general wrote:

"The Kosovo-Albanians have played us like a Stradivarius. We have subsidized and indirectly supported their violent campaign for an ethnically pure and independent Kosovo . . . When they achieve independence with the help of our tax dollars combined with those of bin Laden and al-Qaeda, just consider the message of encouragement this sends to other terrorist-supported independence movements around the world."

Christopher Hill, America's chief negotiator and architect of the Rambouillet agreement has, in the past five years, been a strong critic of the KLA's drug dealing. As late as last year, Robert Gelbard, America's special envoy in Bosnia, which is part of the Albanian drug and people trafficking route, described the KLA as terrorists with links to the drug trade. As a member of the NATO Parliamentary Assembly, we are undertaking a study on people trafficking in the Balkans, and on the links between the drug trade, people trafficking and terrorism. A visit to Interpol confirmed that bin Laden had strong links with the KLA; while we were acting as the KLA's air force, it retained its links with known terrorists.

The US Drug Enforcement Administration estimates that 4.6 tonnes of heroin leave Turkey for western Europe each month, passing through the Balkans. Some 80 per cent. of heroin arrives in Europe through Albanian channels via the Balkans. We have a serious problem on our hands.

Drugs are not the only trade in which those people are involved. They also trade in arms and traffick people. A recent Amnesty International report deals with the trade in women and girls for forced prostitution. I understand that there will be a press conference on Thursday in Pristina, the capital city of the Kosovo province, and I hope that the Government will pay it as much attention as it deserves.

Will the Minister assure us that he will consider and respond to these points, particularly to the criminality in the region, which will destabilise the whole area if we do not get it right? An ethnically cleansed Kosovo is not the answer to anybody's dream of a peaceful Balkans. We need an international inquiry. I believe that some people in UNMIK have been involved in some irregular transactions, and that needs to be inquired into. On the issue of ethnic cleansing and the right of the people to return home, why is it right that Albanians are deemed to have an absolute right to return home but Serbs and other minorities are not? There seems to be a huge moral discrepancy there.

I should like to think that Britain is capable of taking all the facts into account, and of ensuring that a multi-ethnic community can live in peace in Kosovo and that the people who have perpetrated the violence and ethnic cleansing are finally brought to account, arrested and taken to The Hague. I am fully in favour of dealing with war criminals and those who commit crimes against humanity—be they Serb, Albanian or whatever nationality—but it is obscene that we concentrate on only one set of war criminals and not the other.

11.32 am

Tony Lloyd (Manchester, Central) (Lab): I, too, congratulate the hon. Member for Uxbridge (Mr. Randall) not only on obtaining this debate but on his timing. The events that took place in March, which he outlined, have made everybody reconsider their views on what is taking place in Kosovo.

I visited Kosovo in February of this year. Although there is no doubt that Kosovo is a depressing place, at that stage there was limited progress. It was not great progress—I do not think that anybody would pretend that it was overwhelming—but it was progress. For example, people said to me that at that time it was possible for Serbs to walk through Pristina. It was significant that things had moved on in that direction. There were also individual communities where people were working hard to operate properly on a cross-cultural and cross-ethnic basis. Later, I will refer to at least one individual who has some significance in that connection. I do not pretend that that progress was uniform throughout Kosovo, but in February things appeared to be moving in a positive direction, if very slowly.

The events in March that the hon. Gentleman has already outlined were horrific in their own right. The loss of Albanian children in the river is not immaterial, because it is human tragedy at any level. However, whether it happened by provocation or by accident, and I am not sure that anybody has come up with an answer to that, it really is not the issue. The previous day, a young Serb boy—again, nobody quite knows the background—was shot. Those are not provocations that should allow anybody to justify a launch into mob violence of the sort that was seen over the following three days, when between 40,000 and 50,000 people stormed various parts of Kosovo and, in effect, almost anywhere where there were Serb minorities. That was almost certainly first whipped up by the media.

I hope that my hon. Friend the Minister will take on board the poor role played by the media. It is something that we will have to consider: who controls the flow of information? Who whipped up the incident of the deaths of the Albanian children in a way that allowed terror and mob rule to run amok? Of course, both the hon.

[Tony Lloyd]

Gentleman and my hon. Friend the Member for Halifax (Mrs. Mahon) were right to point out that there were almost certainly political minds behind the actions of the mob. My hon. Friend mentioned the KLA specifically. I do not have the same certainty about that. However, what is certain is that the motives were political; this was an attempt at ethnic cleansing.

I was in Kosovo—or rather on its borders—in 1999, and I witnessed the ethnic cleansing of Albanians. It was no more acceptable to me to witness Albanians being cleared from areas of Kosovo at that time than it is to see that happening now to the Serbs or the other minorities. It is as much of an outrage that ethnic cleansing is taking place against those minorities in Kosovo as it was that the Albanians were the victims five years ago.

The brutal truth is that we must say that we are not prepared to accept this; there can be no retaliatory balancing of things by settling old scores. We must recommit ourselves to creating a Kosovo that disbars and punishes that. If people are guilty of crimes, they must be brought before the courts because their crimes are just as serious and heinous as those committed elsewhere in the region.

If we simply say that in all circumstances one community is good and the other is bad, we will fail to address some important issues. Even in the days of madness, there were significant examples of individuals behaving differently. Lutfi Haziri, the Albanian mayor of Gnjilane, attempted to stand up against the mob to protect the Serbs in his community. People like that deserve recognition. There are Kosovar Albanians who are fighting for a humane solution that includes people of all ethnic backgrounds. Prime Minister Rexhepi also went out to the mob outside Pristina, and two thirds of the people turned their backs on mob rule by following him back into the town. In the midst of all the savagery, such acts should be recognised.

Some 4,000 people were chased away; 19 people were killed—eight of them Albanian, so this is not a completely one-sided situation; 900 people were injured; and, from the figures that I have seen, 700 houses were destroyed, as well as the churches that the hon. Gentleman referred to. The destruction has been crass, but it has also had a pattern: it has been an attempt to prevent people from returning. However, there are individuals who represent beacons of hope by working for a better solution.

As we have moved on to other issues, the international community's eye has not been properly fixed on the situation in Kosovo. Last week, the special representative, Harri Holkeri, was in Strasbourg talking to the Council of Europe's Parliamentary Assembly. He said that he did not have the necessary resources. Of course, we must look into what those resources are for, but there is a real issue there. If the head of our international mission says that he does not have enough resources, we must take that seriously. We as parliamentarians must acknowledge that our Governments—the people who act in our name—have not been concentrating as much as they should on the situation in Kosovo.

We must accept that we have failed in our primary duty. KFOR and UNMIK are there, and their primary duty is the security of the men, women and children in Kosovo, in so far as it is possible to deliver that. We have failed in that duty because so many people were up against mob rule. We would not be able to accept that in our own cities without major questions being asked about what happened, and we cannot accept it in Kosovo without asking the same questions.

The first priority must be to guarantee security for all people living in Kosovo. I accept that that is difficult, but without it nothing else—investment, the returns policy, the justice system, the building of the infrastructure—will happen as it should. Without security, it would be a waste of time to try to secure those things. Security is central, and I want the Minister to say what he can about the role of KFOR and its capacity, because it is clear that in March KFOR was either not prepared or not able to act quickly enough or in a way that would have deterred the violence that ensued.

The second aim must be a quest for justice, and it is not simply an idle one. My hon. Friend the Member for Halifax has made this point already, but I must endorse it. The Minister is right to say that some of those involved have been arrested, and without prejudging the proper judicial process, which we must have in Kosovo, it is desperately important that a proper investigation is carried out, people are brought before the courts and those who are found guilty are sentenced to exemplary punishment. The signal must be given throughout Kosovo and to the wider world that those involved in such wanton and politically motivated violence will not be allowed to get away with it. That is a central point.

The intriguing question is always that of Kosovo's status, but I join those who say that the slogan "Standards not status" must be given meaning. Until we establish proper standards in Kosovo, any talk of status is almost irrelevant. Whoever inherits a Kosovo with no standards inherits a kind of desert, which is in nobody's interest.

Within those terms, we have a long way to go to build up capacity. That is another area in which the European Union, which is charged with the process of rebuilding the infrastructure, has not been as committed as it should have been. We need to tell the Commission, through our Government, that it must redouble its efforts. I say that while recognising that laying down a new infrastructure in a situation in which it could be trash tomorrow can work only if we recommit ourselves to the security equation.

My hon. Friend the Member for Halifax has already mentioned returns. Even before the events of March, about 200,000 people had fled Kosovo. My hon. Friend gave the figure as 180,000, and I would not argue with that, but whatever the number, she was right to say that those people are entitled to return. We have said that throughout the region. I have stood in places such as Srebrenica and said that we must allow a policy of returns. We have made that demand of the Governments in Belgrade, Sarajevo and Zagreb, and we must make the same demand in Pristina. Only the right to return will show that we are underpinning a future for Kosovo as a multi-ethnic community that—these words may seem casual, but they are necessary—gives equal respect to people, whatever their background. The right to return can work only if the security equation is dealt

with. If we were to ask people to return to a place from which they were driven at gunpoint, many would tell us that it is impossible under the current circumstances. I underline the fact that everything that we want for Kosovo depends on the re-establishment of a proper security presence.

Although this may sound arbitrary considering the recent violence, there needs to be a return to some sense of normalcy. Capacity and power must be transferred to local communities. That has not taken place at the speed that it should have, and the international agency UNMIK must consider its role and how quickly it has been prepared to transfer that power. Some of those things would help us to get over issues such as the parallel structures supported by Belgrade. One legitimate demand that we should make to the authorities in Belgrade is for them to cease supporting the parallel structures. In return, if we are to begin to rebuild the structures of Kosovo from the ground up, it must be clear that people at the community level have the proper capacity to take control of their own destinies.

I am grateful to have had the opportunity to speak briefly in this debate, because the issue has not gone away. From 1999 till the present, the situation in Kosovo has been chronic. It may not have been acute for the most part, which has meant that it has drifted off the agenda. However, it became acute in March, and, to be brutal, if we do not give it consistent attention, as we should have done from 1999 onwards, it will deteriorate.

There are good people in all the communities of Kosovo, and we can see signs of reconstruction and the implementation of proper standards. We can also see that there is a European ambition—hon. Members in different parts of the Chamber can interpret that how they like—for the people of Kosovo and the wider region. However, that ambition will be fulfilled only if we are prepared to recommit ourselves to Kosovo—to recommit the resources and, in particular, the political will to make Kosovo change.

11.45 am

Mr. Michael Moore (Tweeddale, Ettrick and Lauderdale) (LD): Like other hon. Members, I, too, extend my congratulations to the hon. Member for Uxbridge (Mr. Randall) on securing the debate. Like him, I think that it is worth putting the issue in the context of the great celebrations that we had at the weekend to mark the expansion of the European Union. While the Minister went to some very glamorous celebrations on the continent, I was at a more modest affair in Galashiels, in my constituency. People throughout the United Kingdom and elsewhere are pleased at how Europe has been developing, and although there are no doubt problems ahead, the fact that so many countries—particularly those from the former communist bloc—are now part of the European Union sends the outside world a strong signal about the state of Europe.

Our focus on Kosovo reminds us, however, that the situation in Europe more broadly has not yet been sorted out. The tragic outbreak of violence has brought the province back into the headlines in the most appalling way, albeit briefly. At least 19 people died, and about 900 were injured, in the recent violence. As a result, it was necessary to call on NATO reserves to assist in re-establishing order, which rather underlined the seriousness of the situation.

It appears that the objectives of restoring calm and preventing the spread of violence to neighbouring areas have been successfully met, and we should pay tribute to members of the forces from the United Kingdom and elsewhere who put their lives at risk and carried out their task successfully. However, we should not ignore reports that sections of the international forces in Kosovo were not seen to do well when the violence broke out. In its report of 22 April, the International Crisis Group was highly critical of aspects of KFOR's performance:

"KFOR stood revealed as a paper tiger, and will have difficulty redressing its credibility deficit."

The Minister's comments on the issue will be listened to with great care.

Even the most casual observer of the Balkans will be sensitive to the difficult situation in Kosovo and to the region's terrible history. As the different parties there tiptoe towards elections, which we hope will be in the not-too-distant future, the ugly face of ethnic cleansing has once again shown itself. Whatever the rights and wrongs of each side's claims, historic and otherwise, the international community must ensure that all parties understand some basic messages. Political aspirations depend on dialogue and negotiation, not violence and ethnic cleansing. All communities must be able to live in their homes, and the rule of law must prevail. A stable, democratic and multi-ethnic Kosovo will never be achieved by inter-ethnic murder and violence.

The recent deaths and terrible disturbances sit in a wider, troubled context. The International Crisis Group report highlights the relationship between Kosovo and Serbia and, to some extent, blames the months in which the nerves of Kosovar Albanians were shredded by Belgrade for causing the tensions that gave rise to the violence. Alongside the problems with Serbia, long-running issues are still hanging over from the terrible events of 1999. I refer, in particular, to missing people. The United Nations interim administration mission figures suggest that about 2,500 Albanians and 1,000 Serbs are missing in Kosovo.

Identification of bodies in unmarked graves from earlier conflicts is a parallel and gruesome task. That problem was focused on by my hon. Friend the Member for Romsey (Sandra Gidley), when she highlighted in a debate in December the anguish of those families who were affected and the circumstances that gave raise to those deaths, as Milosevic and his regime carried out wholesale ethnic cleansing in Kosovo and dumped hundreds of bodies in mass graves. If he has the opportunity, will the Minister tell us what progress, if any, has been made since that debate?

The issue is perhaps the most emotive that exists, but it sits in a wider context of international efforts to regularise the situation in the country. The Minister will be aware from the ICG's report—however briefly he has been able to examine it—that its criticisms go more widely than despair at the experience of KFOR. The report highlights the failure of the UN civil administration to kick-start the economy and provide the necessary development assistance. It is critical

[Mr. Michael Moore]

especially of local institutions when dealing with law enforcement and, in particular, organised crime, a theme that has been highlighted by the hon. Members for Halifax (Mrs. Mahon) and for Manchester, Central (Tony Lloyd). It focuses on the confusion over the steps that are necessary to move towards the final status discussions about Kosovo and says that that is having a serious destabilising effect.

Last November, the Minister announced a new mechanism of reviews for Kosovo to allow progress towards international standards and final status discussions to be monitored. To what extent has the recent violence knocked that process off track? Is it still the intention to complete the first formal review in mid-2005?

The crisis group has made 14 recommendations to the parties with an interest in Kosovo. Like others who have contributed to the debate, it focuses heavily on the need for enhanced security without which no progress can be made. It urges that there should be preparatory work for final status talks, in particular extended support for the development of the key institutions of government, which are failing. The group argues that it is most important for the international community to acknowledge that UNMIK needs to be restructured and given adequate resources to undertake its job.

The Minister's reply to my contribution and to the points made by the crisis group and others who have contributed to the debate will be listened to with interest. Kosovo is in a parlous and fragile state. This country has played a major part in stabilising it, and such action will undoubtedly continue. I hope that he will explain how.

11.54 am

Mr. Richard Spring (West Suffolk) (Con): I, too, warmly thank my hon. Friend the Member for Uxbridge (Mr. Randall) for securing the debate. He has taken a consistent interest in the part of the world under discussion and has huge personal knowledge of it. I wish to applaud the hon. Member for Halifax (Mrs. Mahon), who equally has consistently raised such issues at Westminster and enhanced our understanding of the whole region. I welcome the opportunity to debate the situation in Kosovo.

One point has been echoed by everyone this morning, most powerfully by the hon. Member for Manchester, Central (Tony Lloyd), and that is that the horrific and controversial events in Iraq and the middle east have pushed Kosovo out of the international news, save when tragic events such as those in Mitrovica occur. We hope, however, that it has not fallen entirely out of view—I know that it has not so far as the Minister is concerned. It is important that the Prime Minister, also, should accord a priority to Kosovo and to the Balkans in general, even though the cameras of the world are focused elsewhere.

None of us can forget the terrible events of 1999, which saw the security forces of Milosevic ramp up the pressure on the Kosovan Albanians and engage in violent large-scale ethnic cleansing just hours after the commencement of NATO's bombing campaign. At the same time, we witnessed the radicalisation of the demands of the KLA, coupled with increasing violence, often against innocent Serb civilians. The combination of NATO's air campaign and economic sanctions halted the violence in Kosovo. That, coupled with domestic opposition in Serbia—to which the credit must go—precipitated the fall of Milosevic in October 2000.

We know how complicated the history of the Balkans is. However, the tragic economic state of the region, the large number of displaced people, and the psychological scars of conflict, civil war and inter-ethnic tension bedevil Kosovo in particular. Sadly, five years on, much remains unresolved in Kosovo and the post-Yugoslavia region lingers on in limbo, with a security situation that is not conducive to the economic investment that is crucial, given such huge unemployment. I agree with the hon. Member for Tweeddale, Ettrick and Lauderdale (Mr. Moore), who said that security is crucial if all else is to flow from it.

Kosovo's ethnic tensions simmer just below the surface. Questions have been asked about the circumstances leading to the tragic deaths of the three Kosovan Albanian children in Mitrovica in March. What have been clear are the consequence of those deaths—the almost immediate inter-ethnic violence—the Serbian Kosovans being the victims on this occasion.

The violence in March left 28 Serbian Kosovans dead, some 20 churches and 350 houses burned and destroyed and—most ominously—six Serbian enclaves ethnically cleansed with about 3,500 Serbs displaced. That recent violence raises a number of profound questions about the real state of law and order in Kosovo and the prospects for any sustainable long-term settlement.

Too little notice has been taken of the ethnic cleansing and violence directed against Serbs in Kosovo in recent years. While I pay tribute to the dedication and work of NATO and UNMIK in Kosovo, it is clear that sufficient troops on the ground are a prerequisite for a stable security environment and that the performance of the troops stationed there appears to vary according to area and nationality.

Serbians living in Kosovo are reduced to living in what amount to Serbian enclaves surrounded by Kosovan Albanian areas. It is estimated that since 1999, about 350,000 Serbs have fled Kosovo, and that many of them remain too frightened to return. Those who have returned live in dread of violence such as that which occurred in March and fear that the more radical of the Kosovan Albanians—KLA supporters—have the broader agenda of forcing them out to create an ethnically pure Kosovo. However, there is fear on the Kosovan Albanian side too. It sees Kosovo as a large enclave surrounded by an even larger Serb regional presence. Such fears of domination by other ethnic groups, unless reduced, threaten to enflame the region once again—the potential is always there.

A deeply saddening consequence of the tension and violence has been the burning and destruction of many sacred sites, particularly churches and monasteries dating back to the Byzantine era, which represent an irreplaceable architectural heritage and are important sites of religious devotion for many. Their destruction has been a tragic loss for European civilisation.

I was moved by a letter that I recently received from an artist, Barbara Dorf, who has spent many years visiting the area to paint. She vividly described the appalling destruction of Byzantine churches and the like. She suggested that there should be a

"body to make certain that these sacred sites are preserved . . . I suggest safe havens around these monasteries".

What is the Minister's response to those suggestions?

Mrs. Mahon: Does the hon. Gentleman think that UNESCO should not ignore pleas from the Orthodox Church to highlight what is a wholesale destruction of a way of life and culture?

Mr. Spring: I am grateful to the hon. Lady for making that point. If UNESCO has any role in preserving the architectural heritage of anywhere in Europe, those churches and monasteries must be preserved. They are part of our entire civilisation and their destruction is a tragedy for everyone concerned, not only those of a particular religious persuasion.

As the Minister will know, I recently visited Slovenia. While there, I had several interesting discussions about the Balkan region and Kosovo. It is clear that Kosovo is in dire need of investment and economic growth to provide incomes and employment for its people. Unemployment is high—about 60 per cent.—and privatisation has stalled. A vast number of people without means of employment provide easy pickings for those seeking to stir up resentment against other ethnic groups. However, investment and economic growth must be pursued in parallel with a focus on creating a secure and stable environment in Kosovo. Its regional neighbours are well placed to assist in those respects. However, although the UN and NATO can do much, a desire for reconciliation and respect for the rule of law must ultimately come from Kosovo.

Following the welcome accession of many former eastern bloc countries to the EU at the weekend and the similar steps being taken by others, such as Bulgaria and Romania, the prospect of regional involvement and support should be further explored. Similarly, there are opportunities for those countries to build trade links with Kosovo, given that some 80 per cent. of its trade is with Serbia. Such reliance on one trading partner suggests a need for trade diversification outside Kosovo. What steps are the Government taking to encourage the economic development of Kosovo and persuade its neighbours to assist? What steps do they believe that the EU can realistically take to assist Kosovo's stabilisation and transition as new countries move towards membership?

I shall touch on the possible eventual status of Kosovo, although I know how difficult that will be. As I read it, UN Security Council resolution 1244 is ambiguous. What is the Minister's response to those who argue that a form of partition would eventually lead to intensified pressure on those communities still on the wrong side of any line and risk an unravelling of previous regional accords, such as Dayton and Ohrid? What position does he advocate in respect of Kosovo's final status and how does he envisage the situation developing?

My conversations in Slovenia strengthened my view that the possibility, however distant, of NATO and EU membership could be an important incentive to stabilising the post-Yugoslav republics and clamping down on human rights abuses. Croatia is on the path to EU membership. Does the Minister agree that by offering that carrot, including to Serbia, the aspirations of politicians in the region would be lifted and it would be clear that membership implies proper European standards of justice and governance, including respect for cultural diversity? I truly believe that that would provide a long-term political framework to replace the political vacuum, not least in Kosovo.

12.4 pm

The Minister for Europe (Mr. Denis MacShane): I am more than grateful to the hon. Member for Uxbridge (Mr. Randall) for securing this debate, because it enables me to set out Government thinking on Kosovo and the region and to announce to the House today some changes in policy and some discussions that we are having with partners and with our friends in Belgrade and Pristina. I use those words deliberately because I will not seek to get into a blame game for today's activities. It is important that all hon. Members approach this in a balanced way.

I am grateful to my hon. Friend the Member for Halifax (Mrs. Mahon) who has taken a deep personal interest in the plight of the Serb people over a number of years. She has done so in conditions of exemplary solidarity, and I hope that her successor as hon. Member for Halifax will maintain that interest. I am also grateful to my hon. Friend the Member for Manchester, Central (Tony Lloyd). He is one of the most distinguished members of our Council of Europe delegation and a predecessor of mine as Minister of State at the Foreign Office. His commitment to the region is of the highest order. As he reminded us, his visits to different sites in the region have informed all his contributions. I disagree with nothing that Conservative and Liberal Democrat Members said. They asked the right questions and approached the matter with the right tone.

The hon. Member for Uxbridge is right to secure this debate because it is five years almost to the week since the British Government, under the leadership of my right hon. Friend the Prime Minister, helped to put together the international coalition that ended the killing fields of Kosovo initiated by the Serb leader, Slobodan Milosevic. During too much of the 1990s Governments in Europe found reasons not to intervene in the western Balkans, and we know the price because we see it in our surgeries. More than a million asylum seekers have flooded into the rest of Europe from the former Yugoslavia.

In 1989 Yugoslavia was the richest country in the then communist world. Its citizens, from the Greek border to the Slovenian alps, could travel freely in Europe without visas. In that sense, it is my ambition to try to help all the people of the regions to get back to 1989. They have just become citizens of our common European Union. Along with the flow of asylum seekers in the early 1990s from Croatia, Bosnia and then Kosovo came the networks that helped to move them. They easily became the networks that could smuggle cigarettes, drugs and today, alas, prostitutes, arms and money. Those criminal networks exist throughout the region. They are not exclusive to Kosovo and we need to deal with that.

[Mr. Denis MacShane]

The decade of destruction and warfare unleashed by Milosevic in Croatia, Bosnia and Herzegovina and then in Kosovo is a dark chapter in Europe's history. Five years after the end of the formal Milosevic fighting, Europe has a responsibility to help all the western Balkans back to the community of European nations. We have had an uneasy peace in Kosovo since 1999. The weapons are mainly silenced, but the words from both sides are still too full of hate.

It is the power of verbal violence that we need to consider. Reference has been made to the three children who were drowned in the river at Mitrovica. The reporting of the incident by the Kosovan mass media was a disgrace by journalistic standards. I speak as a former president of the National Union of Journalists. It was outrageous how tensions were whipped up by Kosovan journalists to create the climate that then exploded into violence. Those are not just my views. The official at the Organisation for Security and Co-operation in Europe who is responsible for media standards reported that to the Berlin conference of the OSCE last week. I will be encouraging the OSCE to see what it can do to set much higher standards for reporting in Kosovo.

Words from political leaders are also extremely important. If I may reveal a bit of private Foreign Office discussion to hon. Members, I remember how my heart sank when I got the reports of the programmatic speech made by the newly elected Serbian Prime Minister, Kostunica, to the Parliament in Belgrade on 2 March. A huge chunk of his speech was not about the problems facing Serbia and Montenegro, working out ways in which it could discharge its obligations to the international tribunal in The Hague or the new economic initiatives that were needed; it was devoted to raising the issue of Serb status in Kosovo. Describing what his Government wanted, he said:

"Substantial autonomy for the Serb population in Kosovo includes territorial autonomy, the division of Kosovo into entities or the cantonisation of Kosovo . . . and a corresponding cultural and personal autonomy."

I asked my officials why on earth Mr. Kostunica was making a formal speech calling for Serb territorial autonomy in Kosovo, how on earth every Kosovan would react and whether he thought I should condemn it; it is like Germany reclaiming parts of the Czech Republic, Silesia or Pomerania. I said no, however, because I like and trust Mr. Kostunica and I have had many good conversations with him; I like his new Government and I have worked in the region for a number of years. I said that I would not put out an official expression of concern by the British Government and that we should move away from a hectoring approach, preaching against statements by leaders in the region. However, I was sure that there would be a reaction.

Well, the reaction came, because words have consequences and so does announcing unacceptable policies. Although the drowning of those three poor Albanian children and the way that it was dealt with in the Kosovan mass media undoubtedly led to that explosion, and undoubtedly there were extremists in Kosovo who fanned the flames, the time has come for everyone, including Members of this House, to measure their words very carefully.

Mr. Randall: The Minister is absolutely right. In that context, I wonder whether he will reconsider the combination of the idea of the annexation of Sudetenland and the issue of Kosovo. After all, Kosovo is still regarded by the international community as part of Serbia and Montenegro.

Mr. MacShane: In Germany, right up until recently, there were giant football stadiums full of people organised by the Bund der Vertriebenen—the league of the expellees—who, under a giant slogan, would have monster meetings and say, "Silesia belongs to us. We will return." People may wish what they want, but to my knowledge no German Government figure would endorse that or bring it into German Government policy. The parallels are never quite exact, but we will have to accept—I will develop this point a little later in my speech—that the time has come in which there can be no question of a return to 1999, 1989 or 1979 in terms of Serb control over Kosovo. If we do not say that honestly and on the record, as I am doing today, in my judgment we will encourage the wrong approach. The terms of any final settlement need to be debated and I will come on to that.

Mrs. Mahon: Will my hon. Friend give way?

Mr. MacShane: I do not really want to have a conversation, because there are some important points that I need to put on record, but I will give way to my hon. Friend.

Mrs. Mahon: My hon. Friend draws attention to one side's words during the recent pogrom in March. Did he take note of some leading nationalist Albanian speeches, both leading up to that and since? The first words of the pacifist Rugova after the pogrom were that it showed that Kosovo must have independence. There are two sides to every argument.

Mr. MacShane: My hon. Friend is right to draw attention to those remarks. That is why it is time for Europe to rethink its policies, and for our country to find new words and new ideas to help move Serbia, Montenegro and Kosovo forward to a new relationship with each other, the rest of Europe and the world. We need a new approach in Belgrade and Pristina, as well as new thinking on how UNMIK, KFOR and the other international organisations carry out their duties. We need more investment and more encouragement for those trying to do good, including the mayor of Gnjilane who works collaboratively with villages in Macedonia and Serbia to try to offer local leadership to both communities. We need more condemnation of those who use words to stir up hatred and resentment, rather than to build, if not full reconciliation—that might be too much to ask for—then a modus vivendi that allows tolerance, or at least an absence of hate that spills over so easily into bloodshed.

I appeal again to all hon. Members not to take sides. Ten years ago, it seemed easy: as a new MP I recall listening to speeches in the House, and it seemed clear

that the Albanian Kosovans and their way of life were persecuted. The distinguished Serbian politician, Biljana Plavšić, who was one of the three top Government officials in the Republika Srpska, said that Muslims in Bosnia were a

"genetic mistake on the Serbian body",

and that to eliminate them was a "natural phenomenon", not a war crime. That language is on the record, and we have not yet seen any reconciliation from Serb leaders, particularly the Church, for what took place. There has been no equivalent of Willy Brandt kneeling in front of the Warsaw ghetto to apologise for the crimes that Germans committed against the Jews. There has been no formal denunciation or apology in Parliament or in the media for that kind of remark. That is not the position of the Serbs with whom I deal, but we must find clear new language. Today, in Kosovo at least, the Kosovan Albanians are in the majority, not the minority. I say to them here, as I said to them there, that they must not make the same mistake that Milosevic made in thinking that ethnic cleansing or violence could ever provide a solution to the difficulties between the two communities.

Last month, I met President Rugova, and told him that I did not want to hear talk of independence. I said that in today's Europe we are all interdependent and Kosovo must find a model of interdependence that allows it to live in harmony with all those who live in its territory and with the rest of the region. I firmly oppose the notion that partition politics are possible or would make any sense in Kosovo. I visited the Irish troops who behaved with commendable bravery on St. Patrick's day, 17 March, when the rioting broke out and spilled over to 18 and 19 March. They took me to a Serb village called Dubrotin, which was a sad sight, where the people live in some fear. Suddenly, on the same road, with nothing to mark a change, was the Albanian village of Slovenje, with similar houses and people, in the same fields. In the cemetery there were 18 wooden grave markers: they were graves of men born in 1912, men born in the year of my birth and men born in the 1960s, and all killed on the same day in 1999, when 27 Kosovans were taken out by Serbs and shot dead. Only 18 bodies were recovered to be buried. The hatred is still there, just as the appalling attacks on the churches of Kosovo upset every Serb who sees the destruction wrought.

I told President Rugova that I did not want to discuss final status, because I believe that the only final status is when we are all dead. I said that the Kosovan authorities and Belgrade need to enter into a dialogue to find mechanisms to address the status issue on the basis of European values and European interdependence. They must realise that it is not the status of the state that matters, but the status of the citizens who live in a region.

The rioting of 17 and 18 March was inexcusable; I assure hon. Members that violence will not be rewarded. The international community will stay in Kosovo as long as is necessary—for 100 years if that is what it takes—until Kosovans accept their responsibility to stop the violence engendered by some criminal elements among them. I am glad that the International Criminal Tribunal for the Former Yugoslavia, with the help of KFOR and the responsible Kosovan authorities, has ensured a transfer to The Hague of three Kosovan Albanians—Haradin Bala, Isak Musliu and Fatmir Limaj—who have been charged with serious crimes. However, it is important too that Republika Srpska and its authorities make earnest efforts to secure the transfer to The Hague of Karadzic and Mladic. We are barely one year away from the 10th anniversary of the Srebrenica massacres, when 7,500 Europeans were taken out, separated from their wives and families, herded together and executed in cold blood. The judges in The Hague defined that 10 days ago as an act of genocide. There are too many people in Republika Srpska who know where Mladic and Karadzic are and who are not persuading them to report to the authorities for transfer to The Hague or helping in their transfer. There has been no clear, decisive condemnatory public language from responsible people in the Serb Government, and no parliamentary declaration, making it clear that it is the duty of those gentlemen to go to The Hague.

The riots were terrible; I saw the video and digital camera footage of the Irish soldiers. They showed children of about 17 or 18 who looked as though they should have been carrying school satchels; they were not KLA-trained people from the 1990s. It is a plain fact that 75 per cent. of Kosovans under 25 are unemployed. There is no economic hope, and Belgrade does not seem able to find a way of letting Kosovo be Kosovo.

The British Government want to move policy forward; we want less UNMIK, a strong KFOR, and more Kosovan economic control and responsibility for policing and security. The only way to make people responsible is to give them responsibilities. In the five years after the military interventions, the international institutions have been too slow and cumbersome in giving responsibility to Kosovans and requiring them to behave responsibly. That must change, but equally it must be understood in Belgrade that there cannot be a return to the past.

I had good, warm meetings with the Serb Government leaders when I was in Belgrade, and I asked them to discuss their ideas for decentralisation and helping the Serb people in Kosovo with Pristina. If we want to decentralise and build from the bottom up, we have to discuss from the bottom up, not issue programmes or plans from the centre and then expect others to fall into line with them.

That is why I find the proposals that have come forward from Belgrade in recent days very hard to accept. From the British Government's point of view, those proposals are simply unacceptable as formal policy. They may be a basis for discussion, but I have read, for example, references to Serbs in Kosovo claiming entitlement

"to parts of the territory that links in a natural way Serb-dominated settlements, in which they previously did not make up a majority".

I really do not understand what that means. I saw a village that was made up of completely contiguous Serb and Albanian parts, on the same road. The notion that they can be separated, which is what seems to be indicated in the plan from Belgrade, simply will not work.

I understand the fears and the needs of the Serbs in Kosovo, but Belgrade must discuss, in depth and continuously, its concerns with Pristina. Policies cannot

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be decided in Belgrade or in New York and then announced as decrees to be obeyed. Dialogue is necessary. Political dialogue between Belgrade and Pristina must be direct, personal and continual, and should be aided by the Governments of Europe and the EU directly, via the European Commission and the high representative of the Council of Ministers. That process of dialogue should be separate from, yet parallel to, the administration of UNMIK.

We need to get political movement in the region, rather than just firefighting when a crisis breaks out. We have examples from which we can learn lessons. In Croatia the hatred has died down. Croatia is firmly on the path to the EU, and, if Croatia's alleged war criminal, Mr. Gotovina, is in The Hague, where he is wanted, by the end of June, I am sure that we shall be opening accession talks with Croatia. To the south, in Macedonia, Albanians and Macedonians have learned to build a political system that allows two communities to go forward together. We can take comfort from other examples in the region.

As I said, we shall need new policy and new thinking. I took Mr. Rugova to St. Nicholas' church in Pristina, where he said that what had happened there was an assault on European cultural and religious traditions. The next day I was in the mosque in Belgrade, which had been attacked by a Serb mob, and in the library there I found books, 250 or 300 years old, which had been put in a pile to be burnt. I need not remind hon. Members of the last time we saw people burning books in a European capital city, but it is not something that we ever want to see again. We have to move away from such hate.

Certainly the Government need to get more of a grip on UNMIK. The special representatives do an excellent job, but the UN in New York needs to devolve more real power to those on the ground and allow changes that will see UNMIK transfer more economic competences in Kosovo. We need KFOR operations to re-examined. The troops do an excellent job, but some national contingents cannot even be deployed without permission from their national Government. The commanding officer told me that he had about 17,000 troops, of which only one tenth—1,700—could be deployed on the ground. That needs to be changed. Those troops must be trained in riot control mechanisms. They do not use water cannons or tear gas, so there is nothing between having a shield and a baton and opening fire with heavy weaponry. That needs to be revised.

Kosovo needs economic movement. It has to import 70 per cent. of its food, but it is in one of the richest agricultural regions of Europe. We have to urge, at the highest political level, Serbs and Kosovans to discuss their problems. We would like to see a new special envoy shuttling between Pristina and Belgrade to facilitate that process. We need more engagement by European Foreign Ministers. The Foreign Secretary is fully committed to that policy. We need the stars and stripes to be present. We also need Russia to be actively involved at the UN level in finding a way forward.

I can only assure the Chamber that we shall continue to be engaged. Her Majesty's Government realise that, five years after the end of the military conflict, we need new energy and new policy. I am deeply grateful to those hon. Members who have made such constructive speeches, and for the chance to announce what I hope will be a new turn in British policy towards the region.

Human Rights (Western Sudan)

12.30 pm

Mr. Hilton Dawson (Lancaster and Wyre) (Lab): As chairman of the all-party group on Sudan, I am grateful for the opportunity to introduce a short debate on what Mukesh Kapila, the United Nations humanitarian co-ordinator for Sudan, has described as the world's greatest humanitarian crisis. I know that at least one other well-informed colleague wishes to contribute, so I intend to be brief.

I begin with a tribute to the tireless and painstaking work undertaken by the joint Foreign and Commonwealth Office and Department for International Development Sudan unit, under the leadership of Alan Goulty. I also pay tribute to the work of our embassy in Khartoum. Those hon. Members who are in regular contact with our officials regard their work in assisting the Naivasha peace process as an exemplary model of the disinterested and principled way in which the Government are conducting diplomacy in Africa. I look forward to the Minister's response.

It is imperative that the world should turn its attention towards Darfur. The murder of perhaps 30,000 civilians, the complete destruction of villages, the abduction of children and young people, and systematic rape and sexual abuse have all been documented for UN and humanitarian organisations by many people among the approximately 1 million who have been displaced in Sudan and across the western border into Chad. Those people have heard about and documented the theft of livestock and food and the wasting of crops on which many thousands depend for basic subsistence.

All in all, it is estimated that about 3 million people—half the population of a region the size of France—who live, at the best of times, on the margins of a sustainable existence have been and are being affected by the crisis. Anyone can see the potential for worse to come, no harvest this year for many people, animals gone and wells destroyed, so many people's basic means of livelihood stolen, people being displaced perhaps not once but several times, and continuing threats of the most appalling violence and insecurity hanging over so many people.

Child mortality, that crucial indicator, is increasing. The rainy season is almost here—it is due this month and next—and displaced people are living in overcrowded and unsanitary camps. It is estimated that 61 per cent. of the conflict-affected population have no access to food assistance, 88 per cent. lack appropriate shelter and 89 per cent. lack sufficient clean water. A major problem exists for the world to address.

It seems clear, from the accounts that we have heard, how the crisis began. It stems from the response of the Government of Sudan to the rebellion of two armed groups—the Sudan Liberation Army and the Justice and Equality Movement. It would appear that, acting together, the Sudanese Government armed forces and Janjaweed militia have attacked a range of civilian centres from the air and the ground, in clear violation of the Geneva convention. Civilian targets include markets, homes, wells, shops and fields—the property mainly of African tribes such as the Zaghwara, the Masaalit and the Fur. These tribes are Muslim as well as African, and they appear to be targeted mainly by Arab groups that are supported at many levels and in many ways by the Government of Sudan. This is an horrific new outbreak of ethnic cleansing, and it may be genocide in the making. The people of Darfur need local, national, regional and international action now, and much of that action must come from the Government of Sudan.

Some of us have visited Sudan and hope to do so again. We were all heartened by aspects of our last visit. We regularly host Sudanese politicians and officials in this building, and we hear strong commitments to making progress in the largest country in Africa—a country that, apart from 11 years, has experienced civil war for the last 50 years or so. It is estimated that one eighth of the world's refugees are Sudanese. Above all, perhaps, Members of Parliament represent Sudanese constituents. Only this Saturday, I was talking to one of my Sudanese constituents. There are strong links between Members of this House, Sudan and its people.

I am sure that we have all been heartened by the substantial progress made as a result of the Kenyan peace talks. Some issues seem to take a very long time to resolve, but we have had and are seeing historic and remarkable agreements on a future referendum on the sharing of power and wealth throughout the country. We have heard, and I certainly believe, that the Government of Sudan want a united and peaceful country and want the development of Sudan's natural resources to benefit all the people of Sudan. They want the opportunity provided by debt relief and the lifting of sanctions, and they want Sudan—the largest country in Africa, and potentially the richest—to play a large part in the fine future that I am sure Africa has. If the Sudanese Government continue to want that, they should respect the ceasefire that they agreed on 8 April. Indeed, it is their responsibility to do so. They should ensure as far as possible that any militia or other armed groups in Darfur also respect that ceasefire. They should co-operate with international monitoring and allow full humanitarian access to all areas within their borders.

Our Government should make a substantial contribution to the new United Nations appeal for Darfur, and they should prompt the UN and all elements of the international community to ensure that sufficient and timely resources are made available to all war-affected communities in Sudan and Chad. We may need to prompt the UN and the whole international community to give the people of Darfur the support that they need. There cannot be many higher priorities for foreign policy. Perhaps this country should also be prepared to support Kofi Annan, the UN Secretary-General, in his suggestion that the international community should be prepared to take swift and appropriate action if access is denied.

I will now give the Floor to anyone else who wants to take part in this debate, but let me say in conclusion that this is a crucial issue for our time. We have the opportunity to put into practice all the lessons that we have learned from Rwanda and Kosovo and from our experiences across the whole of Africa. This is the time for the international community, which is doing so much to promote the peace process in Sudan, to come together, recognise the dire situation in Darfur and add

[Mr. Hilton Dawson]

that situation firmly to its agenda. The Government must carry on and develop their superb work in Sudan to ensure that we address the crisis and prevent what seems to be a catastrophe in the making.

12.41 pm

Mr. David Drew (Stroud) (Lab/Co-op): I am indebted to my hon. Friend the Member for Lancaster and Wyre (Mr. Dawson), who chairs the all-party group on Sudan, which stands out as one of the best groups in Parliament. We hope to visit Sudan shortly. I wish to make two points and ask two questions of the Minister; I must say that I am pleased that the Foreign Office is represented here today.

I shall be more blunt than my hon. Friend, who was very diplomatic. My first point is on human rights abuses, which are legion in Sudan. Much as I feel some responsibility for Iraq and for Israel and Palestine, I wish that many more of my constituents got as wound-up about Sudan as they do about those places. I sometimes refer to people Pilgering their consciences. When I respond to all the letters that I get on Iraq and Israel-Palestine, I say, "Please also remember Sudan." There are the makings of a huge tragedy in that country. Already, about 750,800 million people have been killed, moved or brutalised, and it is about time that the western world, and indeed the whole world, gave it its correct priority and recognised the need to take action.

Secondly, the Government of Sudan unfortunately have form, whether we are talking about the Antonov bombers flying over the south, as they have done for many years—they are now flying over Darfur—or the use of Arab proxies in the south. There is the case of the Mullareen and—in this case, as my hon. Friend said—the Janjaweed. The Sudan Government are using forces on the ground to do their dirty work. It is pleasing to hear that the Sudan Government have stayed in the peace talks, and we congratulate them on doing so, but they cannot allow other parts of Sudan to break out into warfare just when the south appears to be closer to salvation than ever before.

My two groups of questions are simple. First, what is the current status of the peace talks between the Government of Sudan, the SLA and the JEM? Are they real peace talks? Will they lead to substantive change on the ground or are they a ruse to make it seem to the wo'd that something is happening? In reality, are people just being moved out for whatever reason, as we know happened for so long in the south?

Secondly—I know that this question is directed more at DFID than the FCO—what contingencies do the Government have ready to allow them to get into not just western Sudan if and when there is an element of stability in the area, but Chad, where there has been a mass movement of people seeking some solace from the conflict? What resources can we put in to give those people hope? As soon as the conflict ends, there will be starvation and further conflict unless we act precipitately. I look forward to hearing from my hon. Friend the Minister on those issues.

12.44 pm

The Parliamentary Under-Secretary of State for Foreign and Commonwealth Affairs (Mr. Chris Mullin): I am grateful to my hon. Friends the Members for Lancaster and Wyre (Mr. Dawson) and for Stroud (Mr. Drew) for raising this issue. The Government are deeply concerned about the situation in Darfur, which is growing worse by the day. It is impossible to overstate the gravity of the crisis.

As my hon. Friends have said, the escalation in the fighting between the Government and the two opposition groups—the Sudan Liberation Movement and the Justice and Equality Movement—has led to a dramatic and potentially catastrophic deterioration of the security situation in Darfur. The UN estimates that the fighting has led to the internal displacement of more than 1 million people, but the UN and other agencies have access to only about half of them. Acute malnutrition has been reported in some areas, and needs in all sectors, including food, shelter and health, are enormous. As my hon. Friend the Member for Lancaster and Wyre said, there is compelling evidence that militias have carried out the most deplorable human rights abuses, including systematic attacks on civilians, rape, pillage and the destruction of livelihoods.

It is true that the parties have signed a humanitarian ceasefire agreement. That is a welcome step, and I commend the Government of Chad on the key role that they have played in brokering the agreement. However, there is a great deal more to be done, and there is evidence that attacks by the Government-armed Janjaweed militia continue. We condemn the actions of such militias and of any parties that do not comply with the terms of the ceasefire.

The UK has been active from the outset on the issue of Darfur, and my right hon. Friend the Secretary of State for International Development raised it with the Government of Sudan, including the President, when he visited Khartoum last year. Since then, we have been in almost daily contact with the Sudanese Government and opposition groups through our embassy in Khartoum and our DFID-FCO Sudan unit in London. Our priority has been to stop the fighting.

Since the start of the current crisis, we have made it clear that the only sustainable solution to the problems in Darfur is a peaceful one. While the fighting continues, the humanitarian and human rights situation will continue to deteriorate. If things are allowed to continue unchecked, the situation could overwhelm the fragile negotiations to end the 21-year civil war between north and south.

My hon. Friend the Member for Stroud asked whether the Government think that the peace process is genuine and is making progress. We believe that it is genuine and that it is making progress, and we hope that a framework agreement will emerge in the next few weeks. It will take a few months to tie down the details so that a comprehensive package can be signed and so that planning for the post-ceasefire arrangements can get under way. Obviously, the international community will need to be closely involved to ensure that those arrangements work. As I say, however, there is a danger

that events in Darfur might take on a momentum of their own and overwhelm the peace process. We are, of course, seeking to avoid that.

Rev. Martin Smyth (Belfast, South) (UUP): The Minister will realise that I raised the following issue in business questions on Thursday. Can he tell us what practical steps are being taken to do something positive, not only through the United Nations, but through the African Union and other countries? The Sudan Government seem to back off when there is publicity but to start pressing again when it ends.

Mr. Mullin: If the hon. Gentleman will be patient, I shall deal with that point in a moment.

The Abeche ceasefire agreement was signed in September 2003, and it seemed to offer hope. When it collapsed in December, however, it became clear that an internationally monitored ceasefire was needed. The 8 April agreement provides for a commission to monitor the ceasefire and for international participation on that commission. We are in close contact with the parties and with other members of the international community to help to set up such a monitoring mechanism. We attended an AU meeting in Addis Ababa on 19 and 20 April to discuss the issue, and we are discussing the next steps with our US and EU partners. Implementing the monitoring mechanism as quickly as possible is vital to ensure that all parties comply with the ceasefire agreement, civilians are protected and humanitarian assistance is effectively disbursed.

I understand that the AU is now in consultation with the parties on the mechanics of this operation. We are pressing for a proposal to be tabled soon. We hope that all parties will quickly agree to the modalities and that the monitoring team can be deployed soon thereafter. We are prepared in principle to contribute to such a monitoring mechanism. Given the fragility of the situation in Darfur, it is clear that speed is of the essence.

On the points raised about humanitarian and human rights issues, we are extremely concerned by the reports of widespread human rights abuses and breaches of international humanitarian law. We have made strong representations—repeatedly and at the highest levels—to the Sudanese Government. We have made it clear that there can be no excuses for such atrocities, and that they must stop. All parties to the conflict must respect the principles laid down in international humanitarian law, including the protection of civilians. We have called for the reported attacks against civilians to be thoroughly investigated and for the perpetrators to be brought to justice, and we have pressed the Government to rein in the Janjaweed militias, which seem to be responsible for many of the worst atrocities. I regret that the Sudanese Government have so far appeared to be in a state of denial about both the extent of atrocities and the degree of access permitted to outside agencies.

The recent UN Commission on Human Rights meeting provided us with an opportunity to raise our concerns about Darfur. It mandated an independent expert to provide formal international scrutiny of the human rights situation in Sudan. Such scrutiny has been lacking since the end of the mandate for the special rapporteur when the Sudan resolution was defeated last year at the Commission on Human Rights. Unfortunately, the language in the commission's decision was not nearly as strong as we would have liked. The EU tabled a much stronger resolution on Sudan, but it was not considered for procedural reasons. We are now focused on getting the independent expert appointed and operational as quickly as possible.

A UN human rights team led by James Morris, executive director of the World Food Programme, visited Darfur last week, following up its recent mission to Chad. We are awaiting the team's report on the situation and its recommendations on the international response that is needed. We support the call by the United States for a special session of the Commission on Human Rights to debate the report and to consider any appropriate follow-up action.

Under the terms of the recent ceasefire agreement, the parties are committed to "ensure humanitarian access". Access for humanitarian agencies is improving. Agencies can now reach more of the affected population, but things are improving from a very low base and the situation is still far from good. We raise the question of access with the Sudanese Government daily, and our ambassador in Khartoum took the lead in establishing regular meetings between the Sudanese Government and donors, the UN and international non-governmental organisations to discuss and try to reduce the obstacles to humanitarian access.

Despite the problems with access, we are working hard to ensure that the humanitarian needs are met. In that context, I can now address the second point made by my hon. Friend the Member for Stroud. We are the second biggest bilateral donor to the Darfur crisis after the US. We have already committed more than £11.5 million to UN agencies, non-governmental organisations and the Red Cross, and we are planning to contribute to the UN's recent appeal for $115 million for Darfur. DFID has also provided key personnel to reinforce the UN's response.

We urgently need to build the capacity of the various UN agencies and NGOs that are on the ground, and to ensure that they have sufficient supplies of food, water, medicine and shelter, as well as the capability to deliver the supplies to those in need. We are aware of the need to act swiftly, particularly given that the imminent rains will only complicate matters by increasing the risk of epidemics and hindering logistics.

The situation in Darfur remains desperate. The Government of Sudan must allow access to humanitarian assistance and discourage militias such as the Janjaweed from breaking the terms of the ceasefire.

Mr. Dawson: I am grateful to my hon. Friend for describing all the diplomatic efforts that have been made, but, as he acknowledged, the situation is desperate and urgent. There clearly cannot be delays over humanitarian access to people in desperate circumstances if we are to avoid people dying in greater numbers. I appreciate that he may not be able to say much at this stage, but can I assume that the Government are actively looking at the whole range and continuum of the possible measures referred to by Kofi Annan, which could be used to address the situation in the event of non-compliance by the Government of Sudan or their inability to deal with the militias?

Mr. Mullin: My hon. Friend would be right to assume that. We raise the question of access almost daily with

[Mr. Mullin]

the Sudanese. The last occasion was yesterday, when our ambassador met the Foreign Ministry in Khartoum. We are also in close touch with the Government of Chad, who are the other potential point of access, but there is no getting round the fact that we need the co-operation of the Government in Khartoum if we are to reach most of the people who have been affected and displaced by this tragedy.

In conclusion, let me say that my hon. Friends can be assured that we are well aware of the gravity of the situation and that we are doing all in our power to resolve it.

Home Education

12.57 pm

Sir George Young (North-West Hampshire) (Con): I welcome this opportunity for a short debate about home education, which is an important but sometimes neglected tributary of mainstream education. I am delighted that the Minister for School Standards will be replying.

I confess to having known little about the subject before meeting the Medlam family in my constituency. They proved to me both how successful and rewarding home education could be, but also explained how some hurdles that confront families who educate their own children might be lowered. Therefore, after securing this debate I spent the bank holiday weekend, appropriately, educating myself at home about home education.

When I was Minister with responsibility for housing, I remember coming across self-builders. They did not want to buy an off-the-peg house; they wanted not only to design their home themselves, but to build it. I suspect that my then Department regarded them as inconvenient eccentrics, likely to make a hash of a difficult task best left to the professionals. However, having met some of them, I was deeply impressed by them and their homes. I took the view that the role of government was to enable them to find out what was involved before they decided to embark on their project and, once they had, to ensure that they got the support and encouragement that they needed.

The same should be the case with home educators. In the words of my right hon. and learned Friend the Leader of the Opposition on the European constitution, we should "live and let live." In one sense, we are all home educators; any rigid demarcation between education that happens at school and non-education that happens at home is misguided. For most of us, educating a child is a continuous partnership involving both parents and teachers. Some parents—we do not know how many—heroically choose to do the whole thing themselves, and information technology and the internet may make that a more practical option today than it used to be. Those parents deserve more support and encouragement than they presently receive.

The Department's draft circular—perhaps the Minister can clarify its exact status—and the speeches made by Ministers have sounded a bit sniffy about home education:

> "My Department recognises and respects the right to choose to home educate."

That reads as though the Under-Secretary of State for Education and Skills, the hon. Member for Bury, South (Mr. Lewis), was giving planning permission for a nudist colony.

We have to read only what is said at recent teachers union conferences to see why parents who cannot afford or do not want private education opt out of the state sector and educate at home. Stressed teachers are unable to give pupils the attention that they need, are grappling with a more and more prescriptive curriculum, and are coping with increasingly violent children who bully one another and assault the staff, against a background of endless standard assessment tests and Ofsted inspections and an ever-growing pile of circulars from

the Department. That is the view of some teachers. I applaud the work of teachers in my constituency. Indeed, I visited three schools last Friday—Amport, Shepherds Spring junior and Ashford Hill—which all provide quality education.

Children are diverse individuals. If a system of education were to be devised with the aim of suiting every child, it would have to be infinitely flexible and accommodating. That clearly is not possible. Home education is an essential right for children whose learning styles, personalities, abilities or needs cannot be adequately met in school. It is also an important right in a free society for parents who wish to educate their children rather than entrust them to the state, particularly if they have lost confidence in state provision.

The previous debate on this subject was held was almost a year ago on the initiative of my hon. Friend the Member for Uxbridge (Mr. Randall). I shall pick out four points from the reply of the Under-Secretary and then ask some questions. Home educators will then be able to work out what progress the Department has made since its last examination.

The first point, which stems from the Education Act 1996, is that parents who educate at home are not required by law to inform the local education authority of what they are doing. I believe that they should be obliged to do so. That would lessen the risk of children falling through the net or being accused of truancy. It would enable LEAs and the Government to know how many children are being educated at home. LEAs could be more proactive in offering targeted help and could put home educators in touch with one another. I do not want a heavy-handed, intrusive registration system, just a requirement to notify. I am aware that it is the duty of parents to ensure that their children are educated, but society is entitled to know who is exercising that duty for individual children.

Secondly, there was no sign of the Government seeking to promote best practice among the LEAs. The Under-Secretary referred to some LEAs providing

"national curriculum materials or other forms of support".

However, he could not bring himself to suggest that all LEAs should do so. Even in the draft circular to LEAs, the Department was unable to move to exhortatory mode:

"LEAs may be able to offer additional support to home educating parents; this may take various forms . . . Authorities have the discretion to provide support through local initiative projects should they wish".

That guidance appears to have been written by Treasury Ministers preoccupied with containing public expenditure, rather than Education Ministers concerned with raising standards.

Some Departments, notably including the Office of the Deputy Prime Minister, have a specific mission of raising standards among local authorities and promoting best practice. Some education authorities are good—for example, Cornwall, Stafford and Essex. According to my e-mails, other authorities are obstructive. What are the Government doing to bring the backmarkers up to speed so that home educators throughout England get a good service?

The Under-Secretary went on to say that

"there has not been any independent and systematic evaluation at a national level of the overall quality of the education provided and the specific outcomes that it delivers for the children concerned."

That statement sits uneasily with Dr. Paula Rothermel's study, which showed that all children benefited from home education, with children from the lowest socio-economic groups doing best. She found that 65 per cent. of home-educated children scored more than 75 per cent. in a general maths and literacy test, compared with the national figure of only 5.1 per cent. The average national score for school-educated pupils in the same test was 45 per cent., whereas that of the home-educated pupils was 81 per cent. She concluded:

"The improved exam results could be down to the sheer quantity of parental attention and the sense of long-term security that gives them . . . It could also be down to the fact that families who home educate from birth had worked with their children from the word go and without the disruptive transition at an early age to the very different environment of school."

If the Government do not accept those findings and say that there has been no evaluation, they should get on and do it. We do not know how many children are involved. A year ago, the Under-Secretary estimated the figure to be between 50,000 and 100,000. What plans are there to undertake an evaluation?

The Under-Secretary then referred to the inequity of access to further education for those educated at home, and particularly the under-16s:

"The playing field should not be uneven."

That was against the background of evidence from my hon. Friend the Member for Uxbridge that home-educated children aged under 16 are charged £1,800 per subject for a college place to study for GCSE, whereas other children get free places. I regret that there has been little progress in the past year towards putting that right. One of the biggest problems remains the funding for under-16s who want to take courses at local colleges of further education. Many of them, if they manage to get places, have to pay, whereas the 16 to 19-year-olds do not. That is one of the most important issues for those who educate at home. Parents are passed from pillar to post by the Department for Education and Skills, learning and skills councils and LEAs. The Department's draft circular makes it clear that parents are liable to pay all the fees unless their LEA is willing to provide funding. That does not sound like a level playing field.

I assume that, through the revenue support grant, local authorities are getting some funding for those children—certainly their parents are paying council tax. Perhaps the Minister can shed some light on that; the LEAs deny that they get funds for home-educated children, but my understanding is that the RSG is calculated per head of the population. Who has the funding to enable the children to attend college and how should parents set about getting places for them?

A related irritation is examination fees. The Government want more children to go on to university, but they cannot get there without A-levels. If they go to an LEA school, their exam fees are paid for them. The draft circular confirms that if one saves the LEA and the taxpayer about £20,000 by educating one's child at home, one has to pay examination fees. That is certainly the case in Hampshire. It is difficult to explain the justice

[Sir George Young]

of that to home educators. Perhaps the Minister would like to have a shot at it. Parents also have difficulty in finding examination centres, some of which charge exorbitant fees. So, against the Under-Secretary's request a year ago for a level playing field, what has his earth-moving equipment been up to?

What was not in the speech? One dog did not bark. The Government are in favour of voluntary organisations, as I am. Usually, in debates such as this, the Minister can point to some help for the voluntary organisations active in the area under discussion. However, I understand that there is no financial or non-financial support for the voluntary organisations that support parents educating children at home. The Home Education Advisory Service may wish to maintain its independence and not receive direct funding, but it could certainly be a conduit for funding to help, for example, with part-time attendance at FE colleges or for GCSE entry fees. Several years ago, the other major organisation, Education Otherwise, received a national lottery grant to send out a booklet to all LEAs, but that is the only grant that I know of. Like the HEAS, EO is funded by member subscriptions and donations.

The Minister's Department refers professionals to the helplines of both EO and HEAS for legal information and advice, and the LEAs also make referrals. The Government's own bully helpline refers parents to EO. Tomorrow will see the national launch of the Government's £125 million fund for voluntary groups at the Emmanuel centre, Westminster. I hope that Ministers make it clear they will welcome applications from groups active in home education.

My interest in the subject, as I said at the beginning, originated with a family of home educators in Hampshire. I asked them the question about social isolation that people always ask. This was their reply:

> "Both children did drama at the Watermill Theatre, sang in a local choir, did gym classes, swimming, football and Aikido and played in the Hampshire County Youth Orchestra. There was plenty of interaction with other children from the neighbourhood as well. In addition, as you know, our house is always full of people. And that was one main advantage of our situation: the children interacted with all sorts of people here and seemed to be totally at ease with adults."

A sample of one may be unsound, but I was relieved to read in other research that home-educated children are socially well-adjusted folk. Since this debate was announced, many home educators have been good enough to e-mail me. I quote Annelies Scott:

> "I would like the DFES to inform the LEAs to be more open about Home Education being a valid option, and then to carry out their advisory duties in a well-informed and respectful manner, according to the law and not their own internal guidelines."

Last year, the Under-Secretary's speech ended with the following less-than-ringing endorsement for home education:

> "We need to pay more attention to the contribution that home educators make".—[*Official Report, Westminster Hall*, 13 May 2003; Vol. 405, c. 66–8WH.]

I hope that the Minister can find a better peroration today.

1.10 pm

The Minister for School Standards (Mr. David Miliband): It is a pleasure to be back in Westminster Hall serving under your chairmanship, Mr. O'Brien.

I congratulate the right hon. Member for North-West Hampshire (Sir George Young) on securing the debate, which follows up the debate secured by the hon. Member for Uxbridge (Mr. Randall) last year, and thank him for being good enough to send a copy of his speech to the Department this morning. Thanks to that courtesy, we have been able to do further research.

The right hon. Gentleman said that we are all home educators, and he is absolutely right. The roles of parents, grandparents and the wider family in supporting youngsters at home are an important part of the education system. I am glad that he recognises that we do not want to split the issue into two camps—one group of children for whom parents are responsible, and another for whom the state is responsible. For those in the maintained sector, responsibility has to be shared.

On a less consensual note, I was sorry that the right hon. Gentleman rehearsed some negative views about the education system, although he ended his comments by saying that they were the views of only some teachers. He also said that such views were directly contradicted by his own constituency experience. The media image of an education system out of control—I do not know whether these were his exact words—with appalling children and teachers unable to control them is not a modern image of that system, and I am glad that the three schools that he visited on Friday belie it.

The right hon. Gentleman is right to say that not only children, but adults, are diverse individuals. It must be right that the education system should have the flexibility to cater for individual student needs, interests and aptitudes. That is what we call personalised learning. That is not a phrase that trips easily off the tongue, but it speaks to his understanding that different youngsters have different kinds of intelligence and learn at different speeds, have different interests and get different support from home.

Some parents may believe that home education is right for them, and I shall deal in a moment with why they might hold that view. I agree that such parents should have the right to exercise that choice. For the others, it must be right for the state to seek an education system of sufficient flexibility, a teaching force of sufficient adaptability and out-of-hours provision of suitably high quality to meet those diverse needs. I do not think that that cuts against the national curriculum and some other things that the right hon. Gentleman mentioned.

As Minister for School Standards, home education is not virgin territory for me, although some details are new territory. Our priority must be to raise the quality of the schooling offered in the maintained sector. The right hon. Gentleman referred to some parents who leave the maintained sector because they are not happy with the standards. I put parents who choose to home educate or to go to the private sector in the same category, because they are withdrawing their children from the state sector. It must be right that the focus of our attention should be to raise standards and the quality of schooling in the maintained sector.

None the less, the home educated have particular needs. I promise the right hon. Gentleman that I will draw the points that he made to the attention of the

Under-Secretary of State for Education and Skills, my hon. Friend the Member for Bury, South (Mr. Lewis), who is responsible for the particular needs of the home educated. I am sure that I will be no substitute for my hon. Friend in depth of knowledge and enthusiasm, but I will go through some specific points that the right hon. Gentleman made about the home educated.

Sir George Young: The Minister said that he places children educated at home in the same sector as those who attend independent schools. Does he realise that that may not be wholly fair? Those who educate at home may not have the income to send their children to an independent school. It therefore might be a mistake to bracket them as he does, particularly with regard to examination fees.

Mr. Miliband: I did not say that those children were in the same sector; they clearly are not. The independent sector is not the same as the home schooling sector, but I said that the parents in those sectors are in the same category in that they have decided not to educate their children in the state maintained sector. I am happy to overcome any confusion on that point.

It is important to remember that there are two types of home education. The right hon. Gentleman did not draw that fact out, and it is important that I do. Home education can mean two things: education provided at home by parents who elect to educate their own children, which is what I have focused on so far, or home tuition provided by the local education authority for children who cannot attend school for a period owing to illness or exclusion, for example. We must remember that there are those two types of home education.

The right hon. Gentleman was right to say that there is a good deal of confusion, or at least uncertainty, about the number of children being home educated. During last year's debate, the figure of 50,000 to 100,000 was used, and we do not have any greater intelligence now about how many such children there are. I will comment later on the Government's role in securing the rights of children who are home educated, and I was interested in what he said about registration, which I shall come to later.

The reason why we have not gone for a national survey or another such headcount is that we have not been convinced that its benefits would outweigh the bureaucratic costs to parents, teachers, schools and local education authorities. As the right hon. Gentleman will know, it is the Government's responsibility to provide education in schools, but it is the fundamental right of parents to decide not to educate children in the maintained sector. The Education Act 1996, which I think he mentioned but did not quote, states:

"The parent of every child of compulsory school age shall cause him to receive efficient full-time education suitable . . . to his age, ability and aptitude, and . . . to any special educational needs he may have, either by regular attendance at school or otherwise."

Parents choose to home educate for a number of reasons. The decision is prompted sometimes by the particular circumstances of the local school and sometimes by the particular needs of the child. The legal position is that when parents elect to provide home education once a child has already attended school, they must tell the school in writing of their intention to deregister the child. Children and young people with special needs can be educated at home, but when a child has a statement of special educational needs that names a special school, his or her name may not be removed from that school's register without the education authority's consent. There is some liaison in that system.

Local authorities have a general responsibility to ensure suitable education provision in their areas. Although parents who educate at home are not required by law to be "registered" in any way, I am sure that the right hon. Gentleman would welcome the fact that local authorities have the right to make reasonable inquiries to ensure that children who are withdrawn from school to be electively home educated are receiving appropriate education. The authorities can intervene if that is not being delivered.

The right hon. Gentleman did not refer to the Children Bill, which is being debated in another place today. The Green Paper that preceded the Bill tried to address the issue of "unknown children", and he will be interested to know that clause 8 of the Bill provides for a database to hold information about every child, including the services that they are using. Some difficulties in this matter are brought home to me by the fact that many home educators say that they are unhappy about that requirement. I understand that he believes that the requirement should not be bureaucratic, but there is a difficult line to tread. Some home educators are unhappy about the provision, but it exists and it is important for this debate.

As the right hon. Gentleman knows, LEAs have no legal right to enter a home to see a child, but it is the parents' responsibility to ensure that enough evidence is submitted to an LEA to satisfy it that the child is receiving a suitable education. Parents may choose to meet an LEA officer at home or at a neutral location, and we believe that that strikes the right balance. When an LEA is not fully satisfied that a child is receiving a suitable education, it may decide more regularly to contact the parents and/or the children who are being home educated.

The right hon. Gentleman asked specific questions about funding. The LEA does not get any funding for children who are educated at home because it does not have to deliver any services for such pupils. I dare say that his knowledge of the local government finance system is more long standing and, in all humility, much greater than mine, so he will know that the educational formula spending share has two components. The schools block is based on pupil numbers, and includes children educated at home only if the LEA is responsible for making the arrangements. Pupils who are educated at home through parental choice are not included, just like pupils who are sent to independent schools through parental choice rather than under LEA arrangements. My earlier analogy is relevant in that regard. Neither are children who are educated at home included in the count for the LEA block—the block of money for LEA services. Although that is based on the three-to-18 population, the relevant data are drawn from school returns and therefore do not include those who are not in school.

I shall return to the right hon. Gentleman's point about 14-to-16 education, but I want first to touch on the issue of children with special educational needs. As he and I agree, not all children have the same needs.

[Mr. Miliband]

Although children and young people with statements of special educational needs can be educated at home, LEAs remain responsible for ensuring that the education that they receive is suitable. He did not dwell on that point, but I am sure that he will agree that it is right that they should have that responsibility. The statement of special needs must stay in force, and LEAs must ensure that parents can make suitable provision, including for their children's special educational needs. If parents' arrangements are suitable, the relevant LEA is relieved of its duty to arrange provision directly, but it remains its duty to ensure that the child's needs are met.

It may benefit the right hon. Gentleman to know that about 3.2 or 3.3 per cent. of all children have statements of special educational needs, although those numbers vary enormously between LEAs and schools. He may know that, in addition to those numbers, 13 or 14 per cent. of children have special needs that are not listed in a statement.

As I said, two types of children receive home education. LEAs may provide home tuition for pupils who cannot attend school for reasons such as sickness, exclusion or teenage pregnancy. There are more students in that category than is often realised—particularly those who are not at school because of sickness. A substantial proportion of the 50,000 to 100,000 figure is accounted for by youngsters who are too sick to attend school. Their education is provided through home tutors and e-learning, which allows schooling to be made available through virtual communities. It is set up in pupils' own homes, or in libraries for groups of young people. Such projects can lead to children obtaining several qualifications.

LEAs can pay directly for home tuition. The right hon. Gentleman will be pleased to know that the Department is providing support for the notschool.net project, which I am glad to say is not an ihateschool.net project, but one that offers IT-based education for disaffected children.

I promised the right hon. Gentleman that I would move on to the issues of 14-to-16 education and the support offered to home educators by LEAs and the Government. There is no legal duty on LEAs to provide financial support for parents who educate their children at home, but some provide free national curriculum materials or other forms of support to such parents. We think that it is right that such decisions are made locally, but he is within his rights to ask what the Government are doing to make information about home education available to parents. I can provide some reassurance about something that he may be unaware of: to help to support parents, the Department provides general guidance in the form of an information pack on elective home education and the legal responsibilities of parents, which has links to other useful information on issues such as the national curriculum and assessment arrangements, and to websites created by home educators.

The right hon. Gentleman asked about education provision for 14 to 16-year-olds in college. He will know that that area is new, but growing fast. He will also know that the Tomlinson committee, which is considering the provision of 14-to-19 education, is currently sitting. Its interim report referred to the need for a significant number of youngsters in the 14-to-19 age range to be educated not only in one institution, but in two, or in some cases three. It wants youngsters to have a home base in school, but to receive the benefit of vocational courses from a local college or even a local workplace.

The right hon. Gentleman knows that the Learning and Skills Council was set up to take care of post-16 education. Indeed, the hon. Member for Uxbridge raised that matter last year. The LSC does not have statutory responsibility for learners under 16, although it can provide limited support generally for the vocationally related provision in further education colleges for young people aged 14 to 16. That is operating through a series of pilots that I know from experience have been widely welcomed. The increased flexibility programme for 14 to 16-year-olds is a policy to let local partnerships between colleges and schools decide on provision, and home educators are welcome to request involvement in that programme. I do not know whether he will agree, but in my experience the greater number of children educated at home are younger and towards the primary school age range rather than older.

Sir George Young: Would home educators have to pay if they took part in the programme?

Mr. Miliband: I shall look into that and write to the right hon. Gentleman about it. The plans are local, so I shall need to check what is happening in each locality. From memory, there are 39 pathfinder areas for the new provision. He is right to say that provision is patchy. That is because it is new and we are only beginning in such matters.

I wish to mention two other points. The right hon. Gentleman referred to the Rothermel study of the quality of home education. He was right that the anecdotal evidence from many parents who opted for home education was positive. They speak enthusiastically about the benefits that it provides and cite independence, maturity and keenness to learn among pupils. Others have pointed to the high grades that home educators receive. Last year, the Under-Secretary said that there had not been an independent, systematic, national evaluation of such matters, but I have been informed that the Rothermel study took place in a particular part of the country and in respect of a specific group of parents who volunteered to be a part of the process. The study was not claimed to be a representative sample. The Under-Secretary's statement was made on that basis.

Finally, I come to tomorrow's launch of the future builders fund, which will be governed through the Home Office and which, as the right hon. Gentleman said, has £125 million to support voluntary activity in five priority service areas: health and social care, crime, community cohesion, education and learning, and support for children and young people. Obviously, the fourth and fifth priority areas include the education service. The fund exists to deliver an increase in the scale and scope of public service delivered by the voluntary and community sector. It will invest in exemplar service and delivery operations in the areas to which I have referred. I shall find out for him whether there are any

restrictions on who can apply, but I understand that the programme will be open to cover as wide a range of people as possible.

Sir George Young: Before the Minister finishes his response, will he clarify the status of the draft circular on home education that I found on a website? Is it a spoof or is it genuine? If it is genuine, when will it be published?

Mr. Miliband: Much as the Government seek to entertain the public, we do not issue spoof documents. The circular is not a spoof. I think that the right hon. Gentleman was asking about the force behind it. It exists to provide exactly what it says it provides—guidance to local education authorities. He said that he was disappointed by the peroration at the end of the debate initiated by the hon. Member for Uxbridge, but it was perhaps neither the time of day nor the audience for a great peroration. We take seriously the need to choose—

Mr. Bill O'Brien (in the Chair): Order. Time is up.

Voluntary Organisations (North Lincolnshire)

1.30 pm

Mr. Ian Cawsey (Brigg and Goole) (Lab): I am grateful for the opportunity to raise this issue and to tell the House of the concerns in north Lincolnshire about cuts in the council budget to support the following local voluntary organisations: Voluntary Action North Lincolnshire, the Humber and Wolds Rural Community Council, the citizens advice bureaux, the Crosby Community Association and the Humberside law centre. Last year, the organisations' funding from North Lincolnshire council was about £350,000. Most seek no real-terms increase, but the decision to cut the budget to £250,000 was a devastating blow to those groups and to people in need throughout north Lincolnshire who rely on their services.

I shall begin by putting the matter into perspective: starkly, the reduction in funding is the political choice of a new administration. In 2003, in an extremely exciting, all-out election, which is not the norm, the council switched from a Labour to a Conservative administration. There was a good turnout and the Tories won 22 seats to Labour's 21, winning two wards by a single vote. Whoever said that their vote did not count?

As all new administrations do, the incoming Tories inherited the budget set by their predecessors, so for a few months there were no great problems. Indeed, the Government's settlement for that year was, to quote the council leader, Don Stewart, when he was in opposition, "a good settlement". Having taken that good settlement, the administration received a 6 per cent. increase this year—about double the rate of inflation.

Why, therefore, has the council run into problems so quickly? The short answer is that the local Conservatives ran on a simple election pledge: to cut council tax by £40 when they came to power. First, they said that there would be no immediate refund, which would have to wait until they set a budget; then the issue became dependent on the settlement; and finally it was simply abandoned. Services and charges have been sacrificed on the altar of political expediency as a result of at best foolish and at worst devious pledges to the electorate.

The 6 per cent. increase on the good settlement was castigated as a poor settlement, and a mythical black hole in the finances suddenly appeared. It was originally claimed to be £3 million, but it grows with every news release and everything is blamed on the outgoing Labour administration, about whose finances I quote the following statement:

> "The council achieved a net underspend of £300,000 . . . more importantly, the council is facing significant cost pressures . . . and has identified savings to achieve a balanced budget. These savings will not affect the council's . . . service priorities."

Those words on the position of the outgoing Labour administration are not mine or those of a Labour party member, but those of the council's external auditors. Not only is there no black hole, but there is an underspend to boot, which is not a bad start for a new administration.

The voluntary sector is among those that have had to carry the can for the new administration's pursuit of their poorly costed and unlikely pledges. With only two

[Mr. Ian Cawsey]

weeks' notice, the groups were informed of the £100,000 cut in their budget and the law centre was told that there would be no funding at all, which did not surprise me. It was originally set up and funded by the former Humberside county council, of which I was a member, and it was opposed by the Tories, including the current leader of North Lincolnshire council, on the ground that it would put local solicitors out of work. It may have given access to the law to those who did not have it, but it did not seem to close any local practices many years later. I was the leader of new unitary authority of North Lincolnshire council when it had its first shadow elections in 1995. We had to decide again whether we wanted to fund the law centre. Yet again, the Tories opposed it, saying that many of the cases that it took up were against the very authorities that funded it. To this day, I find that extremely hard to believe, because it suggests that it is okay for councils to act unlawfully against local people so long as those people have no redress against them. As I said, however, it is unsurprising that the funding will go now that the Tory councillors have the power.

Some of these organisations, such as the community councils and citizens advice bureaux, are well known to many people. Voluntary Action North Lincolnshire, for example, used to be known as the community and voluntary service, and everyone involved in voluntary organisations has heard of the councils for voluntary service. These organisations play key roles in advocacy and service delivery on issues such as social inclusion. However, less may be known of the local Crosby community association, which is based in the constituency of the Minister for the Environment, my hon. Friend the Member for Scunthorpe (Mr. Morley), who very much supports its endeavours and those of the voluntary sector in general in the area, as does my hon. Friend the Member for Cleethorpes (Shona McIsaac), who also represents part of north Lincolnshire.

As my hon. Friends and I know, the association helps people not only in the Crosby area, as the name might suggest, but throughout north Lincolnshire. Last year, it helped to obtain £1.6 million in unclaimed benefits for the most disadvantaged in our community, as is acknowledged in this quotation about the funding cuts:

> "Families with children in the most deprived wards in North Lincolnshire will be badly affected, putting at risk years of hard work by a range of partner organisations to improve the area in and around Scunthorpe Town Centre".

I agree, but, amazingly, that was said by the council leader who is cutting the voluntary organisations' funding. The council's defence is that the association has lost Government single regeneration budget time-limited funds. The association tells me that that is not the case, but that it has had various external funds and seeks to ensure they are replenished so that it can continue its work. In essence, North Lincolnshire council's choice is simple. Is it willing to spend what would amount to thousands of pounds, but which will in turn involve millions of pounds, on the most needy people in north Lincolnshire, and what will it say about its priorities if the answer is no?

My hon. Friend the Minister will know all about compacts, which are Government-inspired, locally based agreements between those in the voluntary sector and those who fund them and rely on their services to deliver their agenda. I am pleased that a compact exists in north Lincolnshire, and much praise must go to Voluntary Action North Lincolnshire and others for the proactive way in which they approached the issue. I had the great privilege of speaking at the initial meeting at St. Bernadette's hall in Scunthorpe when the idea was first mooted. We all scratched our heads and wondered why no one could think of a better name than "compact", but that is the name. I also spoke about a year ago at the launch of a compact at Scunthorpe baths, and much more recently at the update seminar, when we spoke about the progress that has been made since.

Funding is one of North Lincolnshire council's most critical areas. No one would disagree that councils can decide on funding—after all, they are elected by the local community and they set the council tax. However, the compact is intended to establish that a respectful relationship will be maintained; that groups will be involved in discussions; that funding will not be cut without good, clearly explained reasons; and that due notice will be given.

Every principle of the compact was disregarded by North Lincolnshire council. The previous Labour administration gave groups the safeguard of 18 months' funding and full discussions, and it was a willing signatory to the compact, because it believed that it enhanced the good practice that it wanted to establish. The cuts that I am concerned about were announced with only two weeks' notice on a take-it-or-leave-it basis.

It is little wonder that the protests were so loud and strong and that, yet again, the public gallery in the council chamber was full of angry residents, although that has increasingly become the norm in recent times. It does not seem to matter whether the subject under discussion is cuts to voluntary organisations, cuts in leisure services, cuts across the council agenda or increases in charges—we have a very angry community.

The council responded that as the Labour administration had signed the compact, it had nothing to do with the Tory administration. That is an interesting take on all the treaties that any incoming Government inherit from a previous Administration; apparently, somehow they no longer count. It was pointed out that, notwithstanding the date of final agreement of the compact, it had received all-party support when it was passed at a full council meeting. The current position is that the council supports the principle of the compact, but not necessarily all the details.

In the meantime, a welcome decision was taken that groups would be given six months' funding at last year's level. However, that was not quite as good as had at first been hoped. It was pointed out that there would not be any expansion in the £250,000 allocated by the council to the funding of voluntary organisations this year. That means that if six months of increased funding were taken up, there would be even larger cuts later in the year. Anyway, the council has now reduced the period in question to three months.

I do not want to pretend that all that I have outlined is happening after a time when summers were hotter and longer and the grass was greener. Voluntary organisations are used to difficult times and to having to chase around to fund worthy projects. Golden eras sometimes exist, but golden eras in funding are often apparent only long after they have passed. However, having been involved with the voluntary sector since 1989, when I was first elected a councillor, I have never known that sector to be as bruised, and with such low morale, as it is now following the treatment that it has had this year over funding from North Lincolnshire council.

What is the point of a compact? Why did all those groups from throughout north Lincolnshire spend so long negotiating with the council for it all to be tossed out on the whim of the ruling group? If the Home Office wants such arrangements as the norm and wants them to succeed, what can the Department do to try to influence the decision makers at North Lincolnshire council?

Most importantly, it is via voluntary organisations that much of the Government's agenda—social inclusion is the most obvious item—will be put into practice. The funding often comes via the council, in that the Government put the money in with an expectation that certain things will be delivered, and it reaches the voluntary sector through the halfway house of the council. Given this year's experience, we know that even when councils receive a 6 per cent. increase in their funds, that is not guaranteed to have a positive impact on the voluntary sector. Indeed, our experience in north Lincolnshire this year is quite the reverse.

Is it not time to tell councils that sign agreements and compacts and then tear them up that such irresponsible actions could have an impact on their future settlements? The comprehensive performance assessment is one method of judging councils on their delivery of agendas and formation of local strategic partnerships, and on their involvement of the voluntary sector and others in providing good-quality services in their area. Decisions are made through that assessment on the funding that councils will receive. There seems little point in the Government pumping money into that process if there is no good will from the local authority at the other end.

The compacts are rules that the councils have helped to set, and they now need to abide by them. It seems incredible that just over a year ago in an area of some 153,000 people only two votes were the difference between the ongoing Labour administration and a Conservative one. Those two votes were the difference between a fair council and an unfair one, between being interested in inclusion and causing exclusion, and between being progressive in what was trying to be achieved in north Lincolnshire and being regressive. All that happened simply because of a failed pledge on the level of council tax.

The people of north Lincolnshire deserve better. We need compacts with teeth and compacts that work so that voluntary organisations and the needy people whom they represent are protected from the political whims of an incoming administration that simply does not value what the voluntary sector is doing. I look forward to the Minister's response.

1.46 pm

The Parliamentary Under-Secretary of State for the Home Department (Fiona Mactaggart): First, I thank my hon. Friend the Member for Brigg and Goole (Mr. Cawsey) for drawing the attention of the House to this important issue and for demonstrating his understanding of the vital and unique contribution that voluntary organisations make to community life. He talked about community life in his own and a neighbouring constituency. His account is common to constituencies throughout the country where the impact of voluntary organisations in tackling poverty, which is one example that he used, is second to none. He also demonstrated, in common with many other hon. Members, a familiarity and a connection with the detail of the work of local voluntary organisations that show how assiduously he represents his constituency.

The Government recognise the vital and unique role of voluntary organisations in delivering services to communities. We have put in train a number of mechanisms to support, underpin, enhance and enable them to do that. In many ways the most important factor is to recognise something that is expressed in the compact as the cost of doing business or the important costs of the infrastructure to deliver services to people. At least one of the organisations that he described as being at risk is one of those classic infrastructure organisations. Much of its work is in enabling other voluntary organisations to do their business, which is the traditional role of the council for voluntary service.

We recognise that those organisations are not always the most obviously popular in terms of local funding, yet many other local organisations simply cannot do their business without that support. That is one of the reasons why, following the 2002 cross-cutting review of the voluntary and community sector in service delivery, we have developed a framework for infrastructure and are developing investment in infrastructure, which are designed to enable those more locally focused organisations to do their job well, rather than to supplant local investment in very local organisations.

The job of ensuring the local dimension of funding is partly done by central Government in providing a generous and secure settlement for local authorities, providing an appropriate national framework in which voluntary organisations can thrive and enabling local authorities to invest in the contribution that local voluntary organisations make. As my hon. Friend demonstrated, the local dimension of the funding relationship is particularly important. Indeed, 70 per cent. of voluntary and community sector organisations operate at the local level. That is where the problems that he described arose, despite the fact that North Lincolnshire council received a generous settlement from the Government and that its books were, as he said, left in a healthy state by the previous administration.

I think that my hon. Friend will agree with the Government that local funding priorities should be decided at local level. The Government expect local authorities to value and support the essential role that a strong local voluntary and community sector infrastructure plays in helping authorities to develop and deliver community strategies and to build the capacity of local groups to fulfil their role in

[Fiona Mactaggart]

strengthening communities and delivering services. I am therefore disappointed that my hon. Friend's local council seems not to be investing in such infrastructure.

Such problems are one reason why we developed the local compact, which now covers the overwhelming majority—89 per cent.—of local authorities. The compact provides a basis for building and enhancing the relationship between the local voluntary and community sector and public sector bodies. Published compacts must be used—this is Government policy—to improve the way in which business is done locally. They are about making commitments, calling partners to account and resolving differences. I am disappointed to hear that a locally agreed compact appears to have been disregarded. It is not right that a local council should seek to tear up commitments that it has made, even if it was under different political leadership at the time. As my hon. Friend said, the compact is like a treaty, and Governments cannot simply tear up treaties that have been entered into on their behalf.

We have instigated the compact mediating scheme to resolve disputes over compacts between the local voluntary sector and local public sector bodies.

Mr. Cawsey: Perhaps I can just say two things. First, I fear that we have a lot of work to do on getting the current administration to see the benefits of the principles of the compact. When asked about those principles at a meeting with voluntary sector representatives, one councillor said, "You can't have principles without cash." I am not certain that I would accept that statement, but it was made quite clearly.

Secondly, I, too, have mentioned the mediation scheme to local voluntary organisations. Although they are very interested in it as a possible route to resolving disputes, they are concerned about who will pay for the service, because their funds are declining and they have precious little money of their own to do so.

Fiona Mactaggart: I understand that that is a problem with the scheme, but I nevertheless urge voluntary organisations seriously to consider it because the investment can pay dividends and has done so in other cases. It is difficult for voluntary organisations facing a crisis of the scale that my hon. Friend described to consider taking such steps, and the compact mediating scheme does involve costs, but I would urge organisations to use it. Where it has been used to date, it has frequently produced a resolution that has made a real difference for the organisations involved.

The compact must be made to work. If 89 per cent. of the country is covered by local compacts, it is certain that local government organisations of the same party that is in power in my hon. Friend's local authority have devised, developed and signed up to them. It is neither right nor sensible for his local authority to pretend that the local compact is a creature of another political party. It is a creature of all political parties.

I look forward to the annual compact meeting tomorrow, which I shall jointly chair with Sir Michael Bichard. One of the reports will be from the Local Government Association on the commitment of local government to the compact. It will be interesting to draw the attention of my colleagues in local government to the example that we have discussed of the failure, perhaps, of one part of local government to live up to the ambitions of the compact.

I also take on board my hon. Friend's point about whether other measures to test the commitment of local government, such as the comprehensive performance assessment, could have embedded in them some way of measuring, for example, commitment to compact. That is already being done. In the newly developing comprehensive performance assessment, there is a greater emphasis on partnership and leadership. Formerly, the assessment of performance involved individual service areas being drilled down and focused on the precise outcomes.

As the scheme is being developed, however, there is a much greater recognition that much of what local government delivers is delivered not by local government itself through either its social service or education departments, but through its partnerships with voluntary organisations and other statutory bodies. At the heart of those partnerships is a relationship of mutual trust and respect. If North Lincolnshire council has decided to tear up the relationship of trust and respect that is embedded through a compact, that puts its ability to deliver at risk.

The council is held to account not, fundamentally, by national Government, but by the local electorate. My hon. Friend's account of the local electorate's response to the way in which his council has not upheld the relationship of trust that is at the heart of the compact suggests that the electorate may well tell the council that they will not tolerate such failures. That is the fundamental resolution of the compact. Nevertheless, I undertake to raise such issues in the compacts annual general meeting tomorrow, so that we can consider whether there are more practical ways to enable voluntary organisations to use the resources at their disposal, such as the mediation scheme, when they are faced with problems of the kind that my hon. Friend faces.

The Government's belief is clear: at the heart of our provision of a public life that engages and involves citizens is a vision not of the local council or the national Government doing everything, but of delivering change in partnership with voluntary organisations and enabling them to be active partners. That might mean disputes over funding, but those disputes should be operated within a framework of trust and mutual respect. That is what we have sought to deliver in the compact and what we shall continue to seek to do—

It being Two o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.

Westminster Hall

Wednesday 5 May 2004

[MR. FRANK COOK *in the Chair*]

Electoral Register

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Kemp.]*

9.30 am

Mrs. Marion Roe (Broxbourne) (Con): I am most grateful for the opportunity to raise the issue of the integrity of the electoral register. For some time, I have been concerned that the system for the registration of voters in England, Scotland and Wales is not sound and could lead to election fraud. When I was appointed as an election scrutineer in the Seychelles on behalf of the Commonwealth and in Angola on behalf of the United Nations, one of the first tasks was to decide who was entitled to vote, followed by the cleansing of the electoral roll. Only by setting those important criteria could we acknowledge that one of the basic principles of free and fair elections had been met.

Today, I shall focus on both those aspects as they relate to the United Kingdom. I am sure that we all accept that an accurate electoral register is the cornerstone of any democracy. If it is corrupted or compromised in any way, the process will be undermined and the general public will lose confidence in the integrity of the Administration. Six months ago, I became aware that the names of some of my constituents who were foreign nationals were appearing on the electoral register. I remind hon. Members that an offence is committed when the householder fails to give the electoral returning officer information that enables him to discharge his registration duties, or when the information provided is false.

There may be several reasons why ineligible people are registered to vote. First, the family may lack the knowledge, education or expertise to complete the registration form correctly. Even children may be added to the roll through a misunderstanding of the system and because the roll has been confused with the census. Secondly, some foreign nationals may have little grasp of the English language. When the registration form comes through their letterbox, the householder, who has a duty to complete the form, may not understand the rules and may fill in the names of everyone living at that address. Thirdly, they may know, as foreign nationals, that they are not eligible to vote and have no intention of doing so but add their names to the register because it is extremely useful for obtaining credit cards, parking permits, loans and so on. Hon. Members will know that many organisations use the electoral register as a database to verify someone's residence.

David Taylor (North-West Leicestershire) (Lab/Co-op): The hon. Lady rightly focuses on those whose names go on to the register but who are not eligible to vote. Does she accept, however, that for every one of those there are likely to be substantial numbers of people who are eligible to go on to the register but do not do so and that, in their efforts to make the register complete and accurate, the authorities should also spend time encouraging those who do have a right to be on it to register?

Mrs. Roe: I fully agree. The electoral roll should be accurate, and those who do not register but are eligible to do so should be given every encouragement and all the information necessary to ensure that they can vote in the proper way.

Fourthly, there may be a criminal element in registering a false name: the aim may be to legitimise false identities and to provide cover for illegal activities such as benefit fraud. Fifthly, false names or those ineligible to vote may unfortunately be registered deliberately in order to corrupt the vote and to enhance the chances of a particular candidate in local and general elections in marginal wards and constituencies, in which case ballot rigging becomes very easy.

Moreover, every electoral returning officer throughout the country produces a different electoral registration form, which adds to the confusion. None looks alike. There is no uniform presentation. In some parts of the country, some registration forms are in different languages to assist voters, but they seem complicated to many people who fail to read the small print.

What caused me serious anxiety was the fact that, in general, no comprehensive checks were made on those who put their names on the register. What was worse was that I was told that the act of investigating people whose names seemed foreign could be deemed to be racist and that there was no need to worry because the system was self-regulatory. When I made inquiries about such matters of the Electoral Commission, I was informed that

> "If legislation required checks to be made by Electoral Registration Officers, it would be difficult to decide on what criteria these should be instigated and made . . . if such checks were done on the basis of the appearance or sound of names, such action could well be deemed to be racist and in breach of the law."

Furthermore, the electoral returning officer is unlikely to make inquiries unless there was an objection to the inclusion of the name. The creation of the rolling register system has made it harder for political parties to use the claims and objections procedures. That was acknowledged by the Electoral Commission in its report, "The electoral registration process", which noted that

> "it is questionable whether the objection process really does have deterrent value . . . a more effective objection process is likely to be valuable in the prevention of fraud."

In a written answer on 9 March 2004 to a question that was addressed originally to the Department for Constitutional Affairs, the Financial Secretary gave a list of 20 constituencies in which the highest number of registered electors was lost from the parliamentary register between 2001 and 2003.

David Taylor: Does the hon. Lady accept that the largest loss of electors from the register occurred in the early 1990s when the community charge was introduced? Thousands of people who were required to

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be incorporated into the register at that time have still not surfaced. Is that not shocking? Is there not something that we can do about it?

Mrs. Roe: I agree. I hope that something can be done about the problem.

I return to the written answer of 9 March. I remind hon. Members that I am talking about the constituencies in which the highest number of registered electors was lost from the parliamentary register between 2001 and 2003. I draw attention to the constituency at the top of the list, Brentford and Isleworth, in which there was a decrease of 15,486—18.6 per cent.—which the Financial Secretary acknowledged in her reply

"may be due to 'cleaning' of the registers rather than actual falls in the number of electors."—[*Official Report*, 9 March 2004; Vol. 418, c. 1417W.]

Portsmouth, South showed a decrease of 11,210 registered electors, a 14.5 per cent. fall. It follows that there are major implications for the work of the boundary commissioners as well, which have yet to be acknowledged and dealt with when assessing ward and constituency boundaries. The information that I have given hon. Members demonstrates clearly the size of the problem.

There is no doubt that the electoral register is being abused. The argument that cases of fraudulent registration rarely appear in the courts cannot support the view that there is no problem to solve. The reason why no prosecutions are taking place is that no checks are being made and no evidence is being exposed. An article in the *Daily Mail* on 7 February 2004 stated:

"The astonishing ease with which fraudsters are corrupting the electoral system is exposed today. As abuse increases, especially by benefit cheats and illegal immigrants, a Daily Mail investigation has highlighted a culture of inefficiency and political correctness within local councils.

It allowed us to register a fictitious student, called Gus Troobev, an anagram of 'bogus voter', on 31 Electoral Registers, within just a few hours and to obtain 9 further bogus votes in the most marginal seat in Britain. The Mail has no intention of using any of the 40 votes but, theoretically, they could be used by political parties to swing elections."

The quote continues:

"Almost all the Councils we contacted were happy to allow our man to register for elections without asking for any proof of identity. Most of the officials we later asked if Gus Troobev had made it onto the Register said they would not dare investigate an applicant just because he or she had a foreign-sounding name or had lived overseas. Gus Troobev is now on the Electoral Roll of 31 key constituencies from Scotland to the South West of England."

British citizens can vote in all elections—local, national and European—in the United Kingdom. Citizens of the Irish Republic can do the same, as can all Commonwealth citizens. Finally, citizens of a country that is a member of the European Union can vote in local elections and choose in European parliamentary elections whether to cast their votes in the United Kingdom or their country of origin. Under our system of registration, how can a returning officer know whether "John Smith" is British voting in all elections, a Canadian voting in all elections, or an American who cannot vote in any elections? It is impossible to know unless a thorough identity check is available on each individual.

In Northern Ireland, the problem of fraudulent voting was confronted and dealt with through the Electoral Fraud (Northern Ireland) Act 2002. We have all heard the motto, "Vote early, vote often." Now, in Northern Ireland, there is individual registration of each voter; the householder no longer has the responsibility to complete the forms on behalf of all residents in the home. On the new registration form, there are four identifiers: name and address, date of birth, national insurance number and a personal signature. Those details can be checked more easily. More important, the voter must produce at the polling station when voting photographic identification documents from a list of options.

On the first register compiled under the new system of individual registration, there were 120,000 fewer names—a decrease of 10 per cent.—than on its predecessor compiled under the household registration system. Thus, the electoral register eventually restored credibility and confidence in the procedure of voting at elections. In December 2003, the Electoral Commission produced a report outlining its analysis of the workings of the new system in Northern Ireland, and made recommendations for further improvement.

In one corner of the United Kingdom, therefore, we have already acknowledged the difficulties of producing an accurate electoral register and have introduced legislation to correct the flaws. What are the Government doing to ensure that the same approach is adopted for the rest of the country, especially bearing in mind that for the first time everyone in the north-east, north-west, east midlands and Yorkshire and Humberside regions will be voting by post for the European elections in June? Is that not putting the cart before the horse? Is it not almost an enticement to vote illegally when ballot papers are put through letterboxes with every encouragement to use them? It appears that the Government are sending out the message that we want as many people to vote as possible, even if they are not eligible to do so.

In a briefing issued on 15 January on the Government's electoral modernisation agenda, the Minister for Local and Regional Government said:

"We are committed to making voting more accessible and straightforward for the electorate and to allow people ... flexibility in where and when they vote."

Surely the priority focus should be on who is eligible to vote. That should come before the introduction of multi-channelled, e-enabled elections. Of course I support making voting more accessible and straightforward for the electorate—that is, for those who are eligible to vote—and more flexibility should be allowed in where and when they vote, but surely that applies only to those entitled to vote. Returning officers need to be given direction on scrutiny of the electoral register, protected from accusations of racism, harassment and so on, supported and given sufficient resources to fulfil their duties.

A knock-on effect is that the percentage figures on those voting are completely distorted, as many people on the electoral register are not entitled to vote in the first place. The whole matter needs to be addressed

urgently. There will be a strong possibility of challenges to election results in marginal seats if there is a suspicion that fraud has been committed.

I return to the subject of who is entitled to vote in the United Kingdom. Of course, there are no question marks over whether British citizens should have the right to determine who governs them at local and national level, or represents them in Europe. Citizens of countries in the European Union can vote in local and European elections, and there are reciprocal arrangements for British citizens. As a result of the Consolidated Act under the Representation of the People Act 1983, citizens of the Irish Republic can vote in the United Kingdom, and a reciprocal arrangement exists for British citizens in Ireland, although they are subject to a residential qualification of three months.

Commonwealth citizens can vote in all our elections under the 1983 Act. There are 53 Commonwealth countries. That means that citizens from 52 countries around the world can come to the United Kingdom and vote in our local, national and European parliamentary elections. For example, if I were an Australian citizen, I could come to the United Kingdom, buy or rent a property and, within months, add my name to the electoral register through the rolling register system. I could then start to vote and to influence which political parties govern following local, mayoral, general and European elections. However, a British citizen could not go to Australia and vote on the same basis, as there is no reciprocal arrangement. The same applies to Canada and India.

In fact, only 14 of the 52 other Commonwealth countries offer reciprocal arrangements to British citizens. They are mostly the islands in the West Indies—Barbados, Jamaica, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Belize, Dominica, Grenada, Guyana—they also include New Zealand, Malawi, Mauritius, Namibia and South Africa. Even citizens from countries that have been suspended from the Commonwealth are entitled to vote in the United Kingdom.

The question must be asked: is it fair that all Commonwealth citizens are permitted to vote in European parliamentary elections to choose the United Kingdom's representatives in Europe? Our Commonwealth cousins are clearly displaying the fact that they believe that the umbilical cord with the mother country has been cut in this respect, and we should accept that that is their desire. I urge the Government to instruct the Electoral Commission to undertake an urgent review of who should be entitled to vote in the United Kingdom, with reference to our Commonwealth cousins. They, of course, should be consulted on whether they wish to continue any reciprocal arrangements. If so, those arrangements can continue. The others should be consulted on whether they wish to initiate a reciprocal arrangement, or whether their citizens should no longer be able to vote in the United Kingdom.

That exercise should be conducted in the friendliest of terms, so that the fairness of the arrangements can be clarified as far as the British public are concerned. At the end of its inquiry, the Electoral Commission should be invited to present an analysis of the current arrangements, as well as all the workable options available to Government that would demonstrate an even-handed system, which is understood by everybody. It is important that the practices of other countries should be considered: for example, some have residential qualifications for voting in some elections rather than a Commonwealth link. There can then be an informed debate on the issue. All the information can then be assessed to produce a coherent qualification for voting rights and can thus restore an acceptance that our democratic system continues to be built on a foundation of freedom and fairness in the 21st century.

The Electoral Commission's report on Northern Ireland's new electoral system was published in December 2003. The conclusion states:

> "The right to register to vote, and the ability to exercise that right in elections that are safeguarded against abuse and malpractice is the foundation of any democratic society."

Surely it is right that those sentiments must apply to the whole of the United Kingdom in order to guarantee that our democracy continues to flourish. My constituents want to see secure procedures in place for the registration of voters, which will provide an electoral register that has its integrity constantly maintained. Every loophole that allows our electoral process to be corrupted must be removed and any unfairness eliminated.

9.52 am

Dr. Alan Whitehead (Southampton, Test) (Lab): I congratulate the hon. Member for Broxbourne (Mrs. Roe) on securing this debate on an important issue that goes to the heart of the integrity of our electoral system. Our ability to rely on the electoral register when conducting our electoral business is the cornerstone of how we conduct our voting and judge the veracity of the results that stem from that process.

In this country, the electoral register has always been a process by which people record themselves for electoral registration. In future years—should an identity card be introduced, for example—that system could be strengthened by the production of an identity card when voting or registering. The hon. Lady mentioned the recent clean-up of the electoral register in Northern Ireland, which employed some of those techniques. However, because the electoral registration system is essentially voluntary, it always has been, and it still is, possible to abuse it by registering in the way that she described.

The hon. Lady drew our attention to a recent article in the *Daily Mail*, which, as I understand it, outlined the committing of a fairly grave offence—one punishable, I believe, by a substantial fine. My hon. Friend the Minister might consider whether proceedings ought to be instituted against the individual who has admitted in print to the fraudulent registration of a number of voters. The offence has been committed whether or not the person so registered exercises the right to vote: the fraudulent registration is the offence.

Fraudulent registration is possible in a variety of fields, and newspapers delight in pointing that out. If one is determined to do so, one can register for bogus gas and electricity bills, bogus car registrations and bogus passports, and the hon. Lady mentioned several such incidents. Nevertheless, the numbers involved are fairly small. As far as I know, large numbers of Australians are not making their way to Britain to

[Dr. Alan Whitehead]

register, get a vote and take part in elections, although some may well be making their way here for other reasons.

There is scant evidence of widespread fraud and personation in England, Scotland and Wales in recent years. That has not always been the case: in Victorian times, there was widespread evidence of personation and electoral corruption, with people receiving funds to vote. The Conservative candidate in the 1895 election in Southampton, Sir Tankerville Chamberlayne, gave his address as the first floor of the Dolphin hotel in central Southampton. Six strong men carried him shoulder-high from the first floor and placed him in a cart that they had previously unhorsed. They then pulled him to the Cowherds inn at Above Bar, and he waved to the crowds and threw sovereigns at them as he went. Incidentally, his election was ruled invalid, and a further election was held. These days, however, we have relatively clean and uncorrupt elections in the UK, and there is certainly little evidence of personation, fraud, undue influence, bribery and treating in our electoral system.

A much greater problem for the integrity of the electoral register is the fact that it does not record everyone who is available to vote. The numbers involved are not marginal—indeed, they are very considerable. We can form some impression of the extent of the problem by comparing the census figures for people over 18 in England and Wales in 2001 with the numbers on the electoral register in 2001 and subsequent years. The census shows that there were 40,249,000 people over 18 in England and Wales in 2001, but it is generally recognised that the census under-recorded the number of people by up to 1 million. So, leaving aside the marginal numbers of people who, as the hon. Lady mentioned, can vote in local elections but not national elections, the census itself under-records the number of people who can, in theory, register to vote. However, according to the electoral register for 2001, the number of people registered to vote in England and Wales was only 39,531,000. At only 700,000 less than the census figure, the gap does not appear to be enormous, but given the under-recording in the census itself, approximately 1.5 million people are not on the electoral register who should be.

The figures for registration in subsequent years show not only that the 39.5 million has not been maintained, but that it has fallen each year. In 2002, the number registered was 39,404,000 and in 2003, it was 39,192,000. That is the opposite of what we would expect. The 2001 census indicated the size of the population in 2000; the population would have grown a little since then, so the registration figures should have crept up marginally in line with the growth in population.

From those figures, I draw two conclusions. First, about 1.5 million people are missing from the electoral register. Secondly, in just over two years we have lost a further 300,000 people from the register. The gap is increasing as the years go by. However, there is worse news. If we delve a little deeper into those figures—we can do that thanks to the recent publication of the 2001 census figures for each constituency—we will see a wide variation in who registers where. The hon. Lady was kind enough to draw attention to a recent question of mine asking which were the top 20 constituencies of those that had lost a substantial number of electors over the two years in question. The answer included a large number of seats in Northern Ireland—as the hon. Lady said, they were the subject of the cleansing of the electoral register—and a number of Scottish seats. I shall concentrate on England and Wales.

Going more deeply into those figures, we see that a large number of seats have suffered a decrease of more than 5 per cent. in the number of electors between 2001 and 2003. The hon. Lady highlighted two of what we might call the worst offenders, but the list is a catalogue of constituencies—50 or 60—that have suffered a decrease of more than 5 per cent. in their electorate during those two years. The list included Brentford and Isleworth; Portsmouth, South; Leeds, West; Southport; Brent, East; Bolton, South-East; Lewisham, Deptford; Dulwich and West Norwood; Brent, North; Tyne Bridge; and so on. Significantly, those constituencies are overwhelmingly concentrated in inner city and urban areas—and, interestingly, in seaside towns.

A second test of the integrity of the changes that have occurred in the electoral register would be to compare the number of people aged over 18 in each constituency, as set out in the 2001 census, with the figures shown in the 2003 electoral registers for those constituencies in order to see how near they are to the 2001 census figures. Again, I emphasise that—if they are an accurate record—we would expect those figures to be close to 100 per cent. of the 2001 census figures for those aged over 18; indeed, they might even be 1 per cent. or 2 per cent. above the census figures, reflecting the increase in the number of people who became eligible to vote after the census. However, the 2003 figures show that a number of seats have more than 10 per cent. fewer people registered to vote than the 2001 census figure suggests. The list of constituencies seems remarkably similar—Brent, East; Hammersmith and Fulham; Brentford and Isleworth; Brent, North; Sheffield, Central; Hackney, South and Shoreditch; Dulwich and West Norwood; and so on.

The shocking fact is that, although the 2003 voter registration figures for a number of seats are 10 per cent. below the 2001 census figures, some of them are as much as 30 per cent. below. The figure for Brent, East is 70 per cent. of the 2001 census figure; for Hammersmith and Fulham and for Brentford and Isleworth 76 per cent., and for Sheffield, Central 81 per cent. In those constituencies, the number of people who are registering to vote bears no relation to the number of people who are really there—the census actually recorded them even if the register under-recorded them. The figures for overall electoral registration in the country mask such enormous variations, which are systematically concentrated in certain parts of the country.

We can see how concentrated they are by examining some of the seats that do not appear in the list and where the registration is stable. It could be that certain seats have always had a low registration and continue to have one, but they would not show up in the figures because they escape the artificial boundaries that I have set. I have concentrated on one particular county: Hampshire. I see present the hon. Member for Gosport (Mr. Viggers), whose constituency is included in this investigation. If we do the same comparison of those registered in 2003 and the 2001 census figures and we

examine all of the constituencies in Hampshire we find that most of them record 100 per cent. of the 2001 census figure or more. The figure for North-West Hampshire is 103 per cent. of the 2001 census; for Fareham it is 100.9 per cent.; for East Hampshire it is 103.1 per cent.; and for Gosport it is almost 100 per cent.—99.8 per cent. Again, however, the percentages in urban areas are far lower. The figure for Basingstoke is 94.4 per cent.; for Portsmouth, North 92.6 per cent.; and for Portsmouth, South 82 per cent. Therefore, it appears that in rural and suburban areas, by and large, the electoral registration process is keeping up with what one might expect in terms of population, whereas in urban and inner-city seats, that process is diverging radically from what the census reveals.

I imagine that by now many hon. Members will have glazed over at that recitation of interesting statistics—interesting to me, anyway. Nevertheless, there is a point that I feel is worth emphasising. Those statistics show that the real issue for the electoral register's integrity is that in a number of parts of the country, the registration process is simply not working. That should be of concern to all of us who value the register's integrity, who want the electoral process to deliver a result that the electorate can find legitimate and who want to ensure that when people come to vote in an election, they have the opportunity to do so. It should concern us all that in parts of the country—I have mentioned them—as little as 70 per cent. of the population is registered to vote.

I will make one final brief point about statistics. That drop in the number of electors—the under-registration of electors compared with the census—correlates closely to turnout at elections. The same seats that do not have many people registered for them and where the electorate is dropping in numbers also have low turnouts at elections. In the last election—these figures are not predictions for the next—the turnout figure for Brentford and Isleworth was 52.9 per cent.; for Portsmouth, South 50.8 per cent.; and for Leeds, West 49.9 per cent. That suggests that we have, to coin a phrase, a double whammy. We talk about a worrying drop in turnout, but in some instances we are talking about 50 per cent. of 70 per cent. That means that the actual turnout in some constituencies is 35 to 40 per cent. of those who, theoretically, could vote. Again, that raises fundamental concerns about the integrity of the electoral register and the legitimacy of our electoral system.

Sir Nicholas Winterton (Macclesfield) (Con): The hon. Gentleman is making a clinical presentation, which is certainly relevant and interesting. The one thing that he has not touched on is why people do not register to vote. People intentionally do not do so, for various reasons. Will the hon. Gentleman speculate on why, in many urban and inner-city areas, people do not register to vote? Failure to register is intentional; it is not accidental.

Dr. Whitehead: I am grateful to the hon. Gentleman for providing what one might call a sub-heading for my next set of observations. He is quite right: showing that there is cause to be concerned is not entirely sufficient. What we need to do is consider why the figures are as they are—albeit briefly, as I am aware that other hon. Members wish to contribute and I do not want to stay beyond my welcome.

It is true, as the hon. Gentleman says, that some people simply do not wish to register and will take steps to avoid doing so. It is also true, as my hon. Friend the Member for North-West Leicestershire (David Taylor) pointed out, that it was suggested in the early 1990s that a community charge register be set up separately from the electoral register. That can be counted among the effects of the poll tax. In theory, one would not have to look at one register to discover who was liable on the other. Local authorities were charged with establishing the two registers in parallel—an absurd process. However, a relatively large number of people thought that they would be, as it were, spotted for council tax charges if they registered and there was a substantial drop in registration. We have been recovering from that since, although, as I said, the figures from recent years suggest that we are not recovering and are in fact going in the opposite direction.

It is true that some people evade registration, but it is also true that in urban and inner-city areas the population is relatively mobile. The traditional methods of getting hold of people, which require them to be present at a certain time, have not enabled some people in such areas to be registered.

Mrs. Roe: Does not the hon. Gentleman agree that there are people who are registered on an electoral register somewhere else in the country? For example, many students will be on the electoral roll at home—where they come from—rather than in the inner-city area where they attend university or college.

Dr. Whitehead: The hon. Lady makes a point that is certainly valid, but universities are by no means located only in inner-city and urban areas. Since we are in the market for interesting statistics this morning—

Sir Patrick Cormack (South Staffordshire) (Con): We have had quite a few, have we not?

Dr. Whitehead: Indeed, and I thought that we might have one more. The city of Southampton has more students per head of population than Cambridge, yet neither is an inner-city area and both have a large number of students.

I have highlighted urban and the inner-city areas as places where the electoral registration system seems to be going seriously wrong. The problem is probably related to a number of the factors that we have discussed. It could be that some students and people who are fairly mobile or transient do not register and that registration forms do not reach people who change address. To an increasing extent, people do not read official material that comes through their letterboxes, and attempts by electoral registration officers to secure registration by traditional means—letters, reminders and canvassing—fail even when people are there and could register.

The returning officers in some of the constituencies that I have mentioned explain the considerable drop in registrations by saying that they have cleaned up their registers, as has been done in Northern Ireland. They have removed the names of people whom they have not managed to contact in the past year. The problem is not that the people are not there, but that they have not been

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contacted. Increasingly, in urban and inner-city areas, those who are registered are those who can register and who have been contacted by traditional methods.

My plea is that we should find ways to make registration easier and to contact people who are transient. Other methods of registering should be investigated; then, we might get a register that has integrity. I agree with the hon. Member for Broxbourne that having a register with integrity is a way to ensure that our elections are legitimate and that people believe that the outcome has been achieved by a means that they can endorse.

10.17 am

Sir Patrick Cormack (South Staffordshire) (Con): It is a great pleasure to address this sitting of Westminster Hall under your chairmanship, Mr. Deputy Speaker, and I am grateful for the opportunity. The hon. Member for Southampton, Test (Dr. Whitehead) has made a compelling, if not concise, case for compulsory registration, carefully and clinically supervised. I have some sympathy with that. To have the vote is a privilege as well as a right.

There is a case, which we could explore on another occasion—although the Minister might like to take the idea on board now—for holding a special census, with compulsory registration, and for everybody who registers for it to be on an electoral register. However, such a census, properly supervised, could happen only if there were rigorous safeguards to ensure that everybody was legitimately registered. My hon. Friend the Member for Broxbourne (Mrs. Roe) has done a great service not only to us here but to the House. I regret the fact that the debate is not taking place on the Floor of the House with a great many Members present, because she has highlighted an important issue and, as was apparent from her admirable and comprehensive opening speech, she has done a great deal of homework on it.

For a year, I have chaired my party's committee that liaises with the Electoral Commission. My hon. Friends the Members for Broxbourne, for Macclesfield (Sir Nicholas Winterton) and for Gosport (Mr. Viggers) sit on that committee, and we have had some useful discussions with Mr. Sam Younger and his colleagues. We have sought several times to highlight the problem of the register's integrity. On 24 March, I wrote to the Minister making some of the points that have been raised by my hon. Friend the Member for Broxbourne. I found his response a touch complacent.

Two separate issues have been raised today. The first, which needs to be addressed, is that described by the hon. Member for Southampton, Test. The other, which is what we are really debating, is the fact that people register with bogus identities. There is a suspicion that that problem might be much more widespread than we know. In many cases, electoral registration offices seem reluctant to probe the identity and credentials of those who register. It is no answer to that to say that one is committing a criminal offence if one registers in a bogus manner, because, as my hon. Friend the Member for Broxbourne has pointed out, many people find the form somewhat complex, and many come from other cultures and speak languages that are not English. They may therefore not be sufficiently conversant with the process.

There ought to be a process throughout the United Kingdom similar to that adopted in Northern Ireland. In his letter to me, the Minister says that the results and experience of the new Northern Ireland system are being considered. I hope that that is the case and that the system is being looked at expeditiously.

I hope that the Minister will say a little more about that. He is a highly intelligent man, and he is as concerned as I am about the integrity of the registry. He will acknowledge that it would be a problem if even half a dozen people got on a constituency register who were not entitled to be there. While accepting the limitations of the law, and that the law takes time to change, he should send a strongly worded letter to all electoral registration officers immediately, before the elections on 10 June. He should ask whether they are satisfied that they have conducted investigations into the integrity of their register and urge them to be particularly rigorous in future in ensuring that those who seek to register are entitled to do so.

The constituency situation referred to by my hon. Friend the Member for Broxbourne is worrying, and she is right to be concerned. We also know, and my hon. Friend referred to it, that we are approaching an election in which virtually half the population of England and about a third of the UK population—I think that those are the figures—will vote by post. That is a very large number of people. The Minister screws up his eyes at my arithmetic; perhaps I have it slightly wrong, but it is not very wrong. Certainly about half the electorate in England will vote by post on 10 June. That will be compulsory postal voting, which we have debated in the House. The Minister knows that I was very unhappy that the advice of the Electoral Commission was not followed more closely. However, that is over and done with. The House has decided; Parliament has decreed.

We are none the less concerned that people not necessarily entitled to be on the register will automatically receive postal votes and be encouraged to return them. That may well compound the situation that my hon. Friend has highlighted. If we are to move towards more widespread postal voting—I shall be sorry if we do so on a compulsory basis—we must be even more vigilant about the compilation of the electoral register.

Sir Nicholas Winterton: My hon. Friend makes a very important point. Does he agree that if one physically has to vote at a polling station, one's presence may well be challenged? If one votes by post, it cannot. Bearing in mind that many of the people in attendance at polling stations know a great many people in their areas, the chance of fraud and deception is much less. It is much greater with all-postal voting.

Sir Patrick Cormack: Of course. That is self-evident, and my hon. Friend is right to point it out. If he turns up at a polling station and claims to be Mr. Sam Bloggs, there are many people in Macclesfield who will think that that is not quite right, whereas if he fills in something in the privacy of his home, there is no means of checking it or detecting that.

We have all, of course, heard about cases involving houses in multiple occupation, houses where the ethnic culture is not quite the same as our own, or old people's

homes. We have heard anecdotal accusations of organisation of voting: it is easy to do that. When we had talks with members of the Electoral Commission, they were rightly exercised by that aspect. I urge the Minister to take immediate steps to contact electoral registration officers about those issues.

I want to touch briefly on eligibility to go on the register; my hon. Friend the Member for Broxbourne spoke about that and discussed the Commonwealth nations. I was disappointed that when I wrote to the Minister on the matter, he replied:

"While I note your observations on this matter, we do not plan at this time to ask the Electoral Commission to carry out a review of eligibility for registration."

It would be appropriate to carry out a review. Reciprocity is the thing. I have no objection to the system that applies to citizens of the Republic of Ireland, or of those other nations, including South Africa, which my hon. Friend listed, where there is reciprocity. However, where there is no reciprocity, I wonder whether we should persist in automatically giving the right to vote in all elections in this country. It is a question of fairness and balance, and I am not sure that we have got it right.

I shall end where I began, following the comments of the hon. Member for Southampton, Test who highlighted an important issue. If we are seriously contemplating compulsory identity cards—I am not one of those with a big hang-up on the issue—there is a real case for compulsory registration and for telling people that if they are not registered, they cannot receive benefits or do this, that or the other. People should register as a subject and citizen of the country, and all rights and duties should flow from that. I see no sensible objection to that proposition. It should be considered.

I would even say that I prefer compulsory voting to the proliferation of postal ballots. Compulsory voting does not mean having to register a vote for a Labour, Conservative, Liberal or any other candidate. It means having to turn up or fill in the postal form and vote. I am conscious that there are three wind-up speeches to come, so I shall end there. I thank my hon. Friend the Member for Broxbourne for what she has done, and I hope that the Minister will give us a positive and encouraging reply.

10.28 am

Mr. David Heath (Somerton and Frome) (LD): I, too, congratulate the hon. Member for Broxbourne (Mrs. Roe) on securing the debate. It is extraordinary that the democratic process, which is the lifeblood of the House, often seems to be such a peripheral and marginal issue here. It is left to those who can be loosely described as anoraks to pore over the details of the statistics and processes. I should like to think that all our colleagues in this place understand the difficulties of the electoral process and take an active interest in it.

Like the hon. Member for Broxbourne, I have been asked on occasion to monitor elections elsewhere. As a member of the parliamentary assembly of the Organisation for Security and Co-operation in Europe, I have on occasion been asked to go to the emerging democracies in central and eastern Europe to assist in elections. Indeed, I was in Georgia not long ago to see the elections in Tbilisi.

I find it extraordinary that we often fervently preach about the benefits of strict democratic process and argue about the merits of a democratic structure in our country while retaining a partly appointed and partly hereditary House, but that is an aside. The point is that we often cannot sustain such arguments when our own arrangements are considered, because they are open to abuse.

I do not argue, by extension, that our arrangements are habitually abused to a great extent, as there is abundant evidence that that is not the case. However, it is dangerous to be complacent and to assume that we will always have a reasonably clean electoral system because that has been the case historically, or that we should not endeavour as much as we can to maximise the integrity of the system. That is what the debate is about, and that was the context of the valuable contributions of the hon. Members for Southampton, Test (Dr. Whitehead) and for South Staffordshire (Sir Patrick Cormack).

The potential problems with our electoral system have all been dealt with, to some extent, in previous contributions. The first such problem is false registration. The point of entry, as it were, of the hon. Member for Broxbourne was the concern that it is relatively easy for one to register oneself falsely.

I can think of three reasons for doing that, the first of which is to establish a false identity for purposes outwith the electoral process, and I have no doubt that that happens. The second reason is to perpetrate electoral fraud. I do not know the extent to which that is a problem; I do not think that anyone does. The view expressed by the Minister in previous exchanges on the matter when considering legislation smacks of complacency of a high level. The fact that there have been relatively few prosecutions means not that the problem does not exist, but that it is not being detected. It is arguable that the processes by which it could be detected are so deficient that we are unlikely to have a high number of prosecutions.

However, there are occasional prosecutions. It is unfortunate that we could not refer to a case during proceedings on the European Parliamentary and Local Elections (Pilots) Bill concerning a gentleman who was prosecuted for electoral fraud at an all-postal ballot election. The hon. Member for Surrey Heath (Mr. Hawkins) will know of it, as the gentleman concerned was from his part of the country.

Mr. Nick Hawkins (Surrey Heath) (Con): The hon. Gentleman is absolutely right, but I would be grateful if he confirmed that, although the case was, as he put it, in my part of the country, it was not in my constituency.

Mr. Heath: I am happy to confirm that. Having listened to the hon. Gentleman last night in the House with great interest, I know that he has enough problems in his constituency, and I do not want to add to them. I understand that the case involved an elected Conservative councillor in the Guildford constituency, who was convicted.

That case at least serves as evidence that such things do happen. They happen in all parties—this is not a party political point. There have been instances of electoral fraud in all the major parties.

[Mr. Heath]

I ask the Minister the question that I asked the hon. Member for Gosport (Mr. Viggers) when he was representing the Speaker's Committee on the Electoral Commission: will the admirable code of conduct produced by the Electoral Commission be sent to every candidate in future elections? It is important that people understand what they must and must not do regarding electoral registration, so I hope that that will be the practice. I am grateful to the hon. Gentleman for his helpful response to my question, but it also needs the imprimatur of Government to suggest that it is a necessary part of spreading the word of good practice.

Mr. Peter Viggers (Gosport) (Con): Since the hon. Gentleman has referred to me, may I explain my role in speaking on behalf of the Speaker's Committee on the Electoral Commission? That committee has quite narrow responsibilities with regard to the commission. When I answer questions once a month, I try to incorporate the views of the commission and to make it clear that they are its views. It is not part of my responsibilities to express my personal views in sittings such as this.

Mr. Heath: I am grateful to the hon. Gentleman for that contribution. He discharges his duties on that matter extremely well both in the House and elsewhere.

I was saying that there are three areas of false registration—false identity, electoral fraud and, thirdly, sheer stupidity. Every year, some clown comes forward, appears in the popular press waving his electoral registration card for his dog, cat, pet budgie or three-year-old child, and says, "A stupid electoral registration officer sent me this card," not realising that it is they who are stupid for having put that name in the wrong column on the registration form. It upsets me that the press never seem to understand that simple fact. They think that such stories are just a jolly good way to bash yet again the local authority and the electoral registration officers for not knowing what they are doing, despite the fact that someone has committed an offence. The offence was probably committed not intentionally but because of an inability to understand the instructions, but it is nevertheless an offence.

The second area of concern, which I will not dwell on, is multiple registration. I have difficulties with that. I had a long argument during discussions on the Representation of the People Act 2000, because I confess that I do not understand the electoral arrangements whereby one can register in more than one place when the qualifying date is a specific time in the year when one is supposed to be in residence for one evening.

I was repeatedly assured by the then Minister with responsibility for that matter that I was wrong to have disqualified myself from registration at my London flat because I was registered in Somerset. I thought that I was interpreting the rules correctly, but I was told, "No, it is perfectly proper to register in more than one place, provided that you exercise your vote only in one place at an election." If I, as a reasonably well informed member of the public on this matter, am confused, a lot of other people must also be confused. We need to clarify what is allowed.

I think that it is rare for people deliberately to register in order to exercise their vote in a number of different constituencies, but I am sure that there are people who do that. They need to have a fast car to move from polling station to polling station, but that has been known to happen.

Non-registration is a factor in highly mobile populations, in areas where there are institutions of higher education, and in places where there are many houses in multiple occupation. It also occurs in constituencies that are ethnically diverse and have many young people. It should be of deep concern, as the hon. Member for Southampton, Test said. The rolling register was supposed to help deal with that, but it has not—possibly because people do not understand that register, as it has not been sufficiently well advertised.

All-postal voting, combined with non-registration or false registration, is potentially very dangerous. E-voting will be equally problematical. In Ireland, a major IT programme has been abandoned simply because it could not be made to work, despite high expectations. The hon. Member for Broxbourne has raised some important issues. I am not convinced that the co-ordinated online register of electors, which I am sure the Minister is going to talk about, is the answer.

On the Commonwealth, I agree with the hon. Member for South Staffordshire that the problem is a relic of empire. People being able to say, "Civis Britannicus sum" is something that we can perhaps no longer deal with. Should we not consider the experience in Northern Ireland, where we have made advances, see what lessons can be learned for mainland Great Britain and perhaps have an electoral system with a great deal more integrity than we have potentially at the moment?

10.40 am

Mr. Nick Hawkins (Surrey Heath) (Con): Thank you, Mr. Cook. I am glad to be here under your chairmanship, Mr. Deputy Speaker—

Mr. Deputy Speaker: Order. I must remind the Chamber that the House, in its wisdom or otherwise, decided that occupants of this Chair, while they were sitting in it, should be addressed as Mr. Deputy Speaker.

Mr. Hawkins: I corrected myself as you were rising, Mr. Deputy Speaker, and I apologise. I am glad to be here under your chairmanship.

I sincerely congratulate my hon. Friend the Member for Broxbourne (Mrs. Roe) on securing this important and timely debate and on what she said. On behalf of the Conservative Front-Bench team, I say that we as a party agree with the vast majority of what she set out this morning.

I was particularly struck by the extraordinary decreases in the numbers of electors in certain seats to which my hon. Friend referred. Brentford and Isleworth and Portsmouth, South—the two with the largest reductions—are both seats that I know quite well. I agree with what she said about reciprocity, which was also mentioned by my hon. Friend the Member for South Staffordshire (Sir Patrick Cormack) and by the hon. Member for Somerton and Frome (Mr. Heath). Reciprocal rights to vote in elections in both countries are crucial. The House should perhaps investigate

reciprocity. There is now a Select Committee that shadows the work of the Minister's Department. Perhaps all hon. Members should talk to its Chairman about a future inquiry into reciprocity.

As my hon. Friends know, we have expressed concern about how the Electoral Commission, which was set up by the Government, valuable though much of its work has been, is perhaps developing a life of its own and producing a vast number of glossy brochures and so on, as so many newly created bodies tend to do. The House could valuably consider reciprocity. Perhaps my hon. Friend the Member for Broxbourne could look at it in future. Both of us might speak about that to the right hon. Member for Berwick-upon-Tweed (Mr. Beith), Chairman of the Speaker's Committee on the Electoral Commission, and suggest that the Select Committee investigate it.

The hon. Member for Somerton and Frome, the Minister and I are veterans of what he memorably described as the groundhog day debates on the European Parliamentary and Local Elections (Pilots) Bill. We went through the same arguments about six or seven times in the ping-pong before Easter between the two Houses of Parliament. In that debate, I expressed the concern—it was also the view of the Electoral Reform Society, for which I have a great deal of time, because it provides independent, objective advice to all hon. Members on matters to do with elections—that large-scale fraud in British elections was now possible for the first time in 130 years.

I was pleased that, as a result of the efforts of my noble Friends in repeatedly defeating the Government in another place, the Government were impelled in the end to make certain concessions to the Lords and to introduce some extra safeguards on the postal pilots, as they were described, although half the country will be voting by post in those so-called pilots. That was the main issue of contention. However, even the extra safeguards that we forced the Government to include in the European Parliamentary and Local Elections (Pilots) Bill do not go far enough. We are still concerned about some of the things that my hon. Friends the Members for Broxbourne, for Macclesfield (Sir Nicholas Winterton) and for South Staffordshire have commented on. We will continue to raise such points in debates.

My hon. Friend the Member for Broxbourne said that the question of who is eligible to vote should be the priority focus before the introduction of what the Government call multi-channelled, e-enabled elections. I have made much fun of the Minister's obsession, and that of his officials, with trendy phrases such as multi-channel elections. The Government have got another thing coming if they really believe that talking about multi-channel elections will make it easier for the ordinary voter to understand elections. I do not believe that the ordinary voter has a clue what the Government mean when they talk about multi-channel elections. We must get back to traditional ways of persuading the electorate that elections and politics are important.

I have been slightly critical of the Electoral Commission and its work, but it has said some very interesting things. I received its latest brochure, "The register", in my parliamentary post this morning. It contains some quite interesting things to which I do not have time to refer in detail this morning, but I advise my hon. Friends to read in particular the very sensible views expressed on the last page by an office manager in Copenhagen on the European parliamentary elections. I particularly agree with those views.

My hon. Friend the Member for Broxbourne rightly said that returning officers need to be given more direction on the scrutiny of the electoral register, and protected from accusations of racism and harassment. I agree with the hon. Member for Somerton and Frome that electoral registration officers are busy local government officers with other duties who are often much put upon and insufficiently supported. I hope that, when the Minister responds to this short but important debate, he will make it clear that the Government strongly support electoral registration officers, who have a difficult job that, in my experience, they do as best they can in difficult circumstances and often under great pressure of time. They should be better supported in order that they may make the investigations called for by my hon. Friend the Member for Broxbourne.

As my hon. Friend the Member for South Staffordshire said, the hon. Member for Southampton, Test (Dr. Whitehead) may have gone a little wrong in his extensive contribution to the debate in being so critical of the newspaper that revealed how easy it was to misregister and to commit other electoral abuse. Would the hon. Gentleman have said the same if the matter had been investigated by *The Guardian*, the *New Statesman* or *The Independent*, and not by the newspaper that is the hate figure for all Labour Members?

Dr. Whitehead: The answer is yes.

Mr. Hawkins: The hon. Gentleman says yes. We await his reactions if that happens. I believe that that newspaper performed a public service. It has the resources to find out how weak the system is, and the Government have been very complacent about that. Seats in parliamentary elections can be decided by tiny majorities. By my calculations, in the 2001 general election, 28 seats in this House were won by a majority of less than 1,000, including the seat of the hon. Member for Somerton and Frome. The lowest majorities were 33, 48, 53, 74 and 128. Those tiny majorities show how easily only a few people indulging in electoral fraud can change an election.

Mr. Heath: The hon. Gentleman is absolutely right—a marginal seat such as mine is open to such abuse. However, it also produces the highest turnout because people feel that they have something worth voting for, which they do not feel in European or local elections, where decisions appear to be taken elsewhere.

Mr. Hawkins: I agree. For a moment, I thought that I could convert the hon. Gentleman or his party to returning to single Member European constituencies and restoring that constituency link.

In response to an intervention from my hon. Friend the Member for Macclesfield, my hon. Friend the Member for South Staffordshire rightly said that the chance of fraud is much greater in the case of all-postal votes. I agree with what he said about the dangers in respect of houses in multiple occupation. He urged the Minister to take urgent steps to contact electoral

[Mr. Hawkins]

registration officers. Again, I agree with his comments. He also said that there was a real case for compulsory registration. That could be looked into further, and I hope that the Select Committee on Constitutional Affairs will do so.

The hon. Member for Somerton and Frome mentioned his experiences in Georgia and the elections in Tbilisi. He rightly said that we do not know the extent of electoral fraud. There has not been enough investigation. He also rightly said that Ministers are far too complacent because it is unlikely that fraud will be detected. A detective chief inspector of the west midlands fraud squad, Dave Churchill, said:

"The current election system is based on trust and that trust is being eroded".

Some form of identification is needed both for voters at the polling stations and for those who vote by post. The new postal voting system provides an opportunity for malpractice.

I pay tribute to my hon. Friend the Member for Gosport (Mr. Viggers) and the work that he does in the House. I am pleased that the hon. Member for Somerton and Frome talked about press misreporting when things go wrong, and about the issue of stupidity. There may be only a few voters who deliberately vote several times in different places, but that can swing an election. This is a serious issue, and I am grateful to my hon. Friend the Member for Broxbourne for bringing it to hon. Members' attention. We will doubtless return to it on many occasions.

10.50 am

The Parliamentary Under-Secretary of State for Constitutional Affairs (Mr. Christopher Leslie): I, too, congratulate the hon. Member for Broxbourne (Mrs. Roe) on securing this debate, which has shown that all hon. Members from all parties rightly continue to be vigilant about the need to have an accurate electoral register. We all agree on that, even though we may differ on the different techniques to achieve that. I appreciate the interest and concern that have been shown on the subject.

Voter registration is clearly fundamental to the democratic process. It is the obvious basis on which all our other electoral processes are built. We fully recognise the importance of accurate and up-to-date electoral registers. Without being on the electoral register, a person is not able to exercise his or her right to vote. We also recognise that it is crucial to have public confidence in the systems in place for voter registration, and to ensure that they are secure and that only eligible persons appear on the electoral register, as the hon. Member for South Staffordshire (Sir Patrick Cormack) urged.

In addressing voter registration procedures, a balance needs to be struck. It is important to make voter registration convenient and flexible to help to maximise voter registration, but we must tackle understandable worries about the registration system being open to abuse. The hon. Member for Broxbourne made that point.

It might be useful to consider briefly the eligibility criteria for registration. Under electoral law, British citizens, qualifying Commonwealth citizens and citizens of the Republic of Ireland are eligible to register to vote in all UK elections. The term "qualifying Commonwealth citizen" was introduced in the Representation of the People Act 2000. That amended the eligibility criteria for Commonwealth citizens, as a result of which only Commonwealth citizens who have the right of abode in the UK, or who have leave to enter or to remain in the UK, are now eligible to register to vote.

The hon. Lady raised several points about reciprocity between Commonwealth countries and this country. I do not have the statistics to hand on the number of our citizens who vote in those countries, but I shall look into that matter in more detail. We have well established arrangements that operate on the basis of the good faith relationships that we have with those countries. There are no plans to change that.

Our provisions mean that persons who are here perhaps illegally are not eligible to register to vote. For example, asylum seekers, including those who are Commonwealth citizens, are not eligible to register to vote, as an asylum seeker acquires leave to remain in the UK only if his or her claim is successful. Furthermore, under the Maastricht treaty, citizens of the European Union living in the United Kingdom have been eligible and entitled to register to vote in UK European parliamentary elections since 1994, and in local elections since 1996.

It is obvious, but worth restating, that the people responsible for compiling electoral registers are the local authorities. Electoral registration officers are officers of local government and have a key role in the voter registration process. The Representation of the People Act 1983 requires local authority electoral registration officers to compile electoral registers accurately. They play a key part in ensuring that eligible people complete and return voter registration forms. They also have a key role in publicising voter registration arrangements.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) made eloquently the point that, although there are concerns about the possible abuse of the registration system, to a large extent, our voter registration procedures are based on trust and good faith with the wider community. Given the volumes involved, that needs to be the case, although a number of offences guard against misinterpretations and malpractice.

I am aware of the *Daily Mail* article about a reporter who fraudulently registered to vote in a number of constituencies. I should explain that it is an offence for a person to register fraudulently and for a person so registered subsequently to vote in an election. The Electoral Commission has been looking into the registration process and has found that a great majority of electoral registration officers have reported no experience of fraud.

However, we do not wish to be complacent and we want to continue to be vigilant. We have given electoral registration officers a range of powers to enable them to carry out their duties. Fairly recently, regulation 23 of the Representation of the People (England and Wales) Regulations 2001 permitted an electoral registration officer to require any person to give information required for the purposes of that officer's duties in maintaining registers of parliamentary and local elections.

It is an offence, punishable on conviction by a fine not exceeding £1,000, to fail to comply with a request for information from an electoral registration officer or to give false information. Prosecutions for non-compliance are initiated at local discretion. Importantly, the electoral register compiled by the electoral registration officer must be published and available for public inspection. Entries on the register can therefore be checked by political parties, by candidates and by members of the public.

Sir Patrick Cormack: Will the Minister follow up my suggestion and write to all electoral registration officers?

Mr. Leslie: We are in regular contact with electoral registration officers and I personally have a lot of trust and faith in the job that they do. I do not want to suggest that I am losing confidence in their ability to do a good job. As yet, I do not see the evidence that would require me to take that step. However, we are always reviewing such matters.

I want to come to a point mentioned by the hon. Member for Broxbourne. It was suggested that some electoral registration officers have declined requests to investigate the inclusion on the register of certain persons on the basis that that could be construed as discriminatory. What steps to take to ensure that the registers are accurate is a matter for an individual registration officer's judgment.

The ethnicity of a name on an application should not in itself invalidate inclusion, but nor should it preclude an electoral registration officer, who believes that they have a just case, from making inquiries about eligibility. That electoral registration officer would be responsible for compiling as accurate a register as possible, and the integrity of the democratic process is in no small measure dependent on their doing so. It follows that such a registration officer should have discretion to make reasonable inquiries to satisfy themselves about the eligibility of applications, provided that they do so courteously and sensitively.

If Members of Parliament or candidates have evidence that the electoral register contains inaccurate entries, they should inform the relevant electoral registration officer. If MPs or candidates consider that a registration officer is failing to investigate cases of alleged misregistration, they may wish to take the matter up with the chief executive of the local council.

This has been a useful debate. My hon. Friend the Member for Southampton, Test raised a wider question about the relationship between the census and the smaller register of electors in some urban areas. There may be issues to do with transient, mobile populations that we can consider another time.

I believe that we have put in place strong measures. They include rolling registration, which allows a registration officer to take persons off a register at any time, rather than just on one particular day a year. The changes that we have made ensure that we have the best registration process in history, and probably one of the most accurate electoral registration processes in the world.

Asylum Centres (Independent Monitor)

11 am

Tony Baldry (Banbury) (Con): In spring 2002, to the Government's great embarrassment, nightly television news showed footage of young men—asylum seekers from the Sangatte camp in France—getting to England through the channel tunnel. The asylum system was clearly out of control, and with a record 84,130 people claiming asylum in the UK, Ministers desperately needed to be seen to be doing something—anything—to get a grip on the situation. In response to the Sangatte television footage, Home Office Ministers decided that they would establish a network of accommodation centres across the country, where asylum seekers could be taken and processed.

As is so often the case, the Treasury was not wholly impressed by the Home Office's ability to spend ever more money on tackling asylum seekers. It is clear that the Treasury said that the experiment of accommodation centres could go ahead, but only if comparatively few centres were built. To restrain the costs further, the centres had to be built on land that was already owned by the Government, such as surplus Ministry of Defence land. The outcome of such financial horse-trading in Whitehall was a policy to build a small number of accommodation centres, each housing up to 750 asylum seekers for up to six months at a time.

From the outset, the policy was completely friendless. It was opposed by every organisation concerned with the welfare of refugees, from the Red Cross to the Refugee Council. Those organisations believed that the accommodation centres were the wrong size and in the wrong place. In April 2002, eight such organisations, representing a broad cross-section of concerned groups, including the Refugee Council, the British Medical Association and Save the Children, wrote a joint letter to the Home Secretary in which they made their views clear. They told the Home Secretary:

> "Supporting asylum seekers in the community—rather than accommodating them in centres—should be the objective of the government's asylum accommodation policy."

Likewise, Oxfam stated that

> "the size of such centres is a major concern."

The National Association of Citizens Advice Bureaux expressed concern about the fact that

> "residents will largely be confined to the centre, with . . . little if any ability to engage in purposeful activity off-site."

The Immigration Law Practitioners Association said:

> "we are concerned about the effectiveness of private contractors running accommodation centres, and that 'commercial confidentiality' will obscure how centres are run."

The association's assessment was absolutely accurate: on the ground of commercial confidentiality, the Home Office has never been willing to give any costs for the centres.

The Home Office never managed to find a single organisation that supported its plans, but, with the help of their substantial majority, the Government did not have much difficulty driving their proposals through the House of Commons. However, as is so often the case with legislation that has not been properly thought through or scrutinised in the Commons, it was left to the other place to try to introduce some semblance of sanity

[Tony Baldry]

into the Government's completely friendless proposal. On two occasions, the other place voted down a proposal for large accommodation centres stuck out in remote rural locations.

Critics in the other place came from all parts of the House. The Labour peer Lord Clinton-Davis, a former EU commissioner, observed that

"Every organisation ... is against the idea that rural circumstances should prevail as regards accommodation centres",

and added that

"with the depth of their experience, I believe that they are probably not wrong."—[*Official Report, House of Lords*, 6 November 2002; Vol. 640, c. 780.]

Lord Dholakia, on behalf of the Liberals, said that there should be smaller accommodation centres. He expressed his hope that Ministers would find it possible, even at that late stage, to take into account the modest amendments that had been put forward for smaller centres, on the basis of the model that the Refugee Council had proposed. Lord Judd, who, as the Minister knows, has considerable experience with policy relating to refugees, observed:

"When so many people with so much experience and expertise in this area are saying that part of what the Government are still proposing is almost certainly going to cause problems and damage, I find it difficult to understand why the Government insist on continuing with that part of their proposals."—[*Official Report, House of Lords*, 6 November 2002; Vol. 640, c. 774.]

The Government had a somewhat nail-biting time. The end of the Session was approaching, and if agreement could not be reached with their lordships, there was a danger of their losing the Nationality, Immigration and Asylum Bill. Literally at the last moment—like a rabbit out of a hat—the Home Secretary produced the idea of an independent monitor of accommodation centres. To quote the statute—this is, after all, a statutory provision—the independent monitor will have a statutory responsibility to assess

"the quality and effectiveness of accommodation and other facilities provided in accommodation centres ... the nature and enforcement of conditions of residence ... the treatment of residents, and"—

importantly—

"whether, in the case of any accommodation centre, its location prevents a need of its residents from being met."

Supposedly, therefore, we were to have an independent person with statutory authority who would have a statutory responsibility to consult organisations concerned with the welfare of refugees and asylum seekers and to consider the suitability of sites from that perspective.

The measure was brought before the House of Commons rather hurriedly one Thursday morning right at the end of the Session. Anyone with any common sense assumed that the independent monitor would be appointed reasonably shortly thereafter and would advise the Home Secretary on the suitability of locations before Ministers went ahead with building accommodation centres. It is fair to say that the Home Secretary did nothing to disabuse the House of that view—indeed, rereading his comments that day, one can see a mastery of what was, I suspect, deliberate ambiguity and obfuscation. He said:

"We want to ensure that we have thought the matter through and have an evidence-based approach ... The measure is an addition, an underpinning and a reinforcement of the process with regard to, for instance, education, on which we said that a special or specific need might have to be met in a different way. We now accept that that might be dealt with in a broader context, with the monitor offering a view."—[*Official Report*, 7 November 2002; Vol. 392, c. 456.]

I am not quite sure what that meant, but the Home Secretary certainly gave not a scintilla of an impression that the independent monitor would not be appointed until after accommodation centres had been built.

With the introduction of the independent monitor, the Bill was passed. Only then did everyone discover that the Government, in their Alice in Wonderland world, had drafted the statute in the way that they had because they intended the independent monitor of accommodation centres to advise

"whether, in the case of any accommodation centre, its location prevents a need of its residents from being met"

only once a centre had been built. How crazy is that? The Treasury could spend millions of pounds of taxpayers' money, only for the independent monitor to advise that the location was unsuitable.

Ministers have persistently refused to give any indication of how much accommodation centres will cost the taxpayer on the grounds that the information is commercially confidential. However, one can reasonably assume that the cost will not be inconsequential, because Ministers would otherwise be more than happy to brief the press about such a cost-effective way of processing asylum applications. Two reasonable inferences can be drawn from the lunacy of the Government's policy: either the Government are perfectly happy to waste millions of pounds in nugatory expenditure, or they have absolutely no intention of heeding the independent monitor's advice. The latter would, of course, be entirely characteristic of the Government's behaviour to date in respect of accommodation centres.

Ministers went through the farce of submitting a planning application for the accommodation centre on the outskirts of Bicester and going through a public inquiry. At the Dispatch Box, the right hon. Member for Stretford and Urmston (Beverley Hughes), then the Minister for Citizenship and Immigration, said in the clearest possible terms:

"The Government have made it clear that we will abide by the planning process, and by the outcome of any public inquiry. That is both fair and democratic".—[*Official Report*, 5 November 2002; Vol. 392, c. 152.]

Any reasonable person would have concluded from that that Ministers intended to abide by the advice of the planning inspector whom the Deputy Prime Minister appointed to conduct a public inquiry.

The inquiry duly took place and lasted from 10 December 2002 to 3 March 2003. It heard from about 30 witnesses, although the Government could not find a single witness or organisation, apart from Home Office officials, to speak on their behalf. In due course, the

inspector reported, and his conclusions were clear and unambiguous. He concluded that, on planning grounds, the development should not go ahead, saying that

"In making the overall decision it is my view that greater weight should be attached to the factors against the proposal than for it. I say this for three reasons. First, the need to create a more sustainable pattern of development lies at the very heart of the Government's well-established approach to land use planning in this country. It would, in my view, be inappropriate for the Government to make an exception in respect of its own development. Second, the necessity for, and the benefits of, the proposed Accommodation Centre being in this rural area were not, in my view, shown by the Home Office to be convincing or overriding. The proposal seems to me to be driven by the availability of some surplus Government-owned land and by an undemonstrated belief that this rural location would aid the self-containment of the Centre. Third, the risk of road accidents involving pedestrian asylum seekers and others is, in my view, a very real, practical worry that was given insufficient attention by the Home Office. My overall conclusion is, therefore, that on balance, the First Secretary of State should not give approval to the proposed development."

In other words, the first two reasons are based on policy considerations—the inspector's view being that it had not been established that the development was appropriate in a rural area—and the third on specific concerns about safety.

Did the Government heed such a clear recommendation? No! The Deputy Prime Minister metaphorically put two fingers up to the advice of the inspector, and said that—as is often the case with Government policy—they would go ahead anyway, regardless of what any public inquiry said. Recalling the words of the former Minister for Citizenship, Immigration and Community Cohesion, it is difficult to see how such steamroller tactics on the part of the Government are either "fair" or "democratic".

As the Minister will know, the matter went to the High Court by way of judicial review, and may well go to the Court of Appeal as a consequence of that review. For that reason, I will say nothing more, other than that, as it was quite clear that the Government had no intention of heeding the advice of their own independent planning inspector, one has to ask whether they will be willing to heed the advice of the independent monitor.

That takes us back to the independent monitor. The Government say that they are keen to get on with the plans, but so far no independent monitor of accommodation centres has been appointed and no advertisement for the post has appeared. It seems that the Government hope to spend millions of pounds of taxpayers' money on an accommodation centre for asylum seekers on the outskirts of Bicester. At some stage, prior to the centre receiving any asylum seekers, they will have to appoint an independent monitor. If they fail to comply with their statutory duty to do so, I assure the Minister that the Government will be taken to judicial review. They will have to give the independent monitor reasonable time in which to carry out his or her statutory responsibilities and to consult—and it will clearly be reasonable of the independent monitor to consult with those organisations that are concerned with the welfare of refugees. If the monitor is not given reasonable time to consult, the Government will be taken to judicial review.

We know from the letter of April 2002 to the Home Secretary what the organisations concerned with the welfare of refugees and asylum seekers are likely to say. They will almost certainly repeat their previous concerns about the proposed centres being the wrong size and in the wrong place. In those circumstances, it would not be unreasonable of the independent monitor to conclude in respect of

"the quality and effectiveness of accommodation and other facilities provided"

in the accommodation centre and—again, I quote from the statute—

"whether, in the case of any accommodation centre, its location prevents a need of its residents from being met".

that Bicester is not a suitable location for an accommodation centre in relation to the welfare of asylum seekers. If that is the advice that Ministers receive, and if they ignore that advice from the individual in a post established on purpose by statute to render such advice, I tell the Minister that the Government will be taken to judicial review. That is a matter on which Ministers may well be wise to seek the advice of Treasury counsel, but I think that they would be advised that there is every possibility that the Government would lose in the High Court.

The Government's approach is altogether crazy. I cannot believe that the Treasury will be willing to allow the Government to spend millions of pounds on a project that might never happen. Surely the sensible way forward is for the Government properly to advertise for an independent monitor of accommodation centres, to recruit such a monitor, and to allow him or her to carry out their statutory remit of consulting—I quote from the statute—

"the Secretary of State, and . . . such other persons as he considers appropriate";

and reporting to the Secretary of State on whether an accommodation centre's

"location prevents a need of its residents from being met."

The Government should do that before they proceed with their plans for an accommodation centre at Bicester.

There can be no justification for or logic in waiting until an accommodation centre is built before asking the independent monitor to carry out his or her work, unless the Government and Treasury are willing to risk wasting millions of pounds of taxpayers' money, or the Home Office is simply determined to ignore whatever advice it receives from the independent monitor. Home Office lawyers told the planning inquiry during cross-examination that

"Bicester will remain to have a trial accommodation centre even if the trial does not work. There would have to be an effective return on the Government's investment."

Neither approach is sustainable. The former—wasting millions of pounds of taxpayers' money—is likely to fall foul of the National Audit Office and the Public Accounts Committee, and the latter is, I hope, likely to fall foul of the High Court on judicial review. My advice to the Minister, therefore, is to get on and do what both Houses of Parliament thought that that Government were going to do when Parliament passed the Immigration, Nationality and Asylum Act 2002, and appoint as soon as possible an independent monitor for accommodation centres.

11.15 am

The Minister for Citizenship and Immigration (Mr. Desmond Browne): In my maiden speech in this Chamber as the Minister for Citizenship and Immigration, I congratulate the hon. Member for Banbury (Tony Baldry) on securing the debate. I have been in the job only five weeks, but having seen how much time dealing with this issue has required in those five weeks, I pay tribute to the hon. Gentleman. I recognise the efforts that he has made on behalf of his constituents since January 2002, when we announced our interest in a site in his constituency for an accommodation centre.

The hon. Gentleman set out, appropriately, to establish an historical perspective, with reference to the legislation that has given rise to the prospect of an accommodation centre in his constituency. I remind hon. Members first of the reasons that the Government gave, and still give, for introducing accommodation centres, but as a mark of the significant contribution made by my predecessor in this job, my right hon. Friend the Member for Stretford and Urmston (Beverley Hughes), I must record the fact that the figures that the hon. Gentleman gave, although correct for the time in question, have now been significantly reduced. There are now half, or less than half, that number of asylum seekers seeking to enter the United Kingdom. We have significantly improved our ability to process applications, with 80 per cent. now being processed in two months, and we have doubled the 1997 figure for people removed after unsuccessful asylum applications.

Accommodation centres are being established to improve the asylum process and are an integral and key part of our reforms, which are already having a significant effect on the numbers, processing and removal of asylum seekers. Accommodation centres form part of a robust and well managed end-to-end asylum system of induction, accommodation, reporting and removal centres, and will provide a supportive environment for asylum seekers who are destitute. Most important, the centres are a means of improving the management of contact with asylum seekers. There will be much closer contact with asylum applicants and faster processing than is generally possible at present with dispersed applicants. That will speed up even further the decision-making process. In addition, accommodation centres will reduce pressure on local services by providing all basic services on site, including education and health care. I know that those issues have exercised the hon. Gentleman, as I have recently corresponded with him on those and related matters. The centres will also provide the opportunity for better rates of return of those who fail to obtain refugee status, as well as speed up the returns process. They will also be best placed to ensure that those who are granted refugee status—newcomers to our society—are integrated appropriately.

In the light of the ongoing appeal I am sure that the hon. Gentleman will understand why I am constrained in speaking about the subject of the debate, and in responding to some of the observations that he made. Indeed, he recognised a constraint on the manner in which the issues can be debated, as an appeal is under way.

Tony Baldry: There is nothing about the independent monitor in matters before the High Court or the Court of Appeal. Therefore, the Minister is in no way constrained from responding to my points about the independent monitor.

Mr. Browne: I am grateful for that advice. The hon. Gentleman and I share a legal background. However, for illustrative purposes, the hon. Gentleman's speech covered a much broader subject area than the independent monitor; he rightly set the scene and explained some other factors. As I am a Minister and there is an appeal ongoing, I cannot respond fully in respect of some of those factors, but I want to put it clearly on the record that I do not concede the points that the hon. Gentleman made.

I want to focus on the issue that the hon. Gentleman has chosen to debate, so I turn now to the subject of the monitor. The Government's position has always been clear: decisions on the location of accommodation centres will be made by the Secretary of State, subject to the planning process. We have abided by that decision since we began site searching in 2001. Contrary to what the hon. Gentleman said, we have been equally clear that the monitor will not be involved in the selection of sites for accommodation centres. Furthermore, there is no requirement for the Secretary of State to consult the monitor prior to establishing an accommodation centre. I hope to prove that by reference to the record of debates in this House and in the other place, where there was a more concentrated and specific discussion of this issue and in which a Minister of the Crown set out the Government's position.

The role of the monitor is clearly defined in Section 34 (2) of the Nationality, Immigration and Asylum Act 2002. He or she will be required to monitor the operation of accommodation centres and

"in particular, will consider—

(a) the quality and effectiveness of accommodation and other facilities provided in accommodation centres,

(b) the nature and enforcement of conditions of residence,

(c) the treatment of residents, and

(d) whether, in the case of any accommodation centre, its location prevents a need of its residents from being met."

The hon. Gentleman concentrated his argument on the last provision. Lord Filkin made the role of the monitor clear in the final debate during the passage of the 2002 Act. On that provision he said:

"The point of the amendment is for the monitor to consider whether in the case of any accommodation centre its location prevents a need of its residents from being met. So once the centre is operating the monitor is required to consider the needs of the residents and whether the location prevents a need being met."

He went on to say:

"The essential point about sites under consideration is that it is the job of the Home Secretary, subject to the planning authorities, to decide whether or not a location is suitable. The Home Secretary's purview and consideration will clearly be wider than that of the planning authorities: the Home Secretary will have to think about whether he is acting reasonably in believing that this location is likely to meet the needs of its future residents in all respects. As noble Lords have pointed out, the monitor will subsequently be charged with the statutory duty of seeing whether that works in operation."

The hon. Member for Banbury said that that was misunderstood by everybody who took part in that debate, but it was not. It was recognised by Members in the other place, and in particular by Lord Dholakia. He said—I could not put it better—

"The amendment that we supported demonstrated clearly that it would have been possible to pay due regard to the issues of concern before the accommodation centres became operative, whereas the monitor will not be able to do so until after they have been established."—[*Official Report, House of Lords*, 7 November 2002; Vol. 640, c. 943–947.]

Therefore, it is clear that there was a debate to a conclusion and an understanding in the House of Lords.

Mr. Kenneth Clarke (Rushcliffe) (Con): The Minister will know that I have an interest in this matter, because the only other large rural camp that is being pursued in the country is on a site in Newton in my constituency. We have had a public inquiry. The report was submitted before Christmas—I think—and we are waiting for a decision from the Deputy Prime Minister.

As the Minister and my hon. Friend the Member for Banbury (Tony Baldry) are discussing the suitability of locations, will the Minister repeat his predecessor's undertaking that the Government will be bound by the decisions of the planning authorities in taking any decisions on sites—which my hon. Friend and I understood to mean the advice of any inspector who sat on a public inquiry? If that is to be disregarded, what is the point of the monitor being asked to advise on the suitability of the location that is providing services, if that advice is to be given only after the centre opens? What does the Minister think will happen if, after millions have been spent on building the centre, either at Bicester or in Nottinghamshire, the independent monitor advises that the location is not suitable for the purpose?

Mr. Browne: I am grateful to the right hon. and learned Gentleman for his intervention and I know of his interest—in the past he has intervened in debates about the interpretation of section 34. He knows the Government's position on the planning process, and I have no difficulty in repeating and endorsing what my predecessor has said. If he will allow me to go on, I might be able to answer his question, but I feel that my primary duty is to answer the issues raised by the hon. Member for Banbury, who secured the debate. If I run out of time, I promise that I will write to the right hon. and learned Gentleman.

My predecessor, my right hon. Friend the Member for Stretford and Urmston, set out the position to the hon. Member for Banbury both in written correspondence and in the House, and clarified the Government's position on a number of occasions. I remind the hon. Gentleman of an oral parliamentary question that he raised on the issue in December 2002, to which my right hon. Friend responded:

"The role of the monitor was discussed here and in the House of Lords during the passage of the Nationality, Immigration and Asylum Bill, including the implications of the late amendment on location. The hon. Gentleman has put that point before. Lord Filkin wrote to him on 15 November, making it clear that the monitor is not an adjudicator or an arbiter of whether a location would be suitable for an accommodation centre and that decisions about where to locate the centres will be made by the Secretary of State subject to the planning process. The monitor will not be involved in selecting sites."—[*Official Report*, 2 December 2002; Vol. 395, c. 604.]

I will reiterate what my right hon. Friend has continually explained. The monitor will consider only whether the location of an accommodation centre prevents a need of its residents from being met, and that can be assessed only once the accommodation centre is up and running. In the unlikely event that a need is not met—I think that this answers the question asked by the right hon. and learned Member for Rushcliffe (Mr. Clarke)—the situation can be rectified and responded to as one would expect during the course of a trial. That is the principle purpose of a trial: to find out what responses need to be made in relation to the operation.

The creation of the post of monitor demonstrates the Government's commitment to transparency and scrutiny, and to developing an asylum support system that works. Accommodation centres will provide much closer contact with applicants and faster processing than is generally possible for dispersed applicants. Together with the integration of the redocumentation processes, that will provide the basis of better return rates for those applicants who do not qualify for refugee status.

Our position on the appointment of the monitor remains unaltered. We still intend, as Lord Filkin made clear on 7 November 2002, to have the monitor in post for a reasonable time before the opening of the first centre. That will enable him or her to begin to think about working methods and processes. We would not want someone in post so far in advance of the opening of a centre that there was nothing for him or her to do.

I would like hon. Members to note that Cherwell district council did not pursue a legal challenge on the issue of the monitor as part of the recent judicial review proceedings and that is therefore not part of the appeal. The administrative court found against the council on all seven grounds of the challenge. Mr. Justice Collins' judgment was absolutely clear on all points, and I am therefore disappointed that the council has now appealed against the decision. However, that is where we are and we will need to deal with the appeal.

Nevertheless, we have made progress on competition for the contract to build and operate the centre at Bicester and I hope to be able to announce the winning contractor shortly. I am determined to make progress with our proposals. In my view, accommodation centres can deliver significant benefits both in providing a supportive environment for asylum seekers and through faster processing, closer contact and increased rates of removal.

I thank the hon. Member for Banbury again for the opportunity to put concisely the Government's position, as I have tried to do, and to record appropriately the reminder that the Government's position has been consistent throughout the debate. I think that I have answered all the questions that he has raised, as well as those raised by the right hon. and learned Member for Rushcliffe.

11.30 am

Sitting suspended until Two o clock.

Alcohol Harm Reduction Strategy

2 pm

Ross Cranston (Dudley, North) (Lab): I am delighted to see you in the Chair, Mrs. Roe, because you have taken a close interest in this subject for many years. I appreciate the support of hon. Members, especially those who are members of the all-party group on alcohol misuse. I should also mention the charity Alcohol Concern, which so ably services the group, and I commend its fine work.

The Government are to be congratulated on developing the alcohol harm reduction strategy. Any criticism that I may make during the next 20 minutes or so will be a caveat to my welcome for that important document, which puts the issue on the agenda as never before. It is a great pity that the Minister for Crime Reduction, Policing and Community Safety cannot be here, because she played an important part in bringing the strategy to fruition, and I would have liked to thank her. She has heavy responsibilities for the police and community safety—and now for security, too—but I know that she is committed to putting the strategy into effect. I hope that those other responsibilities will not detract from the task in hand.

I am pleased to see the Minister for Citizenship and Immigration, my hon. Friend the Member for Kilmarnock and Loudoun (Mr. Browne) here today. I know that his presence is fortuitous, because the Minister who will answer the debate has not yet arrived, but his shoulders are broad and he will, I am sure, be able to reply to many of the points that I, and others, make.

Preceding the alcohol harm reduction strategy was an extremely valuable document—the interim analytical report. Published late last year, it set out the range of important facts on which the strategy was built, the first of which is the enormous cost of alcohol-related harm. The figure put on that by the interim report is £20 billion. Of that total, £7 billion is incurred in relation to crime and social disorder—I shall return to that later—and the cost to the health service is £1.7 billion. It is important to get that £20 billion in perspective: although the Treasury raises billions of pounds in duty, that is not comparable to the cost of alcohol-related harm to the community.

The second important feature noted by the interim analytical report is that levels of alcohol consumption are rising. About 6 million people now drink more than the recommended daily guidelines. The document also identifies the serious phenomenon of binge drinking. In particular, young people drink twice as much now as they did 10 years ago. The document points out that those young people face an increased risk of accidents, and of alcohol poisoning. Men are more likely to be victims of violence, but are also more likely to commit violent offences after binge drinking. Also, especially important for women, there is the risk of sexual assault.

Mr. David Drew (Stroud) (Lab/Co-op): I am sorry to have missed the first few words spoken by my hon. and learned Friend; I had to attend a Select Committee.

I have evidence from Victim Support showing the growing problem of people who are both perpetrators and victims of violence—a problem that needs sensitive handling. It shows the degree to which alcohol is responsible for crime. Does my hon. and learned Friend wish to say something about that?

Ross Cranston: My hon. Friend is right. One part of the strategy document focuses on domestic violence and violence associated with alcohol. Interestingly, it makes the important point identified by research that some victims become dependent on alcohol to deal with the violence. The issue is complex, and there are no easy solutions to some of the more complicated problems of social behaviour.

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): May I bring my hon. and learned Friend back to the important issue of sexual assaults, which he raised before the intervention by my hon. Friend the Member for Stroud (Mr. Drew)? Given the busy night life of Newcastle, the police have now set up a sexual assaults referral centre in my constituency. It does not operate from police premises, and has a special team of dedicated staff. It is greatly welcomed that the police have gone about dealing with the problem in such a wise and sensitive fashion. However, does that not also illustrate that there is a serious problem to be dealt with, which imposes personal, psychological and financial burdens on the police service?

Ross Cranston: My hon. Friend is right. I commend his police service for setting up that centre. We need to roll out good practice nationwide. In certain areas there is good practice, of which my hon. Friend has given us an example. His other important point was that there are enormous social costs. In some areas, the police are finding it difficult to cope with the violence and social disorder associated with the excess consumption of alcohol, and they have had to take human resources away from other areas that need policing to deal with the problem that is especially associated with the night-time economy.

The four pillars of the strategy are education and communication, treatment, alcohol-related crime and disorder, and the duties of the drinks industry. My hon. Friend the Member for Luton, North (Mr. Hopkins), who is a member of the all-party group on alcohol misuse, apologises for not being present today. He wants me to draw attention to what he regards as the fifth pillar, which he calls the Treasury aspects. The strategy refers to price, although it describes the relationship of supply with price as too complex to deal with by raising the price of alcohol to deter consumption. I am sure that my hon. Friend also wishes me to identify resources, and we need money to address the problem—a matter to which I shall return if I have time.

It is necessary that each of the four pillars be given equal weight. As the strategy document rightly states, if the Government are to intervene, their action must be coherent, sustained and strategic, and outcomes must be measured. It is especially important for children that the Home Office and the Department of Health should work with other Departments. For example, the Minister for Children has an important responsibility, as I shall describe in a few moments.

The strategy identifies three important factors in the first pillar of education and communication, the first of which is ignorance. The strategy uses the evidence from

the poll that was conducted last year, which showed that only 7 per cent. of men know what the Government's recommended level of alcohol consumption is. Women are slightly better: 22 per cent. of them know the safe limits. The second point is that massive sums are spent by the industry on advertising. Alcohol Concern cites the recent international rebranding of Smirnoff, which cost two and a half times the £95 million that we spend annually on treatment services. The third aspect is the culture, which is that to have a good night out one must drink to excess. Advertising creates a glamorous image associated with alcohol, and also, unfortunately, in some respects it advances the message that drinking to excess is acceptable.

Those are three factors that we must contend with in relation to education and communication. How do we do that? In a debate on the Floor of the House on 5 January this year, I set out what I thought should be done about labelling and advertising, and that can be found in column 130 of *Hansard*. I will not say anything more about that, but I will make two further points.

First, as revealed in a written answer on 19 April, since 1997 the Government have spent nothing on advertising the dangers of alcohol misuse. Clearly, we must do something. I welcome the Under-Secretary of State for the Home Department, my hon. Friend the Member for Don Valley (Caroline Flint), who has just arrived, because she may have some thoughts on my second point about how we get the message across in schools. There have been successes in her work against drugs. How can we do the same with alcohol. There is tremendous peer pressure on young people. Obviously, there must be more training, but how do we get the message across? I welcome the strategy document's commitment to get Ofcom to review advertising. As I said in the earlier Adjournment debate to which I referred, the code provisions are far too lax and have not been properly enforced, and we need to do something about irresponsible advertising.

The second pillar is treatment. The strategy says that one in 13 people in the adult population of the United Kingdom are dependent on alcohol—3 million people. It also says that of an average of 360 hazardous and harmful drinkers who visit each general practitioner every year, seven or fewer will have their drinking addressed. Obviously, we must do something in terms of screening and identifying those with problems. One omission from the strategy is any mention of the GP contract. The way in which that is changing means that GPs will have even less incentive to identify people with drinking problems.

On treatment, I also want to highlight the issue of resources. Earlier, I gave the figure of £95 million a year, in contrast to the £1 billion spent on drug treatment. That is despite the fact that twice as many people are dependent on alcohol as on illegal and prescription drugs combined. I know that drugs are different and that they give rise to different, and in some cases more serious, problems. None the less, that disparity in resources means that something must be done. That means an increase in funds in the near future.

However, the strategy document identifies the notion of an audit; we have to audit treatment services around the country before we can do anything—but that could introduce planning blight. Those who are commissioning treatment services for alcohol dependency will not be able to do anything while the audit is carried out over the next 12 months.

I mentioned domestic violence and treatment. Now I want to talk about children. The interim analytical report said that some 780,000 to 1.3 million children were affected by parents' alcohol problems, including violence, and the psychological problems of dealing with someone in the family who is alcohol-dependent. I know about those problems from personal experience. My grandfather was an alcoholic and my mother suffered terribly as a child, which is one of the reasons why I have taken up this subject. Specialist services must be more widely available to cater for the families of those with dependency problems. As I said, the Minister for Children has a role to play. Social services and children's centres must address the problem of alcohol misuse. The "Every Child Matters" framework must introduce the issue of concern for children in this context.

The third problem is crime and disorder, which my hon. Friend the Member for Newcastle upon Tyne, Central (Mr. Cousins) and other hon. Friends, such as my hon. Friend the Member for City of Chester (Ms Russell), take very seriously. We may talk about an urban renaissance in which people return to town and city centres to live, but they will not do so if there is violence and disorder, which may be petty and take the form of harassing people on the streets and minor criminal damage such as the destruction of bus shelters, or may be more serious and involve personal injury.

The strategy points out that there is a raft of legislation, such as penalty notices, to deal with that issue. I was pleased when my hon. Friend the Minister for Crime Reduction, Policing and Community Safety said last week that we must enforce those provisions. She has promised a blitz during the summer on alcohol-related violence, which I welcome. However, we have not done enough. Since 1997, only 12 landlords a year have been prosecuted for allowing drunken or riotous behaviour on their premises. The strategy identifies a code of good practice, and mentions the need for the code to ensure that soft drinks and water are readily available on retail premises. It also identifies the need for a local fund that could, for example, support police and community support officers, which I very much welcome.

Last week, the British Beer and Pub Association said that it wanted action to be taken against publicans who extend happy hours and promote binge drinking. I welcome that, too. We need to do something about binge drinking if we are to tackle the problem of crime and disorder, but we must also be more creative in the design of premises. Modern premises are not like the old-fashioned pubs to which one goes for a quiet drink; they are often designed with a view to encouraging the rapid and sometimes excessive consumption of alcohol.

Fourthly, the industry has a social responsibility. The strategy says that the industry must become more socially responsible, which I welcome. The Portman Group, for example, is supported by the industry and already does a great deal of good work. I have been critical in some respects of its enforcement of its code, but it does do good work and provides very useful information. However, we must acknowledge the fact that the drinks industry is a multinational operation

[Ross Cranston]

that makes enormous profits. It must recognise and acknowledge its responsibility for the way in which alcohol is sold down the chain, and it must have a responsible attitude in developing new products. Alcohol has recently been sold in jellies in test tubes. Such gimmicks are, frankly, unacceptable.

We will need statutory underpinning if the industry does not meet its social responsibilities quickly. I welcome what the strategy says about a charter of social responsibility, and the welcome idea that the industry must make some financial contribution. The strategy advances the idea of a central fund to collect about £25 million a year, which is to be welcomed. Will my hon. Friend the Under-Secretary tell us more about how plans to introduce that fund are going?

I welcome the strategy, although I am a little confused by some of the phraseology, such as "light-touch" central arrangements. I also welcome the notion that we have to monitor progress and identify indicators to track the progress of the implementation of the strategy. Will the Under-Secretary tell us to which Cabinet Sub-Committee my hon. Friend the Minister for Crime Reduction, Policing and Community Safety and the Under-Secretary of State for Health, my hon. Friend the Member for Welwyn Hatfield (Miss Johnson) will report? The strategy is a welcome document, but the harm associated with alcohol abuse will be properly addressed only when it is implemented in full.

2.21 pm

Mr. Colin Breed (South-East Cornwall) (LD): I congratulate the hon. and learned Member for Dudley, North (Ross Cranston) on securing this timely debate. I, too, welcome the Government's decision to bring the strategy forward, although they have done so somewhat later than some of us might have hoped or expected. Nevertheless, it is welcome.

Many people probably consider my constituency to be a nice, sleepy area that a lot of people visit for its beauty. We usually welcome a growth industry, but the growth of this particular industry in my constituency has had significant effects on more people than most of us realise.

There has been a growth in the number of licensed premises. People can obtain alcoholic drink at both on and off-licence premises. A greater number of premises are applying for the opportunity to sell alcoholic drink. The way in which premises sell such drinks has changed. Not so long ago, supermarkets kept their alcoholic drink behind a separate counter, but one can now simply pick up such drinks and wander to the checkout.

Over recent years, there have been several erosions in controls over the way in which alcohol can be sold. Unsurprisingly, that has led to a huge growth in the number of people drinking and the amount that they drink. It has also led to a change in the age at which they start drinking. I refuse to believe that the availability of alcohol, the proliferation of premises and the way in which alcohol is sold have nothing to do with that.

Most of us are concerned by the amount of drink that young men and, increasingly, young women consume, and the fact that they are starting to drink at younger and younger ages. I regret that, last summer, on far too many occasions, children as young as 10 or 11 were picked up by local police and taken to the station, from where their parents were asked to come to collect them. The children did not, of course, purchase the drink themselves. Their brothers, their friends' brothers or others who they knew were old enough—or at least appeared to be old enough—bought it. They then consumed it in the local park or on the streets.

It is no secret that there has been a huge increase in alcohol-related crime and disorder. That results in more police time being taken up. Many hon. Members will have been out with their local police on a Friday or Saturday night. The scenes in large cities at such times are replicated in relatively small rural towns.

There has been a growth in street violence. That violence is against not only the person but property. Several shops in towns in my constituency can no longer get insurance for their windows. I suppose that some might consider it to be very funny and a great prank for people to be pushed on to large plate glass windows, but the windows have to be replaced as soon as a big crack appears in them and they are not cheap. In one of the holiday resorts in my constituency, there is a Chinese restaurant that has to maintain a curved window because it is in a conservation area. The window is listed, it is wonderful, but it regularly has to be replaced at phenomenal cost.

Injuries also occur. I expect that many hon. Members have visited their local accident and emergency departments and have seen people being brought in to have glass removed from their person, or to have other injuries treated that are the result of having been in a fight. That is a big problem in holiday resort areas. Some of the worst excesses occur not only in Ibiza but in seaside towns in Cornwall and other places. I am sometimes pleased that I do not represent Newquay, because it has suffered considerably from the consequences of excess alcohol use.

These are important issues. I am particularly pleased to take part in this debate because I cannot think of a subject that has arisen more often in surgeries and meetings with constituents over the past year or so than the antisocial behaviour, mainly of drunken youths, in our towns. That is caused by two things—availability of alcohol and its price. Increasing availability at a lower and lower price will only encourage more consumption. It is impossible to get away from that fact. Whatever we may like to believe from all the reports and statistics, greater availability at a more affordable price will lead to increased consumption. Therefore, although I appreciate and support many of the report's recommendations, I think that we should pause a little and consider our current regulations for licensed premises and our current taxation system on alcohol.

When I travel around my constituency, I often think that we have got to the point where we do not need any more licensed premises. We need more that are more responsible in how they sell alcohol, but I am yet to be persuaded that we need more licensed premises. Therefore, when there are applications for new licensed premises, it is important to think about whether they are really needed.

When I was a local councillor some years ago, I was very proud of my council when, for the first time, it took a stand and decided to object to another off-licence

because there were already enough by far in the town and it would be close to the local youth club. We were supported by numerous organisations, including the youth department of the county council. I stayed all day to attempt to put across our case, but it was clear that there was no chance of sustaining our objection, and the off-licence was granted permission. We ought to consider more closely what we need, and each and every new application must demonstrate that there is a need.

Those who enjoy the opportunity of a licence to sell alcoholic drink should be made more responsible. I have already referred to the situation in holiday resorts. I fully recognise that many pubs and clubs derive significant income from the holiday season trade, but that puts greater responsibility on them.

In the fairly recent past, we saw a great petition to close down a burger and pizza bar because there were always fights outside it. The fights had nothing to do with buying pizzas and the like. People were fuelled by alcohol from pubs in town and decided to have their fights not outside the pubs but outside that particular eatery. The outlet was obviously open, but I am not certain that it was responsible for what went on outside. The responsibility lay primarily with those who were intoxicated and, perhaps more so, with those who sold the alcohol.

We ought to consider a penalty points system on licences, so that people begin to value what they have and recognise that to hold such a licence is a responsibility. If certain pubs are seen as places where people regularly over-indulge, and we are subjected to the sort of behaviour that we see, there should be a warning system. Such places should contribute more to the local pot to fund the police time that is taken up because of irresponsible drinking by what I accept are relatively few people. Their behaviour has enormous implications, in particular for police budgets and time.

Finally, the price of alcohol has come down relative to everything else. It is far cheaper than it used to be. If we believe that we should put additional tax on tobacco because of its health implications, drinking clearly has health implications and assistance is needed in that regard, too. There is a very good alcohol and drug rehabilitation centre, Broadreach house, in Plymouth adjacent to my constituency, which has done a superb job, but it is living almost hand to mouth trying to secure money from local authorities, individuals and appeals. I am sure that there are similar places up and down the country that are in need of relatively modest sums of money. Bearing in mind the totality of the drink trade, they should be assisted in rehabilitating those who have become alcohol-dependent.

Taxation is a way forward. I am not advocating draconian increases, but many would not object to modest increases in the taxation of alcohol to fund the services that I have outlined. As the Government examine their alcohol strategy, I hope that they will consider the problem more widely and deeply, as it has become a much greater problem than when they began considering the strategy five or six years ago.

2.34 pm

Mr. Jim Cousins (Newcastle upon Tyne, Central) (Lab): I congratulate my hon. and learned Friend the Member for Dudley, North (Ross Cranston)—not for Dundee, North, as I thought I heard someone say. No disrespect to Dundee, but I think the views of Dundee might be different from those of Dudley. I congratulate my hon. and learned Friend on bringing this matter to our attention. It is an extremely important topic, and it is important that we strike a balance in our judgments and views. There can be no doubt that the growth of the leisure industry and the leisure economy—certainly in a city such as Newcastle—has brought huge benefits both to the city and to most of the people who live in it.

We are talking about problems of excess, discipline and management. Such problems are, of course, the most intractable and the hardest to solve. I was looking at some figures for my constituency, which reminded me of the growth of employment in service industries. My inner-city constituency is in the top 25 constituencies for having reduced unemployment over the past 12 months. That is a huge achievement, and the growth of the leisure industry, although it has not played a major role, has played some part in that. We should acknowledge that and see what contribution the leisure industry can make to regeneration.

Unfortunately, such developments can go too far. A balance must be struck. Many of the licensing and planning regulations are clumsy, obsolete and out of date. They do not give us the basis for the modern methods of control that we should be looking for. Under the Town and Country Planning (Use Classes) Order 1987, the famous class A3 covers bars, licensed premises and restaurants. That means that it is perfectly possible to convert a small café in which there was some licensed drinking into a vast drinking area, without applying for a change of use.

Only this week, I learnt of a case in my own constituency, on Newcastle's quayside. The premises concerned were used as a health club and swimming pool, which were of huge benefit to people in the area—all sorts of people, from the council estates behind the quayside as well as from the yuppie flats on the quayside frontage. The proposal is to convert that health club and swimming pool into a casino with a bar that will be open until 2 o'clock in the morning. There will be no change of use, because bars, casinos, health clubs and gyms are all in the same use class.In such a situation, one of the obvious methods by which people can control and contribute to the effective management of their community is denied them. I urge that we look at the use classes order to see how we can manage things better.

Another issue is the historical separation of the apparatus for licensing from the local authority planning system. The Government's proposals in the Licensing Act 2003, which will shortly be put into effect, will go some way towards bringing a cohesive approach to consideration of the issues. That is to be welcomed. However, at the moment vast numbers of licence applications are being bunged through before the Licensing Act is put into effect, and that is unsettling for people. Restaurants are being converted into bars and then into nightclubs; pubs, which had a capacity of perhaps 60 people seated and standing, are being converted into vast drinking premises with an agreed capacity of 800 or 900 people. The focus of our attention should not only be the number of licences, although that may be an issue, but the change in the nature of licensed premises.

[Mr. Jim Cousins]

I pay tribute to Chris Record and his liver health team in our local hospital in Newcastle, who have mobilised British hepatologists and gastroenterologists into making representations to the Government for a clear labelling system. What is missing from the alcohol harm reduction strategy is the enforcement of proper labelling. There is widespread belief that a glass of wine or beer equals one unit. However, drinks are being transformed into higher voltage liquids; a modern American or Australian wine has a greater alcohol content than a 1970s liebfraumilch.

People do not realise that the alcohol by volume content of what they drink has doubled over the past 20 or 30 years. Whereas a glass was one unit in the 1970s, now it is 1.8 or 1.9 units. Some supermarkets are beginning to use their own brand labelling to bring the matter to people's attention. However, it should be a requirement; people must understand that the content of their drinks has changed. Then they could use self-discipline, because self-management is the most effective type of management.

We should not overlook the consequences for health, to which my hon. and learned Friend the Member for Dudley, North rightly drew attention. There is a huge collateral effect on health from what might be called drink-related activities: 70 per cent. of people attending the major walk-in centre that the Government have provided in the west of my constituency are there because of drink-related problems such as fights, falling down and motor accidents, and I have already mentioned sexual assaults. We need to invest even more in such health services.

Let me bring to the Minister's attention some specific problems. I have here the draft guidance under the Licensing Act 2003. There is not time to go through all the difficulties found in such a substantial document. However, it has one central defect: it does not show forcefully enough the link between activities that occur in licensed premises and those that occur on the street outside.

As a result of the local legislation that I had the privilege of guiding through this House, we have a doormen's—or rather, doorpersons'—licensing scheme, and national legislation is to follow. The consequence is that much of the disorder is pushed off the premises into the street, where it becomes the responsibility of the police. There has been an enormous increase in the demands on our local police service as a result of growth in the leisure industry, but that is not recognised in grant allocation schemes. We urgently need a mechanism—perhaps a district leisure scheme—through which responsible licensees and owners of hotels, nightclubs and bars can contribute to the extra costs of policing and the use of street wardens. It is Government policy to introduce such wardens, but we are left with the question of how they are to be funded.

We need clear national guidance on the management of happy hours and the discounted drinks that go with them, together with a national proof-of-age scheme that does not rely on local initiatives, welcome though they are. We also need to consider how we can regulate the security industry that is now growing up around the new leisure industries.

Huge social changes are going on, and many of them are positive, but we require much clearer regulation and management, to enable local people to play their part in the management of their communities, and to deal with the relevant issues. We look to the alcohol harm reduction strategy, which is presently rather permissive, to introduce the specific regulations required to bring the problem under proper management and contribute properly to the life of communities.

Several hon. Members *rose—*

Mrs. Marion Roe (in the Chair): Order. Before I call the next speaker, I remind hon. Members that I shall call for the wind-up speeches at 3 o'clock.

2.46 pm

Ms Christine Russell (City of Chester) (Lab): I, too, congratulate my hon. and learned Friend the Member for Dudley, North (Ross Cranston) on securing an important debate. Although she is not here, I pay tribute to my hon. Friend the Minister for Crime Reduction, Policing and Community Safety for her huge commitment to tackling the problem of antisocial behaviour, drunkenness and disorderliness in town and city centres and the contribution that she has made to that effort in the past few years.

I shall focus on the vision of an urban renaissance. It is central to the Government's policy. The more people who live in town and city centres, the more attractive and vital those town and city centres will become. We are all being somewhat parochial this afternoon, and I want to cite my constituency, the historic City of Chester, where we are building more than 95 per cent. of all new residential development on brownfield sites in the city centre. However, as other hon. Members have said, if the urban renaissance is to succeed, we need a balance so that those who have moved back into the town and city centres can get a good night's sleep, while it remains possible for others to come in and get a good night out.

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I, too, should like an urban renaissance, and I shall be parochial as well: renewing urban centres will prevent the building of more houses in the green belt in my constituency.

Ms Russell: If the hon. Lady studies the planning policies of Chester city council, she will see the way ahead.

Last year, I had the privilege of chairing the inquiry into the evening economy by the Office of the Deputy Prime Minister: Housing, Planning and Local Government Committee. That inquiry took a great deal of evidence—from local authorities, Alcohol Concern and the police. We considered how we would bring about the vision of an urban renaissance and encourage people back into town and city centres, without the awful antisocial behaviour that tends to be associated with late-night drinking and clubbing.

It became apparent early in our inquiry that we must decide—and local authorities have a clear responsibility to decide—between encouraging a vibrant evening economy or a late-night economy. Our conclusions were

that an evening economy can be an enormously valuable regeneration tool. Plugging the gap between 5 o'clock and 9 o'clock, by encouraging shops and libraries to stay open later, will lead to a more diverse range of activities, attracting many more people to town and city centres.

The late-night economy, as it has developed in Britain, however, has focused solely on young people and alcohol consumption, with all the associated problems for communities of crime and disorder, antisocial behaviour, noise and nuisance, contributing little—and perhaps acting as a deterrent—to urban regeneration.

I am sure that most hon. Members present this afternoon agree with me that it is only those who profit from the alcohol trade who deny that Britain has a drink problem. Reading the strategy, it is quite frightening to discover that two out of five Britons between the ages of 18 and 24 are classified as binge drinkers, which means that they down more than eight units of alcohol a night if they are a man and six if they are a woman.

I do not want to go over the NHS statistics or the pressures that alcohol misuse places on our health service, because other hon. Members have already done so. Instead, I want to describe how alcohol misuse uses up a phenomenal amount of police time and resources.

Like the hon. Member for South-East Cornwall (Mr. Breed), I have been out late at night with my local police force. Today, I asked the force for the statistics for my area—the division of Chester and Ellesmere Port, not the whole county of Cheshire. In my division, there have been 394 recorded incidents of alcohol-related crime in the past 12 months, including 220 assaults and woundings. Alcohol-related crime is the main factor behind the increase in violent crime statistics in many parts of the country.

During its inquiry, the Select Committee examined international comparisons. It is true that Italians, for instance, consume as much alcohol as we do, but they spread it out over the day and throughout the week, rather than concentrating it all in a few hours on a Friday or Saturday night. Alcohol consumption is increasing only in Britain, of all the European Union countries; in most of the others, it is decreasing.

While I am on the theme of Italian drinkers, I shall mention something that I noted down on the assumption that I would be seeing my hon. Friend the Minister for Crime Reduction, Policing and Community Safety. Last summer, when the European champions league final was held at Old Trafford, 40,000-plus Italian football fans were out celebrating on the streets of Manchester, but there was not one arrest or incident of disorderly behaviour. That is remarkable. Imagine what would have happened if Manchester United or Manchester City had been playing in Rome that evening.

The strategy endorses everything that the Select Committee said in its recommendations. One key point, which is reflected in the strategy, is that partnership working is the way forward. The police, health services, schools and colleges, local authorities, local communities and, very importantly, the drinks industry must all work together to combat the problems of binge drinking and antisocial behaviour.

The Select Committee identified the importance of local authorities devoting as much attention to what goes on in their towns and cities in the evening as they do in the day. My local authority of Chester prepares a night-time strategy, and I would recommend every local authority to do so. One of its key objectives is to work with young people to make the city centre safer for them at night. We are considering working with club venue operators to explore the development of a city centre evening dance venue that does not sell alcohol. We are also considering improving the education programmes on offer because, as has been said, education, too, will play a key role in changing the drinking culture. I welcome the strategy; it is a big step in the right direction. However, I accept that there may be need for further action.

The hon. Member for South-East Cornwall questioned the need for more licensed premises. Under the new licensing regime, that will be an issue that local authorities will have to address; but when we conducted our inquiry and looked into the number of licensed premises and new permissions given, we discovered that in Paris not one additional drinks licence has been granted since 1915.

2.55 pm

Mrs. Janet Dean (Burton) (Lab): I congratulate my hon. and learned Friend the Member for Dudley, North (Ross Cranston) on securing this important debate.

I represent a brewing constituency, and hon. Members might like to know that Coors—the largest brewery in the UK—Marston's, Burton Bridge and three other micro breweries, as well as major pub companies, are in my constituency. I warmly welcome the strategy, which is thorough, well researched and recognises the complexities of the issues. The drinks industry welcomes the clear strategic lead on how to target its corporate and social responsibility plans and efforts.

I am pleased that the strategy recognises that there are economic and social benefits to drinking, as well as harm arising from alcohol misuse. We must remember that most people enjoy having a drink without causing harm to themselves or others, and so it is encouraging that the strategy adopts a targeted approach against harmful drinking behaviours. Such a targeted approach is far more likely to succeed than blanket activity aimed at reducing overall consumption of alcohol.

We need to address patterns of drinking; that is important in targeting those at risk from alcohol misuse. In particular, we must address the trend of binge drinking, as hon. Members have said. I will not echo what has been said about the problem, but we all know that the results of binge drinking can be seen in our small and large towns and cities, and in our local communities.

There is evidence to show that strategies that address specific issues of consumption can have a good track record. For instance, although drink-drive fatalities have been dramatically reduced, the overall level of consumption has not gone down, because people who understood that they might be at risk responded positively to targeted, regular and well communicated messages about their behaviour.

I am pleased that the Government recognise that the key to success is partnership with producers and retailers, who understand the sector, are keen to help, and have already done a great deal. My hon. and learned

[Mrs. Janet Dean]

Friend mentioned the Portman Group and the British Beer and Pub Association, which have been producing guidelines on responsible promotions in pubs and clubs.

The strategy makes it clear that the key to success is providing better consumer information about responsible drinking and finding ways of motivating consumers to apply that knowledge to day-to-day behaviours. Tapping into manufacturing and retail companies' consumer expertise is therefore an essential next step.

My hon. and learned Friend mentioned advertising. Coors has produced alcohol responsibility adverts in conjunction with the Scottish Executive, and they ran on Scottish television in the run-up to last Christmas. Also, evaluation showed that the combination of the involvement of the managers of the old firm—Celtic and Rangers—and the Carling brand resulted in adverts that not only were noticed but had credibility. Most of the consumers who responded to an evaluation survey said that they would be more likely to drink responsibly as a result.

In my constituency, there is a good example of a brewer working with the community. Coors has leased one of its properties to the Burton addiction centre at half the commercial rent for a 20-year lease. The addiction centre provides help in Burton and the surrounding area for people with problems with alcohol and drugs. The overall help and saving for the addiction centre resulting from the strategy will be several hundred thousand pounds. That example shows that partnership between the public and private sector can pay dividends.

The strategy is a real opportunity for all stakeholders to join in making inroads into alcohol misuse. I would like increased efforts to be made by manufacturers, and would also like large supermarkets and local off-licences to become more involved in promoting responsible alcohol consumption. There has been a huge change in drinking habits in this country, and that has resulted in the situation that now exists. In 1980, for instance, 11 per cent. of alcohol sold was sold in shops; in 2003, the figure was 39 per cent., and that share is growing. Perhaps this is a real opportunity for some of the supermarkets to join the Portman Group, which has done much to promote responsibility in relation to alcohol.

If the supermarkets were now to bring their scale and expertise to bear on the Portman Group's activities, that would be excellent timing. There could be a code of practice to ensure responsible marketing in the off trade, to match the new promotions guidelines already in place in pubs and in the on trade. I welcome the strategy, and I hope that the drinks and retail sectors can meet the strategic challenges that have been laid down.

3 pm

Mr. David Heath (Somerton and Frome) (LD): I congratulate the hon. and learned Member for Dudley, North (Ross Cranston) on securing the debate and on his chairmanship of the all-party group. It has been a thoroughly worthwhile and well informed debate.

I welcome the Under-Secretary of State for the Home Department, the hon. Member for Don Valley (Caroline Flint) to her place, but a Department of Health Minister could just as easily have been sitting there, or a Minister from the Department for Culture, Media and Sport, who could deal with the licensing aspects of the issue. Equally, a Minister from the Department for Transport could deal with the drink-driving aspects, and a Treasury Minister could deal with the taxation of alcohol.

I had not thought of this until the hon. Member for Newcastle upon Tyne, Central (Mr. Cousins) mentioned it, but a Minister from the Office of the Deputy Prime Minister could be here, too, to talk about change of use of premises. We so often see our banks turned into wine bars; would it not be nice occasionally to see a wine bar turned into a bank in one of our local communities? Perhaps that would be a step in the right direction.

This subject crosses all departmental boundaries; that is why it is so important. Obviously, the Home Office has a view on issues to do with crime, particularly violent crime. The increases in alcohol-related violent crime across the country are very serious, and we need to take notice of them. We particularly need to take notice of the domestic violence component of violent crime, which is so often alcohol-related, and is of great concern to many of us.

Antisocial behaviour often accompanies excessive drinking, particularly in our town centres. I agree with hon. Members who say that it is time to reclaim our town centres as civilised places to be of an evening, rather than places to get tanked up and have a fight. This issue involves road safety aspects: too many accidents still involve alcohol consumption at some point in their genesis, because of the impairment of driving skills that alcohol inevitably brings.

There are economic consequences, too. My hon. Friend the Member for South-East Cornwall (Mr. Breed) talked about the cost of vandalism, but there are all sorts of other costs, such as opportunity costs for directly affected businesses, and the cost of the fact that people who have indulged in excess alcohol may not be fit for work the next day. That has knock-on consequences, even if such people do not have an immediate health problem.

That brings me to the health issues. More than 6,000 deaths a year are directly attributable to, and probably 40,000 a year are indirectly associated with, alcohol abuse. Young people are imbibing too much alcohol at an increasingly young age. We need to address the societal change of increasing alcohol consumption by women, too. Nine children a day are admitted to hospital with drink-related medical conditions. Even if one discounts the serious health problems associated with alcohol—cirrhosis and other serious diseases—those who drink more than 100 drinks a month will still suffer low-level health degradation, such as memory loss, reduced intelligence, poor balance and impaired mental agility. Those are serious concerns that we need to address.

I have my criticisms of the strategy, but I greatly welcome the fact that it has been published at last. I certainly have serious criticisms of the Government's performance on this subject until now. They have been lethargic: the creation of this strategy was announced in 1998, and it is simply not good enough to see it emerge six years later. Bearing in mind the fact that 40,000

people a year are killed, indirectly or directly, by alcohol, some 240,000 people have died in the time that it has taken to bring forward a strategy to reduce drinking.

The Government have often been complacent. My hon. Friend the Member for Orkney and Shetland (Mr. Carmichael) recently asked the Department of Health how much it had spent on advertising the dangers of alcohol since 1997 and received the answer: not a penny. Why is alcohol not treated with the same seriousness as other drugs that are abused? I do not understand that. It does not make sense, in terms of public health or of reducing criminal behaviour. The Government have been guilty of confusion. In virtually the same week as the alcohol harm reduction strategy appears, we have the liberalising changes in the licensing laws.

Let us consider the infamous text message sent out before the previous election. It would be almost impossible to render in the *Official Report* in the form in which it was texted, so I shall paraphrase it in English rather than text language: "Couldn't give a XXXX for last orders? Vote Labour on Thursday for extra time." Many hon. Members will look back on that as a strategic mistake. It gives a mixed message to the people whom the Government are trying to influence.

Mr. John Grogan (Selby) (Lab) *rose—*

Mr. Heath: The hon. Gentleman has been patient, and has not managed to speak in the debate, so I will give way to him.

Mr. Grogan: I was far too old to get that text message—but is it not true that reforming the licensing laws is beneficial in terms of some of the discussions that we are having today? There will be less pressure for people to drink far too much in the last half hour before closing time, when everyone is spilling out on to the streets at the same time looking for taxis and fast food. Some 50 per cent. of all alcohol-related violent crime occurs just after closing time, so there are potential benefits.

Mr. Heath: I accept that the avoidance of drinking-up time, which is often associated with excessive consumption, is a benefit. However, the text message expresses that benefit as extra time for drinking excessively. That is not the message that a responsible party, particularly a party in government, should be sending to young drinkers. Although I accept that there are arguments about the reform of the licensing laws, I do not accept that the Government have got it entirely right.

I am critical of the emphasis that was put on the launch of that campaign, because it coincided with an increase in the number of violent crimes associated with alcohol. The whole emphasis should be on reducing crime and antisocial behaviour. All of us want to see those things reduced, but we must recognise that they are the symptoms, not the cause. The cause has been correctly identified by every hon. Member who has spoken in this debate: it is the culture of binge and excessive drinking—not social drinking, but drinking to get drunk.

The problem involves many young people. It is the culture of the happy hour and the alcopop—a drink that disguises the taste of alcohol to maximise alcohol intake. Incidentally, if my knowledge of physiology is still current, many of those diluted fizzy alcoholic drinks are more easily assimilated into the bloodstream than even a straight vodka, because of the physiological way in which the alcohol is taken into the bloodstream.

We should consider how many factories for alcohol consumption there are—that is the only way to describe some of the stand-up bars with huge capacities. This drinking culture is current in all our towns and cities, including small towns and even some villages. We contrive to export it to other countries, to our eternal shame. It is appalling that we are concerned about people coming here from the European Union accession countries, because they are more worried about British people going to their town centres and behaving appallingly in Prague or Tallin, or any of the other beautiful cities that we, I am afraid, besmirch far too often with our exported bad behaviour.

The Government are at last recognising the issues. Although, as I believe the hon. Member for Newcastle upon Tyne, Central said, some elements of the strategy are couched in permissive terms, they nevertheless move in the right direction. However, the strategy will not be effective in reducing excessive alcohol consumption, which has become a cultural norm that we can do without, until the approach to the subject is more focused and the enforcement is better and more effective.

3.10 pm

Mrs. Cheryl Gillan (Chesham and Amersham) (Con): I, too, congratulate the hon. and learned Member for Dudley, North (Ross Cranston) on securing the debate, and on sharing with us his personal circumstances and the reason for his interest in this subject—a very worthy motive for becoming involved in an issue. I hope that the mark that he makes in this area will also have significance for his family.

I also welcome the Under-Secretary of State for the Home Department, the hon. Member for Don Valley (Caroline Flint) to the debate; I gather that she was late because of the public transport system. If my memory serves me correctly, the Under-Secretary, the hon. Member for City of Chester (Ms Russell) and I all once travelled together in an alcohol-free zone in the middle east, so our discussions on alcohol go back a long way—although perhaps not in the terms in which this debate is couched.

There can be no one in the Chamber, whether a Member of Parliament or otherwise, who is unfamiliar with the issues surrounding drinking and antisocial behaviour. To be parochial for a moment, I can tell hon. Members that we have those problems in Chesham and Amersham. They are reflected in my postbag and in the concerns of citizens who sometimes feel that they cannot even walk safely down the street. Late at night in Old Amersham, I have found myself in a similar position, so I sympathise deeply not only with my constituents but with the Government in trying to tackle this problem in our communities.

Like other Members who have spoken in this debate, I, too, welcomed the alcohol harm reduction strategy, particularly when it finally arrived. I believe that it was the hon. Member for South-East Cornwall (Mr. Breed) who alluded to the long gestation period of that

[Mrs. Cheryl Gillan]

strategy. Certainly, organisations that brief us on the subject were expecting it much earlier. It seemed to take an awfully long time to be produced—and it is fair to say that there was more than a little disappointment that, after taking so long to be produced, it had less substance than many commentators had expected.

After reviewing the strategy, Professor Ian Gilmore of the Royal College of Physicians said:

"It is stronger on cleaning up the streets than on preventing physical harm."

So we know that it is not a perfect document. That is not surprising, however, as before we even consider the strategy, we have to say that there still seems to be enormous confusion over who is in charge of policies on alcohol, and an inherent contradiction in the Government's actions. The hon. Member for Somerton and Frome (Mr. Heath) pointed out that the responsibility for policy is spread across, I believe, up to 10 Departments—but I believe that he missed out the Department of Trade and Industry.

Mr. Heath: Quite right.

Mrs. Gillan: I was ticking them off on my list.

The competing interests of the Department for Culture, Media and Sport, the Department of Health, the Home Office, the Treasury, the Office of the Deputy Prime Minister and all the rest have resulted in what is perceived to be a piecemeal approach to alcohol policy. In the words of Alcohol Concern, which has briefed us all on the strategy,

"The competing interests of these departments have resulted in a piecemeal approach to alcohol policy and contributed to the failure to produce effective responses to the high level of alcohol-related harm in the UK."

I would be grateful if the Minister could start by helping us to understand the thinking in that respect. Who will have overall responsibility for the national and local partnerships to which Baroness Scotland referred the other day in another place? Will it be the Home Office, which wants sterner measures, the DCMS, which has loosened the licensing laws, or the Department of Health, which reckons that alcohol abuse costs it more than £20 billion a year in lost earnings and health care? Perhaps the Minister could start by clarifying the position that Baroness Scotland failed to address in the other place, and answer the question asked by the hon. and learned Member for Dudley, North about which Cabinet Sub-Committee will have overall responsibility for the strategy.

The Government were right to identify alcohol-related violence as a major problem. Indeed, the Home Office research has confirmed that alcohol is behind nearly half of all violent crime and about 70 per cent. of accident and emergency admissions at night and at the weekend. However, many of the conclusions in the strategy merely urge police and local authorities to use their existing powers more frequently. Measures such as the greater use of fixed penalty fines for antisocial behaviour and better enforcement of the rules on under-age drinking were seen as repetition, rather than as any new innovative thinking in the area.

The Government seem to be a bit short of innovation and their own leaked documents revealed a possible reason for that in *The Sunday Times* on 14 March. I hope that the Minister will be able to help us to understand those reports. Apparently, the research commissioned by the Home Secretary showed that there had been a sharp rise in violent assaults linked to alcohol, and a significant increase in drunk people attacking strangers. Those increases were so high that senior Home Office officials were reported as reaching the conclusion

"that it is 'more or less impossible' for the police to enforce the law in city centres",

and that in the cities the Government have

"lost control of drink-fuelled crime".

To combat that, *The Sunday Times* reported, the Home Secretary apparently wants to

"Take powers to fix the prices of alcoholic drinks in city centres to help curb excessive drinking, even though it will break competition law.

Impose a compulsory annual levy on pubs and clubs of an average £10,000 a year each to pay for up to 30,000 extra police officers.

Tell councils to refuse all new licences to premises unless the applicants can prove that they will not increase antisocial behaviour."

However, as *The Sunday Times* said, none of those "draconian measures", or the details of the internal assessment, were spelt out at the launch of the alcohol strategy because the Treasury, the Department for Culture, Media and Sport, and the Prime Minister have blocked the Home Secretary's proposals from taking effect before the election because they fear that they

"will be seen as anti-business."

Perhaps the Minister will take this opportunity to deny or confirm the advice that has been given to the Home Secretary and to state the real agenda of the Home Office, rather than camouflaging everything behind the series of voluntary measures aimed at disguising the Home Secretary's long-term compulsory crackdown. I hope that the Minister will be able to share the Government's thinking on what appears to be the accurate information that was reproduced in *The Sunday Times*.

Perhaps the Minister will also take this opportunity to acknowledge that the alcohol strategy is an admission that the Government's measures to cut crime and antisocial behaviour have failed to date. Violent crime is up by 14 per cent., and according to Home Office officials a significant proportion of it takes place close to licensed premises. The Licensing Act 2003 and the antisocial behaviour legislation seem to have been enacted before the research and advice of the Home Office had been studied. It is all very confusing, and I have great sympathy for the Minister, who appears to be coping with her Government's inefficiencies in trying to put the strategy in place.

There is not much time in this debate to cover anything in depth, although I particularly wanted to probe the Minister on the treatment for alcohol addiction among prisoners, in which I take a great deal of interest. In the time that I have left, I shall ask what her plans are for helping with alcohol treatment in our prisons. I believe that in 2002–03, only 6,400 prisoners undertook alcohol detoxification programmes, and that

7,000 more prisoners did a combined alcohol and drug detoxification programme. However, it is estimated that 50,000 prisoners—nearly two thirds of the prison population—have admitted to hazardous drinking prior to imprisonment, and about half of those have severe alcohol dependency.

I believe that there are no specific ring-fenced accredited alcohol treatment programmes in prisons in England and Wales, and that the Prison Service survey recently identified only one prison with a dedicated alcohol strategy. If we are even to begin to approach solutions to the problems caused by alcohol misuse in this country, we need to start by examining that sector of the population, which suffers from significantly higher rates of alcohol misuse and dependence than the general population. Those people are in our prisons.

I share the Minister's view, and that of every hon. Member in the Chamber, that we need solutions. I hope that the Minister will be able to give us more detail and reassure us both that there will be regular reports on her progress, and that the proposal is not a half-hearted measure put out in advance of the more draconian measures that would be implemented should Labour—goodness preserve us—win the next general election.

3.21 pm

The Parliamentary Under-Secretary of State for the Home Department (Caroline Flint): I apologise for being late: I understand that a state visit is taking place, which prevented my driver from picking me up on time from the station. I hasten to add that I travelled down from Leeds by train on a very good service.

I congratulate my hon. and learned Friend the Member for Dudley, North (Ross Cranston) on securing this debate. I was in Dudley a fortnight ago, where I sat in on a presentation by Aquarius, which is an alcohol arrest referral project in the area. The group works with the police and those in the health service who are involved in treatment, to address problems to do with alcohol and crime. I was impressed by the work that Aquarius was doing.

As my hon. and learned Friend is aware, I am the Minister responsible for the overall drugs strategy. We already have drug and alcohol action teams in a number of areas, and it is our desire to see more of those. Importantly, we have also actively encouraged drug action teams and drug and alcohol action teams to merge with crime and disorder reduction partnerships, so that the problem can be faced in a more joined-up way than it may have been in the past. That is an ongoing piece of work, to look at what has been going on in communities and see how much progress they have made towards that end.

As the drugs Minister, I was obviously involved with the alcohol harm reduction strategy report. We have to consider some of the issues together. That reminds me of a visit that I made to a treatment service, where I met a gentleman who said, "I'm off crack, but I'm still an alcoholic." There are different uses of different types of drugs and alcohol, and they can all lead to addiction.

Alcohol is enjoyed by millions of people in the UK in a measured, sensible and healthy way. However, the issue is complex, and there are people for whom alcohol becomes a necessity—an addiction. Such people can end up losing their jobs or using all their household income to fuel their alcohol addiction. With higher employment and higher disposable income, people are going out more and eating out more, and, possibly as a consequence, drinking more.

We have to address the drinking done by different groups in society, including young people. It is acknowledged in the strategy that across government, we have to look at how we spend money on alcohol education. We have to think about how we can better communicate to people the different effects of alcohol on their lives. In the Home Office we have sponsored a series of videos as part of "Watch over me", a project initiated by Milly Dowler's family, on young people and personal safety, and one of those videos deals with alcohol.

I think that before I arrived my hon. Friend the Member for Newcastle upon Tyne, Central (Mr. Cousins) mentioned people who drink and make themselves vulnerable to sexual assault, which is of course a serious problem. The Home Secretary has just announced £4 million more for sexual assault referral centres and other services for victims of sexual assault. That is one part of the jigsaw of tackling such problems. Importantly, however, we also need to think about how carefully we look after ourselves, so as not to make ourselves vulnerable when we have a good night out.

We want to start the process of changing the culture of drinking to get drunk, but it will not be easy. We shall look into the compulsory labelling of alcohol. There is a lot of debate and discussion about that, and some valid points have been made this afternoon about people's understanding of units of alcohol and what they mean. I have been reading in preparation for the debate, and I understand that the size of the average wine glass has increased. As a result, our preconception of what is meant by "a glass of wine", gained from what we read in magazines and other publications, and from what we see in leaflets distributed by the Department of Health about units of alcohol, has been skewed.

There are new drinks on the market. We need to consider how the industry should deal with them, and how it can help people to be more certain about what they are drinking, and its impact on them. Consequently, they will be able to gauge what they drink, and understand better what they are drinking—and what they should not drink, and what they should not drink more of.

Advertising has been mentioned. I understand that Ofcom will undertake a review of the code of practice for television advertisers, to ensure that it does not target young drinkers or glamorise irresponsible behaviour. We are also considering promotions.

In preparation for this afternoon's debate, I read through one of the current codes. The worry is that it is not being enforced as well as it should be, and I wonder whether we should take another look at that. We need to work with the industry to achieve what we want.

Supermarkets and retailers have been mentioned, and they are not outside the rules. Clear guidelines are in place for retailers, even if they are not being implemented as they should—for example, those on drink sold in supermarkets in places where children might go. I recall walking into a supermarket and seeing near the entrance a promotion of wine at a lower price. I have also seen wine displays at the checkout counter.

[Caroline Flint]

Those are some of the issues that need to be considered so that we can better enforce the guidelines and pick up on retailers and licensees who do not abide by the rules.

Treatment for alcohol misuse is a huge problem. We need a better understanding of what treatment is available. Part of the challenge for me, since becoming drugs Minister, has been to identify not only what drugs treatment is out there but, just as important, which treatments work and which do not. We need to adopt a similar approach to alcohol-related treatment. The fact that there is an ongoing audit of treatment should not prevent primary care trusts and others from identifying such issues in local communities. As I said, drugs and alcohol action teams already examine the issue in partnership, with PCTs.

We are trying to ensure that those who work in the health service—doctors, nurses and other health professionals—can identify alcohol misuse among their patients. I understand that over the next 18 months, the Department of Health will raise the profile of alcohol education for health professionals with the appointment of a deputy chief medical officer and a chief nursing officer as training champions.

The driving force behind the implementation of the drugs strategy is a joint one, shared by the Home Office and the Department of Health. As the hon. Member for Somerton and Frome (Mr. Heath) said, it is a cross-government matter, and in that respect it is not easy. A number of issues are not the responsibility of one Department alone. We have to find a way to harness expertise—not in competition with each other, but in a way that facilitates delivery and ensures that the outcome is effective. We need to identify the gaps in treatment, and we need to ensure that everyone who needs it receives the necessary information.

A number of hon. Members mentioned alcohol-related crime and disorder, and under-age drinking, as causes for significant concern. During the summer we shall work with the police standards unit and the Association of Chief Police Officers, and invite forces across the country to take part in a co-ordinated programme of enforcement initiatives to tackle alcohol-fuelled violence, and to deal with the irresponsible few who encourage under-age and binge drinking. We want to make greater use of existing legislation, but we are considering whether to extend fixed penalty notices to those who run establishments, as well as to those who cause disorder on our streets.

In the time left to me, I shall not be able to do justice to the range of comments that have been made this afternoon—but I can at least say that it is important that our attitude to the problem is joined up. My hon. Friend the Member for Newcastle upon Tyne, Central asked about the use classes order; I shall write to him about that. We must strongly encourage industry to give clear guidance and information. We want that done on a voluntary, partnership basis—but we will review the situation in the next Parliament, and if more legislation is needed, it will have to be enacted.

Burundi

3.30 pm

Ann McKechin (Glasgow, Maryhill) (Lab): I welcome this opportunity to speak about a nation which receives very little public attention in the United Kingdom and which is facing a crucial period in its history, as it seeks to move from many years of conflict and debilitating poverty to a period of peace and, hopefully, real development progress.

I welcome the Government's country engagement plan for Burundi and their increased aid spending on that country in the past few years. The Department for International Development has been working hard to ensure that we have a comprehensive set of policies for the entire great lakes region. It is also working closely with the Foreign and Commonwealth Office and the Ministry of Defence to achieve that. However, given that Burundi is in a critical period, I wish to press the Minister further on his future policy intentions.

Burundi is the smallest nation in the great lakes region, with a population of just over 6 million. It is also the third most impoverished nation in the world: more than 99 per cent. of its population lives beneath the absolute poverty threshold of $1 per day, and 85 to 90 per cent. of its people subsist on less than $1 per week. Like its neighbour Rwanda, it has suffered an extensive period of ethnic violence between its Hutu and Tutsi populations. It has been estimated that 200,000 people have been killed since 1993, when the conflict escalated. At times that internal conflict has spilled over into Rwanda and the Democratic Republic of Congo, which has had detrimental effects on the stability of the region. That is one of the main reasons why the search for peace in Burundi is so important.

Former South African President Nelson Mandela helped to broker a three-year power-sharing agreement in 2001. That was a key breakthrough. Subsequent negotiations led to the largest rebel group, the Forces for the Defence of Democracy—the FDD—signing a ceasefire with the Government in late 2002. However, this week the FDD accused the Government of not abiding by the peace accord and of not giving it adequate representation in the current Administration. I understand that, according to a United Nations report issued yesterday, the transitional Government are ready to meet the FDD's demands, but I would be grateful if the Minister said whether our Government have had any discussions this week with the Burundi authorities about the problem, and whether they are able to make any assessment of the consequences. Also, is there any sign of progress in persuading the remaining rebel group, the FNL—the Forces for National Liberation—to join with the transitional Government in the search for peace?

Elections are due to take place in October, and for them to pass off successfully it is crucial that security is achieved throughout the country. Sadly, however, extreme and intense violence continues to occur in pockets. In Bujumbura Rurale, the Centre de Blessé medical centre in Kamenge recently had 76 reported rape cases in just one week. On average in the last 12 months more than 100 rapes per month have been reported in that centre alone. That reported figure suggests that the real figure is far higher. In addition, civilians continue to be killed, seriously injured and forced to leave their home as a result of the conflict.

Last year, the African Union deployed a peacekeeping mission to Burundi, and I welcome our Government's £2 million contribution toward the cost of it, in addition to their share of the €25 million that was provided from the European Union aid fund. Despite that, the mission is suffering from a serious lack of funds and logistical support. However, as UN Secretary-General Kofi Annan recently stated, it has performed very well in difficult circumstances and it has already made a significant contribution to establishing an atmosphere of peace and security. However, severe problems remain, not least in the area surrounding the capital, and it is important that the peacekeeping force is able to operate effectively throughout the country.

Last month, Kofi Annan, responding to a direct request from the African Union, proposed that the mission be taken over by the UN. I understand that the Security Council has, in turn, given him permission to plan a mission, but has yet to give final approval. Can the Minister confirm that the UK Government support the UN taking over from the African Union forces, and will they work to lobby other UN member states to support such a plan? I certainly encourage the Government to consider whether it is possible, prior to the October elections, to provide further funds to the force and any suitable technical assistance that it may require.

I am deeply concerned by the Rwandan Government's admission on 26 April to making a substantial deployment of troops along the borders of both Burundi and the DRC, despite denying such a suggestion earlier that week. On that same day, the DRC Foreign Minister was reported as saying that the presence of Rwandan troops amounted to a threat to the trust and bilateral relations between the two nations. That is another worrying sign, given the fact that that country is going through a transitional form of government. I am worried that such a deployment could have an equally destabilising effect on security in Burundi at this sensitive time in its search for peace and elections. Do the Government believe that Rwanda has legitimate security concerns to merit such movements, or that the terms of the memorandum of understanding between the United Kingdom and the Rwandan Government are being fully respected in respect of current events?

Development issues also affect Burundi. First, refugees are now returning to Burundi as peace begins to be established. They are coming back in their thousands, and those numbers are expected to increase dramatically once political leaders call for Burundi citizens to return to register to vote for the elections in October. Can the Minister give any indication of how DFID assesses the state of preparation of international agencies to cope with that influx? In the longer term, the UN High Commissioner for Refugees is planning for upwards of 500,000 people to be repatriated to Burundi by 2006. That is in addition to the ex-combatants and the formerly internally displaced people who are returning to their homes in rural areas. In such a small and terribly impoverished nation, that creates a tremendous stress on very poor rural communities. I urge DFID to assist in strengthening basic facilities in the rural communities to cope with the influx and provide funds for projects to establish links between the returning groups to prevent the possibility of further conflict.

A study published this week by Médecins sans Frontières shows that mortality rates in Burundi are three times higher than those of a country in a stable situation, and well above the internationally recognised thresholds that indicate an emergency situation. The main causes of mortality are identified as infectious diseases: malaria is the main killer, but there is an increasing and worrying incidence of HIV/AIDS infection. Despite the fact that the right to health is enshrined in the policy of the Burundi Ministry of Health, the study shows that the cost-recovery system operated by the Ministry, whereby patients pay the entire cost of all medical acts, medicines and laboratory tests, excludes almost 1 million people – just less than one fifth of the total population – from any type of basic health care. In addition, the researchers found that more than 80 per cent. of the households that consult health centres are obliged to resort to extreme solutions, such as selling cattle or land, or incurring debt from their neighbours, to pay the price of the consultation.

DFID's analysis points to the fact that immunisation rates have dropped from 83 per cent. in 1993 to only 54 per cent. in 2001. One of the examples quoted in the report shows clearly how the system has exacerbated the current problems. A man called Reverien from the Musaga district said:

"My wife died two months ago, very probably from malaria because she had a lot of fever and vomiting. But she never went to a health centre because of lack of money. I don't even have enough to feed my two children, so how could I have paid the price of a consultation? I thought she would eventually get better. That didn't happen. After four months in that state, she finally died."

The 2003 budget for the Ministry of Health was estimated to be only 2.2 per cent. of the total budget. An adequate basic service for all cannot be obtained from such a budget. The human price of the inadequacies of the current system cannot be overestimated. The funds pledged at the international donor conference held in Brussels in January this year focused on the clearly important issues of demobilisation and the return of refugees. However, the future of the health and education sectors in Burundi was not even discussed at that meeting. I am sure that the Minister agrees that there is an urgent need to ensure that a free basic health care system is introduced in Burundi, as it is a key prerequisite to development, progress and disease control. Has his Department held discussions with the Burundian authorities, the European Union and our international partners on that issue? Will the Government urge that appropriate exemptions from the cost-recovery scheme be made for vulnerable elements of the population, to ensure that every person can receive basic health coverage?

Burundi also suffers from unsustainable levels of debt. Its economy is highly dependent on coffee exports, the global market price of which remains depressed. It is entitled to apply for relief under the heavily indebted poor countries scheme, but due to the level of conflict in recent years it has yet to reach the initial decision point. Given that the final expiry date for reaching the decision point under the HIPC scheme is later this year, I urge my hon. Friend to put pressure on the International Monetary Fund and the World Bank to consider an alternative arrangement to allow Burundi to obtain that essential concession – when elections have taken place and, hopefully, stability has been achieved. The recent announcement of bilateral debt relief by the Paris Club

[Ann McKechin]

of creditors is welcome, but given Burundi's precarious financial position, further relief from the HIPC initiative is vital if more funds are to be spent on services, such as health and education.

Earlier this year, I was asked by International Alert, a United Kingdom non-governmental organisation, to take part in an evaluation of parliamentary peace forums known collectively as the AMANI forum, that have been established in Parliaments throughout the great lakes region. The role of the forums in Uganda and Kenya has made an important contribution to the search for reconciliation and peace. Unfortunately, due to security concerns at the time, I was unable to take part in the visit to the Burundi Parliament, but it is clear that its parliamentarians often feel isolated and that they lack either the capacity or experience to consider many of the complex problems that they face, especially—as in any impoverished nation—in relation to their control of the armed forces in the country and the attempt to reconcile their communities. Has the Department for International Development made an assessment of how it can support the parliamentarians as part of its declared objective to support peace-building activities in the country? As my hon. Friend will be aware, the UN is proposing to hold a special conference on the great lakes region later this year. It is important that parliamentarians and Ministers from the region take a full part in the work programme. I hope that his Department can assist in that respect.

A huge number of complex problems face Burundi. However, this year gives it and its citizens a window of hope. As I said, I welcome the Government's increased commitment, but I strongly urge them to continue working as hard as possible to allow peace and democracy to have a chance. Burundi and its people have suffered greatly and now is our time to help them.

3.44 pm

The Parliamentary Under-Secretary of State for International Development (Mr. Gareth Thomas): I begin by congratulating my hon. Friend the Member for Glasgow, Maryhill (Ann McKechin) on securing the debate on Burundi and, more generally, on her work with the all-party group on heavily indebted poor countries. She is a great campaigner in the House on many specific issues relating to Burundi. I also welcome the fact that my hon. Friend has succeeded in securing the debate because it provides an opportunity to highlight the work that the UK and the rest of the international community are doing to help bring about lasting peace in Burundi and alleviate the population's suffering, which she so graphically described.

In effect, the country has spent the past 10 years in the grip of an appalling civil war. I agree that this is a critical time for Burundi. My hon. Friend alluded to the fact that the date for the end of the transitional Government created by the Arusha accords of 2000 is fast approaching. If the transition is to be successful, elections to appoint a new Government and a new president must take place before 31 October. To create an environment conducive to elections, the process of demobilisation, disarmament and reintegration must be up and running, and army integration and planning for security sector reform must be well under way. That will require not only significant political commitment in Burundi but the active engagement and support of the international community, without which the peace process could, sadly, fail, potentially plunging Burundi back into civil war, with considerable adverse consequences for the rest of the great lakes region.

As my hon. Friend highlighted, the humanitarian situation in Burundi is grim. The country is one of the poorest in the world, with quite appalling human development indicators. It rates as low as 171st out of 175 on the UN world development index, and almost 60 per cent. of its population live on less than $1 a day. Life expectancy at birth is only 40 years—a drop of 10 years since the start of the conflict in 1993, and—to complete a particularly grim picture—the mortality rate among under-fives is one of the highest in the world, with one Burundian child dying every 10 minutes. On top of all that, large numbers of refugees and internally displaced people are returning home as a result of the reduction in conflict; that is putting pressure on host communities, which already have little capacity to cope.

My hon. Friend alluded to the fact that the UK, through the Department for International Development, has significantly geared up its response to Burundi's needs in recent years. We have developed a strong relationship with the Government of Burundi, and I believe that we are respected in the donor community and seen as unbiased and a serious supporter. In the last financial year, the Department committed more than £10 million to Burundi, including significant contributions to the African Union peacekeeping force, about which I shall say a little more in due course. Our staff have also sought to play an active role in improving donor co-ordination in Burundi, working closely with key multilaterals, such as the World Bank, the UN and the European Commission, on issues such as the disarmament, demobilisation and reintegration process, security sector reform and election support, which is crucial in the context of the upcoming parliamentary elections. We are also working on humanitarian assistance and, more generally, on social and economic reform.

My hon. Friend touched on the African Union mission in Burundi, which comprises 2,500 troops. It is particularly significant, because it is the African Union's first peacekeeping force to be deployed in Africa. It has been in place since June 2003, and its deployment has been an essential part of the search for a sustainable peace. I want to place on record our appreciation of the contributions that Mozambique, Ethiopia and, in particular, South Africa have made to the force. The UK has provided £5.7 million to support the mission, including support for the Mozambique contingent. My understanding is that the force has sufficient funding at the moment and for the period up to the possible conversion to a UN mission. However, we shall keep the significance and terms of funding under close review, to help us to play our part in ensuring that such peacekeeping contributions can continue.

My hon. Friend asked whether the UK supported the UN Secretary-General's proposal for the creation of a UN peacekeeping mission to take over from the African Union force. We strongly support that, and we hope that there will soon be agreement on a positive Security Council resolution to begin the process. Clearly, with a robust mandate from the Security Council and the

increased human and financial resources, a UN peacekeeping operation should not only help to create a more secure and stable environment but should also help to move forward the urgent work that is needed on disarmament, demobilisation and reintegration and election preparations.

Alongside the humanitarian challenges in Burundi, which are immense, we need to put the progress that has been made in context. More of the country is becoming accessible as the level of conflict is reduced. United Nations agencies are beginning to gear up their work significantly to meet the challenges that will, clearly, continue to be acute in the coming months. We are expecting the UN to issue a revised, consolidated appeal for Burundi, based on the latest assessment of the situation there. We are pleased that the humanitarian agencies in the field are strengthening their capacity to deal with the current situation. In particular, the United Nations High Commissioner for Human Rights has established regional offices in country, and has good systems in place to deal with the current planned returns of refugees, to which my hon. Friend alluded. As we all know, refugees make their own decisions on when and how to move. Contingency plans are in place to assist with such movements, but we must be in a position to respond quickly if people return in significant numbers. I am confident that my Department has the systems in place that will enable us to respond quickly in that case.

My hon. Friend focused, rightly, I think, on the plight of the civilian population in Bujumbura Rurale, who have borne the brunt of the continued fighting in recent months involving the Burundian army, supported by the Conseil National pour la Défense de la Démocratie and the Front pour la Défense de la Démocratie, in opposition to the Force Nationale de Libération. Large numbers of people, as my hon. Friend said, have had to flee their homes. The incidence of rape and violent attacks is high, and humanitarian access to the area continues to be difficult. Despite the FNL's recent announcement of a ceasefire and its willingness to negotiate directly with Government, fighting continues in three districts where the FNL has concentrated its forces. Tens of thousands of people remain displaced from those areas and are dependent on deliveries of food from the World Food Programme and non-food items from the Catholic Relief Services. We hope that the FNL offer of a unilateral ceasefire will be taken up by the Burundi Government and that the latter will cease their current offensive against the FNL. We hope that all sides will accept the futility of continuing to fight and will enable the FNL to take part in the political process that has gained such success and momentum since the Arusha accords. It is clearly for Burundians to decide whether the FNL should join the transitional Government, but the matter remains a difficult subject for negotiation, not least because of the FNL's appalling human rights record, of which I am sure my hon. Friend is aware.

My hon. Friend asked about our views on the possible withdrawal of the CNDD-FDD from the unity Government. We understand that their agreement to join the transitional Government last year was a huge step forward on the road to peace in Burundi. It would have enormous implications for the future of the country if the movement decided to withdraw from government at this critical stage in the run-up to the end of the transitional administration. We understand that the Government are working hard to overcome the difficulties perceived by the CNDD-FDD. I hope that it will be only a matter of days before the key issues that divide the parties are resolved. It is worth noting that the CNDD-FDD has given assurances that its possible withdrawal from the unity Government would not signify a return to arms. I am sure that my hon. Friend welcomes that commitment, and I hope that that commitment and the work of the Government will enable the concerns between the two parties to be resolved.

DFID has supported the work of Médicins Sans Fontières in Bujumbura Rurale, including its centre for war wounded at Kamenge. We are considering what further assistance we can provide. We are due to send a needs assessment mission to Burundi this month, in order to identify how else we can support the Burundians in terms of health and other essential services. My hon. Friend asked about our views on health care. We welcome the extremely useful MSF report. Our priority is to ensure that the poorest of the poor are able to access medical services and, for the moment, the best way to achieve that is through health services being provided free of charge. I understand my hon. Friend's concerns about the need to strengthen the country's health systems. We already provide significant support for health care through our humanitarian assistance, particularly the regional support that we give to those tackling HIV/AIDS, to which my hon. Friend alluded.

Finally, I shall touch briefly on my hon. Friend's concerns about the HIPC initiative. Although the UK is not one of Burundi's bilateral creditors, we strongly support its moving towards the HIPC decision point, which we hope will be reached in mid-2005, with completion point in December 2005 at the earliest. How are we helping to achieve that? So far, we have contributed $2 million to the multi-donor debt trust fund to help with arrears clearance and with the regularisation of relations with creditors, which is one of the prerequisites for the HIPC decision point, and offering ongoing technical assistance to the Ministry of Finance—in particular its debt management division—to help it to make progress in that respect. We are also encouraging other donors, as my hon. Friend suggested we should, to follow the UK's example of going further than is required under the HIPC initiative by trying to provide 100 per cent. relief on the debts owed by countries when they qualify for the HIPC initiative. We are encouraged by the World Bank and the IMF's approval in January of Burundi's first IMF poverty reduction and growth facility. We are also encouraged by the publication of the interim poverty reduction strategy in Burundi and, as my hon. Friend also mentioned, the recent Paris Club granting of debt relief for Burundi on Naples terms.

I have tried to answer as many as possible of my hon. Friend's questions. I shall refer to *Hansard* to see whether there are any others to which I should respond, and if there are I shall write to her.

Small Schools

3.59 pm

Mr. Steve Webb (Northavon) (LD): My first aim in this short debate is to celebrate—

4 pm

Sitting suspended for Divisions in the House.

4.26 pm

On resuming

Mr. Webb: As I was saying, I seek first to celebrate the work of small schools in my constituency. In the South Gloucestershire unitary council area there are eight schools with fewer than 100 pupils, all in my constituency. I have recently visited three of them: Redwick and Northwick primary school, Oldbury-on-Severn primary school and Horton primary school. I visited the last two as part of the Global Campaign for Education's "MPs' back to school" day, in which many hon. Members participated.

On seeing the children's excellent presentations during those visits, and after chatting to staff, parents and governors, I was struck by how valuable small schools are as part of the variety of local authorities' educational provision. Large schools clearly have strengths and advantages, but small schools have features that I had not thought about very hard until I saw them for myself. I wish to draw the Minister's attention to some of those strengths, which had not previously occurred to me. I am sure that he, as the Minister for School Standards, already knows of them, but I will highlight them anyway on the off-chance that he does not.

I was struck by the way in which a small school sometimes works for a child who may not be very confident and who may have tried to settle at a larger school, but for whom that had not really worked. I met a few children who had moved to a smaller school environment. They had felt more secure and had received slightly more individual attention, and they had prospered. The nice thing was that they had not been left at that stage, but had flourished in an environment in which everyone counts, everyone knows everyone else, and everyone has to play their part. It was noticeable in some of the presentations on education that I saw, especially in Horton school, which is the smallest school in the authority area, that—certainly among the older pupils—every child took part and had to be involved. In that environment, children can flourish who might not do so well in a larger school environment. They can mature in a desirable way and take on responsibilities, so that when they have become the oldest children in the school, they look after the younger children. I asked what happens when they have to go to the very big school down the road, and whether they are overwhelmed. I was told that they sometimes find the first open day visit daunting, but that, because they have gained confidence and a sense of security, the transition from a small school to one of the larger comprehensives works well—rather better than I might have anticipated, in fact.

Something else that struck me about those schools was that they are often linked to a particular village. The other five small schools of the eight that I mentioned are: Iron Acton school, Old Sodbury primary school, Rangeworthy primary school, St. Andrews primary school at Cromhall, and Tortworth primary school. Each of those schools is linked to one village in my constituency, usually relatively small, and the school is in many ways the heart of the village. Some villages in my constituency lost their schools, which seemed to rip the heart out of those villages. I am keen to ensure that does not happen again. We should celebrate what is good in those schools, and develop their roles. The fact the schools are so central to village life means that their fundraising achievements are phenomenal—well beyond what one would expect for small schools, with a small number of parents involved. The whole community rallies round and they raise phenomenal amounts of money to help keep the school going. Obviously, we will come back to the issue of funding in a moment.

The schools have two roles. Their traditional role is as a school for the children in the village. However, in some villages, house prices have gone up and it has become difficult for young families to move into the village; children become adults, and perhaps move away, but their parents stay in the village in the house in which they were living. The actual number of children who live in the village and go to the village school may therefore diminish somewhat. However, that does not diminish the value of those schools, because parents from a wider catchment area find that there is something special about the smaller schools, which they want. I stress that my children attend a village school with about 200 children; it is a super school, and I do not mean to undermine the work of the larger schools. My point is simply that we need variety in provision. That is one of my key messages today – larger schools have their place and can offer particular things, but small schools are a key part of the overall pattern.

I am delighted that the Government have a presumption against the closure of rural schools. That is welcome, and I understand that the pace of rural school closures has slowed considerably. I hope that the Minister will keep an eye on South Gloucestershire to see that that policy is rigorously enforced in that authority, which has some very small schools. One of the problems is that it is obviously more expensive, both for the authority and the school itself, to run a small school. There is still one building to maintain and still one roof that can leak no matter how many children there are beneath it.

Similarly, the administrative burdens—the form filling and reporting back requirements—are often just as onerous for a head with 30 pupils as for one with 130. I have heard suggestions that it might be possible to reduce the administrative burden on the head teachers of small schools. The head teacher in Oldbury-on-Severn school spends half his week teaching, and the headmistress at Horton a similar proportion. Clearly, they are trying to fulfil the roles that would be met by several members of staff in a larger school. Given that in smaller schools those roles fall on one pair of very committed shoulders, is there anything that could be done to take some of the administrative burden off the heads of some of the small schools? I hope that the Minister can offer me some encouragement on that.

One of the ways in which central Government try to help local authorities to deal with some of the issues is through additional funding for sparsity. One of the problems in an authority such as South Gloucestershire is that we are neither one thing nor the other. Certainly, all the small schools are in my part of the authority, but other parts include urban Kingswood and the north Bristol fringe. As a whole, the population of South Gloucestershire is not deemed to be particularly sparse. The consequence of that is that we do not really get much help with the additional costs of running our small schools. That adds to the financial pressure. Could the Minister comment on the possibility of looking at the issue at sub-local authority level—dealing not with averages but with whether there are sparsity issues within the authority area? Are there wards where the population is sparse, where the population is small, and the local school is small and expensive to run? Could that not be recognised?

In general, there is a funding issue. I make no apology for raising the matter, because part of the reason why there is pressure on small schools in my authority is the tight financial settlement for South Gloucestershire, which continues to be one of the lowest funded authorities per primary pupil in Britain. We had a victory on that front: the Government listened, said that the funding formula was not fair, and introduced a new formula. I warmly welcomed that. Furthermore, I know that South Gloucestershire will never be the top funded authority in the country—nor should it be. However, our complaint is that our new funding has been put on hold, because the application of ceilings and floors has meant that £4 million last year and £4 million this year was withheld from South Gloucestershire to fund needy authorities—such as Kensington and Chelsea—and to put a floor under their grants.

Given that the Government have now brought in a fairer funding formula, which we support, and have accepted that we need that extra £4 million, small schools and parents in my authority want to know how long we will have to wait for it. That is a serious, critical question. The new rules quite properly say that we need more money, but will the new system ever be phased in? One accepts the need for some sort of phasing, but there is no end in sight to the phasing process. When will it end? When will the authority get that money? If the authority knew that that money was coming through, the squeeze on the smaller schools might not be as severe as I fear it will become. When will that ceiling go? Can things be done to ease the financial burden on some of the schools?

One argument is, "Let us not get too excited about buildings and structures. Instead, let us look at the quality of education." I agree that that must be our starting point. I bring to this debate my first-hand experience of several of these schools, and can say that they are offering education of excellent quality. They are small not because they are not excellent but because they are physically small and because of some of the demographic factors that I mentioned. There is no suggestion that the lack of numbers of pupils at some of these schools is due to lack of quality—indeed, some of them are full to the brim or even oversubscribed because they are excellent, popular schools.

The question arises how to deal with fluctuations in numbers. If a school has 35 pupils, as one school in my constituency has, and two big families move out, it can lose a fifth or a sixth of its pupil roll overnight. There is great volatility from one year to the next. One of my worries is that a small school will be closed in error, the village will experience a baby boom a few years later, and people in the village will say, "Wouldn't it be great if we still had a village school?" A school seldom returns once it has gone. I urge central Government to impress on local authorities the need to take the long view. A school in my authority, Trinity school, is no longer a small school because it now serves the three villages—hence its name—of Badminton, Acton Turville and Tormarton; but at times, there has been pressure on it to shut. Some of my predecessors, such as the late Heather Larkins, who was my predecessor as candidate in Northavon, pressed for that school to be kept open when the numbers merchants—the accountants—were saying, "It's too expensive and there are not enough children." That school survived and is flourishing. It is a large and growing school. I would be very sad to see small village schools lose their long-term future because of temporary lulls and cyclical patterns in birth rates.

This debate is not only about education but about community and quality of life. I want small schools to prosper and develop. Throughout Britain, primary teachers are being laid off because of falling rolls and a decreasing need for primary teachers. Does not that give us an opportunity to think afresh about small schools? They have tremendous potential to be centres for their communities, not only in school hours but out of hours and at weekends. They can be places that health bodies as well as education bodies can use. The buildings could be used and the costs shared. There are great ideas for using technology, which the Minister will no doubt share with us, such as enabling a neighbouring school with a specialist teacher in a particular subject to use IT to teach at both sites at once.

There is so much imagination around, and I would be sad if a numbers-driven process meant pressure on the future of schools that have real potential. We should not be misled by relatively small numbers into thinking that they are not very good schools that should not be part of long-term provision. Clearly, transport is an issue in an area such as mine. If we start to pressurise some of the smaller schools, yet more people will have to ferry their children longer distances to school. Again, this debate is not simply about education. Our starting point is the quality of the children's educational experience, but it has to be seen in the context of the whole community.

I hope that my remarks have given a flavour of how unique small village schools are. Each of the eight schools that I mentioned is associated with a village in my constituency. Many families who live in the village now will have sent their children to the village school, but the schools draw in people from a wider catchment area as well, and they can often do things that other schools cannot because of the flexibility of being a small school. Oldbury-on-Severn school, which I mentioned, will organise a poet to conduct poetry sessions, or a potter to do artwork with the children, because that is a particular interest of the head teacher, who uses his contacts. Such schools are often driven by one or more dynamic individuals. What strikes me on my visits is

[Mr. Webb]

how often head teachers, other staff and governors go the extra mile. The schools are centres of commitment as well as excellence.

I do not want to romanticise or idealise. Small schools face pressures—for example, they are more expensive to run. However, we can mitigate some of those problems. We can try to alleviate some of the administrative burden on the senior staff. We can share the buildings with other community groups for other educational purposes. We can use IT to bring in resources. Schools planning must not be an accountancy, numbers-driven process. It has to be about the quality of community and of children's education, and about diversity and choice for parents. I hope that the Minister shares my passion for the high-quality education that so many small and village schools provide.

4.40 pm

The Minister for School Standards (Mr. David Miliband): It is a pleasure for me to be able to put on the record the Government's appreciation of the work that is done in small schools around the country, particularly in South Gloucestershire. I congratulate the hon. Member for Northavon (Mr. Webb). I almost called him my hon. Friend, and although I do not want to end his political career, I have known him for more than 10 years and I hope that he does not mind if I am confused about whether to call him the hon. Gentleman or my hon. Friend.

I congratulate the hon. Gentleman not only on the passion that he brought to the subject of small schooling, but also on the insights of his speech, which spoke well for his knowledge of the schools in his area and about the needs that exist in areas and constituencies like his. It also spoke well for the role of schooling as a public service that binds together a community, is a resource for it, strengthens it and gives it a sense of identity and pride as well as a future.

I intend to say a bit about how the Government see their responsibilities. The hon. Gentleman knows that the organisation of schooling has been a prime responsibility for local government for a long time, and we in central Government respect the constitutional relationship and settlement between local and central Government. I hope to say a bit about how central Government try to support local government in the difficult decisions it faces about how to balance the conflicting pressures that arise as populations move and change.

The hon. Gentleman will be pleased to know that I am an avid reader of his column in the Bristol *Evening Post*, so I was able to discover that on "MPs' back to school" day he went to Horton primary school and Oldbury-on-Severn primary school. I understand that Horton has 43 pupils on the roll and Oldbury-on-Severn has 50. However, they are not quite as small as the 27-pupil school that I saw near Shrewsbury in autumn 2003. It is good to read their recent inspection reports. Horton was judged in September 2003 and the inspectors concluded that it was

"a good school where pupils achieve well".

The less recent inspection of Oldbury-on-Severn in July 1999 concluded that the school performed well across a wide range of activities.

I am glad that the hon. Gentleman drew a distinction between funding numbers and funding quality, because we in Government have a responsibility to focus on funding to ensure that quality and standards are raised. Some schools struggle to attract pupils because parents conclude that the education that they provide is not of a sufficient standard. In other areas, schools can struggle to get enough pupils because of demographic change, which is not a reflection on the quality of schooling. I recognise that. The Government see that some special benefits can exist in smaller schools.

There are 18,000 primary schools in England. It is striking that the Department for Education and Skills definition of a small school is one with fewer than 200 pupils. The hon. Gentleman might think—I would probably agree—that 200 is large in comparison with some of the schools to which he has referred. I do not think that he would describe a school with 200 pupils as small. Some 7,000 schools—nearly 40 per cent. of the total—have fewer than 200 pupils. However, it is striking that 2,500 schools have fewer than 100 pupils. Nearly 14 per cent. of primary schools have fewer than 100 pupils and most of those are in rural areas. In South Gloucestershire nearly 40 per cent. of primary schools have fewer than 200 pupils, which means that it corresponds almost exactly with the national average.

The hon. Gentleman made the point in his now-famous article in the Bristol *Evening Post* that small village schools are at the heart of rural communities, which is why I was glad that he referred to the presumption that the Government have introduced against closing rural schools. That presumption was introduced in 1998 and it exists today. The presumption cannot mean, and I am sure that he did not expect it to mean, that no school, rural or otherwise, can ever close. That would not be sensible. However, it ensures that there must be a strong case for closing a small rural school, and it must clearly be in the best interests of education in the area. I am conscious of my limited powers in this respect, but I am pleased to report that the introduction of this presumption seems to be having some effect. Seven years ago, the average number of rural schools closed was 30 a year; now, it is five a year. No rural school in South Gloucestershire has closed in the past six years, and no doubt that is in part testimony to the hon. Gentleman's vigorous campaigning.

Significant challenges lie ahead for schools, small and large, and it is important that I reflect on them honestly, because that is important for teachers and pupils. Last year, there were 500,000 surplus places in primary schools in England—that is 12 per cent. of capacity, which is a significant proportion. On current estimates, we are due to lose about 50,000 pupils per year from the primary sector in each of the next two or three years. That worries local authorities, which, notwithstanding the hon. Gentleman's antipathy towards accountants, must be concerned about the proper use of resources. Authorities would greatly prefer to be paying for teachers than for empty desks. That is the challenge posed by the problem of surplus places in particular parts of the country.

In cases where there are falling rolls or schools are struggling to make up numbers, it is important that we put in place the right arrangements to ensure sufficient flexibility is built in for those schools and local government. In his article in the Bristol *Evening Post* the hon. Gentleman talked about the financial pressures on rural schools. It is important to be aware of the significantly increased funding that is available in south Gloucestershire. I was struck when I read that for pupils aged between three and 19 in south Gloucestershire, a real-terms increase of some £750 per pupil had been invested between 1997–98 and 2004–05. Under current spending, investment per pupil has gone from £2,510 to £3,260 in real terms. The capital position is also striking. Funding in 1997–98 was about £5 million. So far in 2004–05, it is nearly £19 million. That funding relates to some of the opportunities for extended use of schools to which the hon. Gentleman referred.

Mr. Webb: The Minister knows that we could trade statistics on whether education funding is a lot more or only a bit more generous. Last week, I visited a school, which I will not name, and the head said that unless the budget was sorted next year, she would be unable to avoid sacking teachers. That is not because numbers are down, but because money is so tight. Will the Minister address my specific point about the ceiling? The Government admit that South Gloucestershire needs another £4 million, but it appears that they will never phase in the new regime. It would make a big difference if that phase-in happened a bit quicker, because the ceiling is making things difficult.

Mr. Miliband: I am happy to address that point. As always, the hon. Gentleman is a few steps ahead of me: his mind works rather faster than my mouth can speak. However, I hope to deal with some of his points. Whatever the funding pressures—I do not deny that they exist—he and I agree that funding now starts from a much higher base on both the current and the capital side.

It is also important to recognise that this year there is a degree of protection that has never existed before in the form of the 4 per cent. minimum funding guarantee per pupil for every school in the country. There is also a 5 per cent. floor per pupil for every local authority in the country, offering protection to schools, small and large, that has never before existed. On that 4 per cent. per pupil base, we have put in special protection for schools that are facing the challenge of falling rolls. We recognise that there are fixed costs, such as cleaning, repairs and heating, which can be a particular challenge. The formula is designed to recognise that.

The hon. Gentleman also knows, although somewhat ungenerously he did not mention it, that there are special arrangements for the very small schools with 75 pupils or fewer. A much higher proportion of their funding is delivered through the operation of factors other than pupil numbers. The guarantee for small schools will allow them to substitute their proportion of pupil-related funding; it will be for local education authorities to tell them exactly what that is. I will be happy to write to the hon. Gentleman to explain the special protection that we have given to the very small schools, if that will be useful.

The hon. Gentleman is right to say that the Government's funding formula, which counts the number of pupils, their particular needs—for English as a second language, perhaps, or as a result of poverty—and the additional costs that arise in particular parts of the country, gives more to some areas than to others. He is right to say that South Gloucestershire is on the ceiling. It receives more money than other authorities. This year, the ceiling is 6.8 per cent. per pupil compared with a floor of 5 per cent. Therefore, there is a substantial difference between a ceiling authority and a floor authority, and between a ceiling authority and an average one. The previous year, the gap was between a ceiling of 7 per cent. and a floor of 3.2 per cent. Over those two years, there have been substantial efforts to deliver to South Gloucestershire the increases that have been judged to be necessary from the funding formula.

I was glad to hear the hon. Gentleman refer to the need to phase in any new formula, because that is the right thing to do. It would be wrong if certain schools were to have cash cuts in their budgets, or even real-terms cuts. That necessitates a system of ceilings and floors. However, he is wrong to say that that means that South Gloucestershire will never receive its fair share. Year by year, the amount that South Gloucestershire receives rises, compared with the average as well as with the floor. These things depend on future judgments about how high the ceiling or floor should be, but over two years there has been substantial extra money.

The hon. Gentleman briefly talked about work force reform. That presents particular opportunities and challenges for small schools. I am very impressed by the pilot work that has been done in the small schools in the area west of Shrewsbury that I visited. It shows how small schools can make work force reform work for them. The national remodelling team has a national centre and website as well as representatives in each local authority, and it can show any school how other schools of similar size and budget are dealing with the challenge of work force reform. The work force reform agreement is supported by signatories from the National Association of Head Teachers, teachers and support staff. We are working with six LEAs and more than 75 schools to develop costed proposals for the ways in which schools can meet the challenge of delivering 10 per cent. of teachers' time for preparation, planning and assessment of classes in 2005–06.

I am glad that the hon. Gentleman raised the subject of administration. It is important that we free teachers to focus on teaching. However, it is not right that schools with 30 pupils face similar administrative burdens as do those with 130. I take on board the point that forms need to be filled in anyway, but it is quicker to fill them in for 30 pupils than for 130. Nevertheless, no one beats me in my zeal to reduce the administrative burdens and bureaucracy, and the hon. Gentleman will be pleased to hear that the Government have well advanced plans to end the process of sending materials to schools in a great batch and to introduce instead an online ordering system that will allow schools to customise DFES materials to their own benefit and to introduce a principle of "collect once, use many times"

[Mr. Miliband]

for all the data that is required by different Government agencies, both local and national. I agree that it is absurd for any school to be asked for the same information by different public agencies. The data protocol means that that will no longer happen.

I turn to my final points. Extended schools are extended in the sense that they offer before or after-school services and also, in a less than literal interpretation of that term, opportunities for nursery provision for under-fives. I hope that local authorities can use school sites in an imaginative way, because the benefits to the community from doing so are clear. We encourage innovation and flexibility in that area.

I am glad that the hon. Gentleman mentioned the opportunities for schools to co-operate together to share costs, notably of staff. Federations represent a particular example of that, but collaboration and clustering between primary schools allows them to share the services of specialist staff for music and other subjects, or administrative staff and IT officers. I agree with him that, especially for small schools but, in fact, for most primary schools, there are big advantages to be gained from closer collaboration. That can help spread good practice and raise standards of teaching, learning and costs. We are in favour of that.

I am grateful to the hon. Gentleman for securing the debate. It means that, as the authorities in South Gloucestershire analyse how to deal with the difficulties, we in the Department can keep a careful eye on what is going on. I am sure that the hon. Gentleman will keep us on our toes and, if there is anything we can do, he will alert us to that fact. We are resolute in our belief that it is a local responsibility to deliver the diversity of provision that is appropriate to local needs. I hope that the framework that is now in place to balance the rights and responsibilities of central and local government allows parental choice and pupil need to be met in an appropriate way.

Question put and agreed to.

Adjourned accordingly at five minutes to Five o'clock.

Westminster Hall

Thursday 6 May 2004

[SIR NICHOLAS WINTERTON *in the Chair*]

Ports

[Relevant documents: Ninth Report from the Transport Committee, Session 2002–03, HC 783-I, and the Government's response thereto, Cm 6076.]

Motion made, and Question proposed, That the sitting be now adjourned.—*[Mr. Heppell]*

2.30 pm

Mr. Deputy Speaker: I call the distinguished hon. Lady who chairs the Select Committee on Transport to open the debate.

Mrs. Gwyneth Dunwoody (Crewe and Nantwich) (Lab): Thank you, Mr. Deputy Speaker. I frequently feel extinguished.

Shipping is the main transport method for international trade. The United Kingdom's ports are gateways that carry 388 million tonnes of international trade, 95 per cent. of the country's international freight by tonnage and 75 per cent. by value. As we highlighted in our report, 177 million tonnes of domestic freight also move through our ports system. In 1999, 32 million international passengers and 38 million domestic passengers used United Kingdom ports. We highlighted those figures because, as sadly seems the case with so many major transport facilities in the United Kingdom, it seemed to the Committee that the port system has for far too long been neglected by many Governments.

It is worrying that the United Kingdom is now completely out of step with its European counterparts. Our ports system has undergone a considerable change. It is now almost entirely privately owned, yet the people with whom we compete in continental ports still remain largely in the hands of their state systems. That is not a difficulty in usual circumstances because our system is a ports industry that is perfectly capable of competing with almost any system. It means, however, that when we debate the influence of European institutions and the changes that are brought about by European law, we see a considerable difference.

I come to the matters that are of particular concern to the Select Committee. We said that it was essential that we received a clear statement of the Government's policy on ports. Investment decisions would be made more comprehensive and easier if there were confidence that the Government recognised the importance of the sector. We said that ports were vital to the United Kingdom's economy and that the Government's policy must ensure that the ports industry remains healthy and internationally competitive. Unless we receive a clear statement of the Government's support, it will increasingly become clear that the forward planning that is absolutely essential will not be carried out in an informed and sensible manner.

We need a regulatory framework that ensures that ports are operated in a safe and environmentally responsible manner. However, the Select Committee was worried by the fact that the sort of information—its statistical basis—that enables one to plan the development of the ports industry was still not available. The Department for Transport acknowledged that, but unfortunately does not seem to have a sense of urgency in respect of accurate statistics. We said that it was a disgrace that there was so little statistical information about such a vital industry.

We also said that it was becoming increasingly clear that because our economy is growing and we have an affluent society, more and more goods are being imported into the United Kingdom. Unless we have the capacity to handle such traffic, we shall rapidly run into real problems.

The difficulty is already becoming apparent, but it has become even more urgent with the recent decision by the Government to reject the Dibden bay application on grounds that carry some considerable problems for deciding the future of our ports industry. Given the growth of sea container traffic, why do the Government not appear to have addressed the chronic shortfall in container capacity in UK ports? That will become clear by 2006, because the size of container ships is changing—they are getting larger—and containers are getting bigger and heavier.

We are faced with a problem of British ports being unable to handle such traffic in sufficient capacity in the way that one would have expected. In the light of a national container port capacity problem, how do the Government intend to look at planning applications in future? They inform us that they are going to consider applications individually, yet on considering the decision that was taken on Dibden bay, we see that one of the phrases used was that the decision was being looked at in relation to possible alternatives. The rather frightening thing was that that interpretation appeared to include continental ports. Are we now to consider planning applications for UK ports in relation to container ports elsewhere on the continent? If that is so, it explains why P&O announced, on the day after the Dibden bay decision, that it would put an enormous amount of investment into Flanders.

We all know what an efficient port system is to be found in Rotterdam and Antwerp. However, I do not regard myself, as a British Member of Parliament, as having any responsibility for encouraging development in both those highly successful areas. That is a matter for their own nationals, and I suspect that they carry out such matters with considerable efficiency.

We need a clear statement from the Government on how they are going to consider further planning applications. At what point do the Government consider that it is likely that they can justify support for a new deep-sea container port being built in the United Kingdom, when such a proposal impacts on internationally designated nature conservation sites? Would it be when the last proposal is submitted and there are no alternatives in the UK, or would that still not be a sufficient reason to meet the overriding public interest test? I hope that the Minister will make that very clear this afternoon.

The Government do not appear to have carried out any analysis of the social and economic consequences of capacity constraints, either at a regional or national

[Mrs. Gwyneth Dunwoody]

economic level. Given that they consider ports to be in the national interest, how can such decisions be taken without any such information?

We said that we not only needed to know how much additional capacity was required but, in order to operate ports efficiently, we needed to know what links they were going to have with other forms of transport. What clear evidence was there that the railway system was to be planned to provide efficient links? What clear planning was there going to be in the funding and development of road, as well as rail, infrastructure? Where would these important physical links be made, and how soon? What was the timetable?

We said that we valued the work that was being done on health and safety in the ports system. However, we thought that the Government should have an identifiable set of national targets on health and safety, and that they should publish a timetable for the implementation of such targets. There is a current review of the Dock Regulations 1988, but it has not yet been made available. Those revised codes must give clear, practical guidance.

There is, whichever way we look at it, a shortage of dedicated port inspectors. There is no point having efficient health and safety rules if they cannot be monitored and enforced. That must be a Government responsibility and we expect them to fulfil it with some urgency. Lest it should be thought that I am being unduly unkind, I must pay tribute to the fact that the Government have understood that transport cannot manage unless practical planning is put into the way that it operates in future.

We understand that we are party to European environmental legislation, but we would also like to point out that the rules have been interpreted, not for the first time in European institutions, in different ways in different countries. Some member states seem to be interpreting their environmental rules in one way and the United Kingdom appears to be disadvantaged by our interpretation of them. It is essential that we know not only how we are going to control the various directives, but that they are plainly interpreted on the same basis. The habitats directive should not prevent port development or the expansion that we desperately need, because we have not had the opportunity to agree a general process.

We should also remember that we are in competition with continental ports. It is all very well talking about the need for us to work in friendship and to co-operate with continental ports, but they are in commercial competition with British ports. Therefore, decisions that are taken in the UK that appear to be directed or, at least controlled, by European planning can have an inordinately damaging effect on employment, economic regeneration and the future of various regions and of various cities.

I do not want to talk for too long today because Select Committee Chairmen have a privileged position and should not exploit it. However, I will say one thing before I end. The Government need to plan urgently for the future of our ports system. Without that, our economy will begin to lag and we will have problems to confront not only in the ports, but throughout the United Kingdom.

We face difficulties in the south. The decision has been taken about Dibden bay and there are those who believe that the three other ports applications that are coming up will be advantaged by that decision and will be able to look forward to a better situation. My fear is a simpler one; the grounds on which that decision was taken will impact on all of those other planning applications and may stop any coherent and properly planned development in the immediate future.

We know that we do not have sufficient capacity; that is not a guess. We also know that as an island we import and export practically every kind of good it is possible to create and to buy. Yet we seem content to allow ports to develop in a piecemeal process and to allow planning applications, which are vital, to be decided on a basis that at its best is doubtful in its environmental advantages and at its worst will have a direct impact upon the commerce and the economy of this island.

The report is a good one, and I am glad to see so many people this afternoon who want to debate it because they understand how vital the industry is. The report leaves us with many questions still to pose. It also records the urgent need for Her Majesty's Government not only to accept that UK ports are essential, but to give them the support that they need, and to ensure that many of our major decisions are not in any way impacted by those that are taken elsewhere without taking account of the British people's interests.

Mr. Deputy Speaker: The Chamber thanks the hon. Lady for the brevity of her contribution to this important debate. I seek to help hon. Members. It is possible that there will be Divisions during this debate. If so, I shall suspend the sitting for 15 minutes for each Division. In total, including the Government spokesman who will wind up and the two Opposition spokesmen, 11 Members have indicated their desire to speak. There may be one other; he has not yet indicated whether he wishes to participate. I ask the Members who are to speak to bear that fact in mind.

2.45 pm

Mr. John Denham (Southampton, Itchen) (Lab): Thank you, Mr. Deputy Speaker. I am grateful to my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), as the House should be, for her Committee's work and for the excellent report that it produced. There was so much common sense in that report about the need for a ports strategy that those of us who represent Southampton felt that it would colour the way in which subsequent events would turn out. That was not the case.

I shall be brief, and make only a few points, the first with some regret. The decision on Dibden bay will have a huge long-term impact on the port of Southampton's future growth. The transport world in general, and container traffic in particular, is changing. It is not a world in which anyone can stand still or say, "We will not do that; we will leave things as they are."

There is no doubt that the port cannot go forward in the way in which it wanted; it will face real challenges in the long term. The impact will not be immediate as the port is currently packed, and capacity is very tight nationally. However, the ability to win the longer-term growth for which many of us had hoped is now severely constrained.

I do not want to rehearse the arguments that were rehearsed at great length during a long public inquiry. However, I will make a few points. The Government have rejected the idea of a coherent ports strategy, as my hon. Friend the Member for Crewe and Nantwich has said. In their response to the Select Committee report, the Government said clearly that they favoured a market-based approach to the development of ports.

If ever there were a port or a port proposal that was prepared to stand and fall on whether the market would support it, it was the Southampton proposal for Dibden bay. There would have been £600 million of investment; not determined or at all dependent on public subsidy or public investment, but determined purely by the market. Had the scheme got the go-ahead, it would have succeeded or fallen purely on whether the business interests had felt that they could make money out of the proposal.

What that illustrates about the wider process—here I echo what my hon. Friend the Member for Crewe and Nantwich said—is that the Government do not favour a market-based process. If they had, Southampton would have had the chance to be tested in the market place. As soon as other factors are brought in, as can be done quite reasonably—environmental issues, strategic planning issues—the proposal is not purely market-based.

The problem of Southampton, of the inquiry and of the way in which the decision had to be reached once the inspector's report came out was that strategic and environmental issues were critical in the Southampton case. The crux of the issue was the extent to which Southampton was critically important to the UK, particularly in terms of whether some of the environmental issues from the internationally recognised site of special scientific interest could be seen in the context of the wider needs of UK plc, rather than as a series of local planning issues.

The inspector found himself having to come to a conclusion about the future of Dibden bay without the benefit of any Government strategic ports policy against which he could reach conclusions. The inspector had to reach a decision about whether Southampton was critically important to UK plc not only without a Government ports strategy, but without any official Government projections on the need for port capacity in the UK.

In retrospect, it is not surprising that the inspector decided that although there was a demand for more container capacity in the United Kingdom, because that could theoretically be provided at a number of other sites he could not reach the conclusion that it had to take place in Southampton. Therefore, he could not say to Ministers, "You should deal with the environmental issues in that wider UK context," and he recommended that the application be turned down. As my hon. Friend the Member for Crewe and Nantwich said, this is unsatisfactory. One is bound to reach the conclusion that a lot depended on the order in which the cases went before the public inquiry; on who first rehearsed the issues of strategic importance.

Mr. John Randall (Uxbridge) (Con): There is an obvious comparison with the Government's White Paper on aviation where—regrettably for those of us who live near Heathrow—there was guidance and a strategy, something that is clearly lacking for the ports.

Mr. Denham: That is an interesting point. I live about a mile from the end of the runway in Southampton and I can see the planes going over the top of my house. The number of flights has increased dramatically in the past year.

It was enormously helpful to have those Government projections as a basis on which to debate with Ministers, the operators and the public matters such as what might happen and how the undoubted business benefits could be balanced with the environmental impact. I do not think that the inspector in the Dibden bay inquiry had the benefit of anything like that amount of background of Government policy. I respect the Minister enormously for the work that he does, but his system is neither fish nor fowl; it is neither a market-based approach nor one based on strategic planning. We have to find a better way forward.

I do not want to rehearse every possible argument, but I wish to say a couple of other things. As the Minister and many of my constituents know, I have always recognised the importance of the environmental issues that are at stake in Southampton water. It was the hope and belief of many who followed the inquiry, including me, that Associated British Ports had done enough to satisfy the environmental concerns. I acknowledge that the inspector did not make a recommendation in favour of the scheme largely for environmental reasons, so I understand why Ministers came to the conclusion that they could not simply overturn that recommendation.

However, I hope that they recognise that, in this process involving the port of Southampton, it was not possible to examine properly strategic needs. There was the possibility—reflected in the exchange of letters between ABP and English Nature that explored what sort of compensatory package might be put in place if the scheme went ahead—for Ministers to have said, "We should examine the environmental issues in more detail." In essence, everything stands or falls on the particular case that ABP made. It put a lot of effort into making that case, but this issue needed to be decided in the national interest, and I do not think that we had the opportunity to do that.

At the time of the announcement, I was disappointed that Ministers said so little in recognition of the current and future importance of the port of Southampton, notwithstanding the decision that has just been taken. I hope that the Minister will say three things in this debate. First, I want him to put it clearly on the record that, albeit without a port strategy to back him up, he recognises the importance of the port of Southampton to the local, regional and national economy. Secondly, I want him to say that he will leave no stone unturned in looking at ways to assist the port of Southampton to make the best use of its current constrained capacity. The Minister knows that it is possible and desirable to upgrade the rail links from Southampton to the midlands to allow a larger flow of containers—and a flow of larger containers—by rail, and I hope that he will

[Mr. Denham]

be able to say positive things about the way in which he will approach that, and about the crucial investment decisions that have to be taken.

Finally, and I speak only for myself on this point, I hope that the Minister will confirm that if it were possible to revisit the idea of port expansion or development in Southampton—perhaps using a scheme with less environmental impact, or one designed differently in light of the experience of the inquiry—the scheme would be given proper and honest consideration, and would not be treated as part of a decision that had already been taken.

I shall end my remarks, because I see that the hon. Member for Christchurch (Mr. Chope) is waiting on the Opposition Front Bench; he was, of course, my predecessor in Southampton, Itchen. He and I are well aware that there are more votes to be won by opposing proposals on environmental grounds than by supporting proposals that might have an environmental impact, as was shown when I beat him by 500 votes shortly after he supported, and I opposed, the destruction of Twyford down for the M3 motorway. However, in this case, I believe that the needs of the port of Southampton should be considered

Mr. Christopher Chope (Christchurch) (Con): Will the right hon. Gentleman confirm that he now very much supports the decision taken in respect of the M3? Without it, the port of Southampton would not be viable at all.

Mr. Deputy Speaker: The right hon. Gentleman may, of course, reply, but I hope that if he does, he will be brief, as the issue does not have a direct connection to the report.

Mr. Denham: But it does have a direct connection to the port of Southampton. Also, less destructive alternatives were available. In future, the issue of Dibden bay may well have to do with whether alternatives can be found that allow expansion to take place and do not have the undesirable impact on the environment that caused concern at the inquiry. However, I will leave my remarks at that.

2.57 pm

Bob Spink (Castle Point) (Con): I rise with some trepidation, because I commence by criticising the hon. Member for Crewe and Nantwich (Mrs. Dunwoody). In saying that the report was good, she seriously undersold it; it is excellent. I thank her and the Committee for their wonderful work. The Transport Committee is an excellent exemplar of the Committee system. I attended, and spoke in, the last debate held on one its reports on overcrowding on trains. I congratulate the Committee on this important report, presented by the hon. Member for Crewe and Nantwich in a balanced, measured and helpful way. Her mild criticism of the Government response was quite justified.

I have a local issue to raise. Hon. Members will be delighted to hear that I will not repeat the 25 pages of evidence that I gave to the public inquiry on Shell Haven port, which is adjacent to my constituency. I simply make the point that there are four schemes under consideration for so-called superport status: Shell Haven, Southampton, Felixstowe and Harwich. Each appears to be being considered in isolation. That was a point that I made strongly at the public inquiry for Shell Haven. Such decisions cannot be taken piecemeal. It does not smack of joined-up Government or of any reasonable, coherent national strategy to make those decisions in isolation from each other. There is a possibility of allowing over-capacity and sub-optimal decisions on existing and necessary infrastructure.

There are obviously nationally important strategic decisions to be made on superports, and so there must be a coherent approach; however, that is not yet forthcoming from the Government. That, at least, is my perception; no doubt the Minister will correct me. We need a framework in which such nationally important decisions can be taken. In saying that, I echo what has been said by the right hon. Member for Southampton, Itchen (Mr. Denham), my hon. Friend the Member for Uxbridge (Mr. Randall) and the hon. Member for Crewe and Nantwich—I nearly called her right honourable; she should be.

Shell Haven is just to the west of my constituency, and adjoins it. The development would have a dramatic and adverse impact on my constituency, as it would on the whole of south-east Essex. First, there would be green belt loss, which would be substantial for the area. Secondly, as the excellent Minister, who is listening carefully to my words, will confirm, the infrastructure in south-east Essex is inadequate. I have regularly asked questions on that subject; indeed the Minister answered one today. That part of Essex is already overcrowded and congested, and it needs substantial investment to get it right. Even if the Shell Haven port development were to happen, as I suspect it might, the job creation that would flow from it would not balance out the other difficulties to which I shall refer.

There is the problem of over-development in south-east Essex, which, in itself, will lead to a loss of green belt land, which would be against the wishes of the local community. A substantial number of extra houses—probably tens of thousands—would be built if the Shell Haven port development were to happen. There would also be the serious issue of dredging the Thames of 32 million cu m of spoil to deepen and widen the channel, which the ships would need to access Shell Haven port.

Some 80 per cent. of that dredging would come from my constituency, which goes up to half way across the Thames and includes that channel. That would put great pressure on Canvey island's sea defences. All hon. Members will know that the island has a population of about 44,000 people, many of whom live some 6 or 8 ft below sea level and rely on the sea defences. To dig a huge channel a quarter of a mile wide, removing the spoil from in front of those sea defences, might well result in the sea defences slipping into the Thames, which would not be of any help to my constituents—*[Interruption.]* Hon. Members may remember that 53 people from my constituency drowned in the 1953 flood, so this is not a laughing matter for them. I know that everyone in the House takes this seriously.

There is also the impact on the local fishing industry. It is a small but very important industry, as it is part of our community and part of the soul of south Essex. The dredging would seriously damage the sole spawning

grounds in the Thames, and virtually destroy the whole of the local inshore fishing industry, which is a serious matter.

The ships going up and down the channel day in, day out would cause a wake. Canvey point, which is to the east of Canvey island, is already eroding by several feet every time it has been measured over the years. That erosion would be dramatically accelerated by the wake of the ships passing to Shell Haven port.

There are also the environmental and wildlife issues, which have been raised by several NGOs, including the Royal Society for the Protection of Birds and Friends of the Earth, under the excellent ports watch initiative. They believe that developments such as Shell Haven could blight not only wildlife, but people and communities. We want a joined-up government approach to this matter, because we do not want the decisions on superports to be taken in isolation. There is much work for the Government to do on that policy.

3.4 pm

Mr. Brian H. Donohoe (Cunninghame, South) (Lab): I welcome this debate because it gives us the opportunity of getting some answers that we were unable to get from the Minister and the Department in the Government response, which was rather less than satisfactory. I shall highlight some of the areas of concern.

The ports industry makes a vital contribution to the UK and worldwide, and it is essential that in the UK we have real competition in the marketplace. However, the industry is under increasing pressure. There are deteriorating infrastructures in and around our existing ports. There is a poor safety record that must be examined and is referred to in the document; ports are more dangerous than mines were. Future investments must improve the safety record. There is also the question of interference through European legislation, and national legislation also puts pressure on the development of ports.

It must be understood that shipping is the main transport method for international trade. We rely heavily on international trade for our well-being. We depend on ports for moving freight and passengers. As we are an island, it is absolutely essential and fundamental that we increase and improve our port facilities. After all, the key function of ports is to transfer passenger or freight traffic between transport modes.

In a Scottish context—the Chamber would expect nothing less from me—we must consider the up-to-date position because there has been a complete change in the politics. When the inquiry was up and running, I asked the Minister, as well as other members of the Department, about the devolved aspects of ports and in particular the development of ports. We were told that some areas were devolved but others were not. That confusion could be detrimental to any expansion in ports north of the border.

I seek assurances from the Minister that those issues will be addressed so that if a policy is created, it will cover the whole of the UK and not just England. The report concentrates on England and more particularly on developments in the south-east, because that is where most big ports are located. However, we must take account of the whole UK. National policy rather than isolated projects is essential for progress.

The UK is faced with national as well as international competition in terms of where and if new ports are to be developed. In the modern world of transportation, most freight moves in containers. In the UK, a link between Halifax and Hunterston would not be considered wrong. In real terms, competition in the industry is between Halifax and Rotterdam rather than anywhere in the UK. Competition must be considered internationally as well as nationally.

The idea that all ports be based in the south-east is analogous to a football stadium having all its exits at one end, with 50,000 or 60,000 people leaving a stadium out of one exit. One could understand the confusion and complication in that scenario, and I argue that the same applies with ports. We must bring into the equation of expansion the question of social progress and growth in all areas of the UK.

Something that must be considered, perhaps more than anything else, is the question of rail connections. As it stands, the Strategic Rail Authority could decide to concentrate all of its investment in areas around the southern ports, to the detriment of expansion or investment elsewhere. In that sense, we must ensure that the Government's intervention allows the SRA to consider infrastructure developments throughout the UK and not, as I suspect could happen, only in the south of the country.

There are other matters to consider, including the integration of freight. Currently, half of all airport freight each day flies over Scotland. Given the locations that we could identify, it would make a lot more sense to have freight integration tied to airports and rail. I see that my right hon. Friend the Member for Cunninghame, North (Mr. Wilson) is present, and I have no doubt that he will speak with great expertise about Hunterston, so I will not dwell on it. However, Hunterston, which is just north of my constituency, would be in a very good position to be involved in such integrated development. That is important in the question of inland transportation of freight.

Southern ports will compete for access, but we can see that they are becoming congested in terms of both road and rail. I argue that we should be considering the question in a different light.

Mr. Deputy Speaker: I cannot separate the Cunninghames. I therefore call Mr. Brian Wilson.

3.12 pm

Mr. Brian Wilson (Cunninghame, North) (Lab): Thank you, Mr. Deputy Speaker, for calling me at this early stage to pursue the Cunninghame theme.

I would not wish to be outbid by anyone in my respect for my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), and I congratulate her on the content of much of the report. However, I want to extend her comments about the impossibility of separating UK ports policy from what is happening on the continent in light of the Dibden bay ruling. I am sure that she would recognise that we cannot compartmentalise our small island of Great Britain. As such, it puzzles me that a United Kingdom Parliament Select Committee report on ports policy, a regional document, does not once mention Hunterston, the deepest water port in not only Scotland or Britain, but western Europe.

[Mr. Brian Wilson]

How we are to have a wide-ranging review of port strategy without mentioning the port that is most relevant to future developments in shipping—that is, ever-larger container vessels—is a curiosity. That is water under the bridge; I wrote to my hon. Friend on that point after the report was published. I have no wish for recriminations on that point and want only to reinforce it.

In parallel with air transport, the subject must be considered not against a local canvas, but with a UK, European and global perspective. We cannot draw lines between Scotland and England in producing such a report and strategy. There is no physical or trade division between Scotland and England. The road and rail networks join up, so the movement of freight into, out of and within our small island must surely be considered as a single entity.

My alarm about the restricted scope of the Select Committee report has been compounded by the significance that has obviously been attached to planning inquiries going on in the south of England. Although Hunterston has been mentioned tangentially at some of those inquiries, there has been no opportunity at any of them to promote the case for Hunterston within the wider canvass of UK ports strategy. Today's debate is an important opportunity for me to say "Hunterston, Hunterston, Hunterston". It must become part of a national debate about port strategy. The policy cannot be determined by stealth or incomplete analysis through planning inquiries in the south of England—or Select Committee reports that de facto restrict themselves to the south of England—without acknowledging the much wider context.

I would contend that, given the pattern of freight movements in the UK, it is impossible to have a rational consideration of any proposal in the south that does not also consider the currently under-utilised options to the north. The football turnstile analogy has been used, but the football pitch analogy is more common; you cannot have both sets of goalposts at the same end.

The message is a simple one, although I shall not go into the detail of every port's merits today. It would be perverse to continue port development in the crowded south of England while neglecting what Hunterston has to offer to the whole UK. I am not against anyone here today, and do not want to interfere in any constituency interests that will arise. Hunterston is not the whole answer—it is not directly opposed to anyone—but we cannot have a debate about UK port strategy without recognising that that port is seriously under-utilised. It is the deepest water facility in the UK, from which a credible proposal has now emanated for a container port and a container hub.

As I have said, the future is about ever-larger container vessels, requiring deeper water than exists anywhere in the south of England. Whatever does not go to Hunterston is not going to go to any of the ports in the south of England that are being discussed in public inquiries. Inevitably, it will go to the continent. That returns to the opening point made by my hon. Friend the Member for Crewe and Nantwich.

Hunterston, with a channel depth of 40 m without dredging, could take even the largest vessels that are currently envisaged, making it unique among British ports. I want to say something about the acceptability of this proposal in my own area. Some MPs from the south of England have occasionally spoken to me about public inquiries, and have wanted information about Hunterston to use against proposals that are relevant to their own constituencies. Clearly, there are huge environmental arguments about all the proposals that have been put forward. Dibden bay has now been ruled out, but the position is different at Hunterston.

It has been recognised for decades that Hunterston is one of the deepest water ports in the world and the deepest in western Europe. It should be the key to economic growth, not only in north Ayrshire but to the west of Scotland. It should be a major new factor in the economy of Scotland and the northern half of Britain; that is Hunterston's potential importance, and I do not overstate it. There is a crisis in port capacity in the UK and if we do not make our own arrangements, there will be an inevitable loss of port business to the continent of Europe. Hunterston's day has finally come, and that opportunity must not be allowed to pass.

Let us look at it in a UK context. More than 60 per cent. of the freight that comes in to the southern ports ends up north of Birmingham. Why should this Government, with all their other environmental and transport priorities, encourage or even allow further port development that can lead only to further road congestion and environmental damage? It is not a case of Hunterston seeking to serve the south-east of England. A tiny proportion of what came through Hunterston would end up in the south-east of England.

Why should the northern half of Britain not be served from a port that is located within the northern part of Britain? The logical answer is to approach the challenge from another direction and to establish Hunterston as the deep-water container port for northern Britain and a hub port for onward transmission to appropriate parts of the continent. There are already pretty good road links that could easily be improved. There is also a direct rail link because Hunterston already exists as a significant coal port, but the road and rail links could be put in place to link it up to the main UK transport arteries.

Clydeport, which owns Hunterston, is part of the same company that owns the Manchester ship canal. There are clear synergies in linkage between Hunterston and the Manchester ship canal where significant proposals are coming forward for parallel developments. Clydeport, with the full support of all relevant agencies, has researched and prepared an extremely credible and exciting plan for the container port of Hunterston as a major contribution to Britain's and Europe's ports infrastructure. I hope that the Minister will indicate today that the significance of this proposal is recognised by Government and that port strategy is being formulated across the UK. It does not make any sense to fragment the United Kingdom in this context.

3.22 pm

Mrs. Louise Ellman (Liverpool, Riverside) (Lab/Co-op): The Select Committee's report on ports, admirably guided by my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), has drawn attention to the importance of ports in the national economy as well as

in regional economies and has pointed specifically to environment, transport and planning issues. The Government's reply indicates a general support for our ideas, but is not very clear on what specific actions the Government are prepared to take. I should like to concentrate my comments on current issues concerning the port of Liverpool, which are a good example of the major points drawn out in the Committee's report on ports nationally.

Liverpool's successful bid to be European capital of culture in 2008 was won on the theme, "The World in One City". It drew attention to the importance of the port and maritime issues in Liverpool's past and for Liverpool's future. Indeed, the port of Liverpool, which is owned by the Mersey Docks and Harbour Company, is increasingly important in developing the economy of Liverpool, Merseyside and the north-west as a whole and in promoting employment. More than 30 million tonnes of cargo a year go through the port of Liverpool. That figure is growing. The company has invested more than £100 million over the past five years. It employs more than 800 people. Some 5,000 people are employed in the port area or in business directly as a result of port activities.

According to a university of Liverpool economic impact study, around 30,000 people in the Liverpool and Merseyside area are employed in businesses associated with the growth of the port. The excellent Mersey maritime initiative is working with 500 port-related businesses and helping them to grow and prosper. That is all based on the success of the port of Liverpool. The port's growing business is worldwide. The growing trade with Ireland is extremely important, as is the trade with the far east, the Indian subcontinent, Australia, South America, the North Atlantic trade group, the Mediterranean and elsewhere. Cruise liners are ready to make a major return to Liverpool, again marking the growing success of Liverpool as a city and the importance of its maritime connections.

I should like to focus attention on two issues relating to Liverpool that are referred to in more general terms in the national report on ports. The first is the importance of Liverpool having a new deep sea terminal. Reference has been made to the importance of a strategy for ports, and the Government have been asked to consider a national strategy for ports. What is clear to us in Liverpool and the north-west as a whole is that the application that the port of Liverpool is making for a deep sea terminal at Gladstone dock is extremely important for the port's future. With a deep sea terminal, larger cargo ships will be able to enter the port and trade can be developed with the far east, linking with hub ports in the Mediterranean. An environmental impact assessment is under way. If successful, the port will make an application for a harbour revision order, which I understand will go to the Department for Transport.

Will my hon. Friend the Minister consider the section of the Select Committee's report that talks about the difficulties that some areas have encountered with planning decisions? The difficulties are not only with decisions, but with the complexity of the process and the time taken to reach decisions. I ask him to ensure that he comes to a favourable decision on the application by the port of Liverpool for a deep sea terminal. He can do that by considering the situation in Liverpool, Merseyside and the north-west and by realising that if the application is not approved, we will again lose business to the continent and reduce the impact of our shipping and maritime sector, not only in the north-west, but in the country as a whole.

The second, more general issue is transport links to ports. The Committee's report talks about the importance of rail and road links to ports to aid access to and from ports and terminals in order to encourage business. The 10-year plan speaks about the hope for an 80 per cent. growth in freight carried by train over the 10 years. Some of that relates to ports, as the Minister's reply to the Committee's report acknowledges. However, it is not yet clear how the objective will be achieved. There is certainly great disappointment that the proposal from Central Railway for a dedicated freight route has been turned down. I hope that that can be revisited. It is not clear how increased freight will be carried on the west coast main line to meet the targets. How does the Minister see the proposed developments in freight on that line being linked with growing business, specifically at the port of Liverpool?

Mr. Chope: Will the hon. Lady address the threat to the port of Liverpool posed by the proposal for a 70 square mile wind farm on the main sea lane into Liverpool?

Mrs. Ellman: That is certainly a pressing issue. It is of great concern to the Committee that there appears to have been no consultation with the port of Liverpool before the proposal was put forward. I hope, therefore, that the Department concerned will change how it goes about its assessment of the suitability of locations for wind farms. I anticipate that the Committee will have more to say about the issue on a future occasion, perhaps in a debate in this very Hall.

In relation to the development of freight on trains, associated with the development of the port of Liverpool, I again draw attention to the importance of integrated transport and of inter-modal links of different types of transport with ports. In the Government's reply to the Committee's report, they state:

> "The Government take ultimate responsibility for the provision of these inter-modal links."

I ask the Minister when he replies to say how the Government are exercising their responsibility in relation to inter-modal links connected with the port of Liverpool. There are several issues to consider, including, for example, the height of rail bridges between Crewe and Liverpool, congestion between Switch island and the port of Liverpool and the still outstanding decision about progress on the second Mersey crossing at Halton. What progress is being made on developing NETA to link the north-west, the north-east and Yorkshire and facilitate trade through the port of Liverpool to central and northern Europe, which are increasingly important trading areas?

Some of the transport issues that I have raised are national issues, requiring national decisions; investment in major freight lines, the west coast main line and bottlenecks on roads and motorways, for example. However, regional action can make a difference in some issues. In the Minister's reply to the report, he places

[Mrs. Ellman]

great stress on the importance of the regional planning process and on regional transport strategies. I add to that the importance of regional economic strategies. The regional development agencies, including the north-west development agency, have a major role to play in developing those issues, and the north-west development agency is fulfilling that role.

More powers are required to be able to move more quickly and urgently from regional economic strategy to action. I hope that the Minister can assure us that when the draft Bill on the proposed regional assemblies for the north-west, the north-east, Yorkshire and Humberside is placed before the House, it will contain strengthened powers in relation to transport so that action can be taken on such issues, including the matters I have raised, at a regional level.

My remarks attempt to connect the major principles set out in the Select Committee report on ports with key issues facing the increasingly successful port of Liverpool. I hope that the Minister will acknowledge the progress that can be made on those issues. To ensure that the ports of the country and the region fulfil their potential in developing employment and regional prosperity, regional and national action is required. I hope the Minister's comments will take us further along both those roads.

Mr. Deputy Speaker: We now move from the north-west to the south-west.

3.34 pm

Ms Candy Atherton (Falmouth and Camborne) (Lab): Thank you, Mr. Deputy Speaker. I, too, congratulate my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) and her Committee on their excellent report. I am pleased to be taking part in the debate, which comes at an apposite time for the port of Falmouth and its docks. I found some difficulty in listening to parliamentary colleagues discussing much larger docks and ports that they represent. Falmouth is much smaller, but it is important in our neck of the woods.

Mr. Wilson: On a point of order, Mr. Deputy Speaker. You will have heard that the Division bell is sounding.

Mr. Deputy Speaker: I am most grateful to the right hon. Gentleman.

3.35 pm

Sitting suspended for a Division in the House.

3.50 pm

On resuming—

Ms Atherton: Having said how pleased I was about the debate and congratulated my hon. Friend the Member for Crewe and Nantwich, I was about to say that Falmouth is the third deepest natural harbour in the world. Whether someone is in command of an international cruise ship, a ro-ro ferry or a dinghy, it has offered a safe haven from the storms of the Atlantic for hundreds of years. The original packet ships, which took money and mail to the former British colonies, sailed from Falmouth. Today, the town and the port host one of the world's foremost builders of so-called super-yachts, Pendennis shipyard, and one of this country's most successful ship repair companies, A&P. Recent reports for the South West of England Regional Development Agency have described Falmouth as having the most important and best-equipped ship repair yard in south-west England and as having the only port in the area with brownfield land available and ready for development. We have plans for the Falmouth docks and port.

About five years ago, I was approached by Cornwall Enterprise, the county council's economic development company, and asked to approach the Royal Bank of Scotland, which is the parent company of A&P, the ship repair company based in Falmouth. I wanted to talk to the bank about the problems facing the whole port and the opportunities that were presented in Falmouth. Those opportunities emanate from the problems that Cornwall faces.

It might be helpful for hon. and right hon. Members if I provide a little bit of background. Cornwall currently receives objective 1 funding from Europe, as a result of the Prime Minister proposing that it should be separated from Devon for statistical purposes. That happened after representations from myself and hon. Friends. Since 2000, we have been able to invest in our economy to assist in catching up with the rest of the UK and northern Europe. Sadly, our economy was so small in comparison with that of the rest of the UK that even with that extra support, our GDP has continued to slip further back from its level at the time when we first received objective 1 funding. We now stand at just 59 per cent. of the EU average—on a par with the Greek islands—which is dramatic, as I am sure hon. Members will agree. Other parts of the south-west have double the GDP of Cornwall. Nowhere else in our country do we have such huge regional disparities.

When I was first elected by Falmouth and Camborne, I dreaded hearing from my staff that A&P was on the phone, because I feared that it might pull out of the port and the town. The wharfage was often empty, particularly in summer months. In winter, both then and today, a steady stream of P&O ferries arrive for refit. I am pleased to say that A&P successfully tenders for Royal Fleet Auxiliary Service refits, which come into the port. Seven years ago, however, the number of employees in the docks was declining dramatically.

I do not have to tell the House that ship repair is a difficult business and is not hugely profitable. The famous port of Falmouth was and is in need of major infrastructure investment. One of the biggest challenges facing the town is that the main channel is in need of serious dredging, and modern buildings need to be created. Currently, there are Victorian buildings throughout most of the docks.

As I said, we have a dream for Falmouth. On one side we would have the super-yachts built and repaired by Pendennis shipyard, which, incidentally, built the Lord's media centre. If people look carefully at the centre, they will see that it is a boat tipped at 90 degrees.

We in Cornwall are very proud of it. With regional development agency help, the company has recently invested in new dock facilities and become a regional training centre. It is raising skills through apprenticeships and other training schemes. That part of the dream has been realised, but there are other areas to complete.

Next door will be A&P, which has been working with the RDA for several years—too many years—on developing a marine business park. A&P operations would be relocated within the docks and there would be new opportunities across this large brownfield site. Falmouth marine school and other training facilities might relocate or locate anew there, and the Royal Yachting Association's centre of excellence for sailing might operate from within the port. Smaller and even larger ship repair companies might be brought together; we estimate that they might provide work for 2,500 skilled employees. Falmouth docks would be a major centre for Cornwall and the whole UK.

Between 600 and 700 people currently work for A&P, which is the highest number for many years. The docks are probably the biggest private sector employer in Cornwall, and they pay workers more than the national minimum wage; the minimum wage is often paid in Cornwall because the tourism sector is dominant there.

Visits by cruise ships are a new development, and 50-plus cruise ships visit Falmouth each year. Indeed, some of them depart from Falmouth, so we get the added bonus of holidaymakers staying in local hotels before and after they cruise. It is important to some of them that they do not need to fly in these times of heightened international tension. I want a cruise terminal to be set up in Falmouth and the channel into Falmouth to be dredged. The RDA has not co-operated as I would have liked. It has been discussing with A&P how to take things forward for almost five years. That is a long time.

There are serious issues about contamination in the channel. English Nature believes that it is the most contaminated channel in the United Kingdom. We do not have a facility for dealing with contamination from dredging. Germany and Holland have heat treatment processes. Perhaps the Minister will examine whether we can have them in our country.

I am passionate about these docks; they are important to me. I believe that some heads need to be knocked together. The RDA needs to work with the objective 1 funding people, A&P and everyone else to resolve this situation because the people of Cornwall demand it and need it to happen.

Mr. Deputy Speaker: On this occasion, we move from the south-west to the south-east.

3.57 pm

Mr. Gwyn Prosser (Dover) (Lab): It is a pleasure to follow my hon. Friends the Members for Falmouth and Camborne (Ms Atherton) and for Liverpool, Riverside (Mrs. Ellman). I sailed from both their ports many times in my seafaring career during the heady and glorious days of the Glen line and the Blue Funnel line, and it is good that they have visions and dreams for the future of their ports. I hope that the Minister can make those dreams come true.

The distinguished Chairman of the Select Committee on Transport, my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), opened our debate by reminding us that 95 per cent. of all our trade—all our imports and exports—is carried by sea and arrives and departs through UK ports. She and others spelled out the huge national strategic importance of our ports industry, but people would not think that it had that importance if they were to compare the amount of Government initiatives, policy, funding help and so forth for road, rail and air transportation with that for ports and the shipping industry. That is a common theme for Governments over the past 20 or 30 years.

If shipping is the poor relation of the transportation industry, the ports industry is the poor relation of the maritime industry. With the majority of the industry now in private hands or enjoying trust status, there has been a tendency for all Governments to allow everything to be controlled by the market. However, as the Transport Committee report concludes, that philosophy is badly flawed, because there are distortions that are caused by regulation, Government rules and the influence of European Union directives, and they all serve to skew the normal workings of the market.

In common with all hon. Members who are present, I have the greatest respect for the Chairman of the Transport Committee, but I will risk incurring her wrath by venturing to say that the report itself, despite all its attributes and its excellence, is also skewed to some extent. It is skewed in favour of container traffic and the large container ports at the expense of small ports, our great port industry activities, such as general cargo transport and cruise liner traffic, and the important ro-ro ports such as Dover, about which I will say more later.

Matching the container capacity of the country to growing demand and competing with our European partners is, of course, very important, and it is very topical. However, I shall confine my contribution to what the report refers to as landside road and rail links to the ports. The report draws attention to the fact that ports already provide half the total rail freight traffic in the country, and it recognises the potential for additional volumes. However, Government initiatives to promote or encourage any meaningful growth in rail freight connections are, quite frankly, meagre and faltering, especially in relation to the links to the ports.

The Government accept and everyone else agrees about the huge benefits that flow from maximising rail freight: reduced congestion and pollution and increased UK competitiveness. However, on current trends, few if any of the ambitious targets set by the Government and spelled out by Members this afternoon seem likely to be met. Many ports are already connected by rail, and their volume of use could be increased quite easily. Other ports, such as the port of Dover, could be easily reconnected to the rail network with very little help from the Government. That is the sort of help that ports in mainland Europe have always enjoyed and continue to enjoy today.

Dover is drawing some benefit from EU funding. The FINESSE—freight intermodality and exchange on seas and straits in Europe—project is providing some £50,000 to fund a study into the feasibility of enhancing

[Mr. Gwyn Prosser]

intermodal links at Dover. However, if we proceed with such ambitious plans, all the costs will be likely to fall on the Dover Harbour Board.

Freight traffic across the channel is forecast to double in the next few years. Shifting a proportion of freight from road to rail and reopening the Dover rail ferry, for instance, would help to ease the pressures on our road connections to the channel ports, which are already failing to cope with today's traffic volumes. Against that background, it was disappointing to witness the suspension of the freight facilities grants and the freezing of any new projects. We look to the Minister to bring us better news on that front today.

I am the first to acknowledge the record amounts of funding pledged for transport by the Government in the 10-year plan and other ventures. However, from the perspective of the east Kent ports and most of the ports around the UK, the money does not seem to be reaching the parts that it should.

The vision of an integrated transport system is still some way off. Vital to such integration is the extension of the channel tunnel rail link to Dover. That would meet the growing demands of our two new cruise liner terminals and provide a tremendous boost to the east Kent economy. We eagerly await the publication of the report from the Strategic Rail Authority.

The Select Committee draws attention to the shortcomings of the current system to ensure that ports are adequately served by appropriate road links and other land-based infrastructure connections. My hon. Friend the Minister will be aware of the 25-year campaign to convert the last seven miles of the A2, the traditional road route into the port of Dover, into a dual carriageway. That is hardly a revolutionary innovation or a bank-busting project, but we are still waiting. He will also be well informed about the impact of Operation Stack, which regularly closes down the M20 approaches to Dover docks and converts the whole motorway into a giant lorry parking lot. He knows all about the awful local congestion that occurs regularly—it happens at least twice a week—in the last few miles of the port approach road at the end of the A2 along Town Wall street.

Resolution of the first two problems lies largely in the hands of Conservative-controlled Kent county council, which is the strategic planning authority. However, encouragement from the Government to complete this important unfinished business would be most welcome.

To help resolve the local congestion that I have just mentioned, the port needs reconfigured access to the ferry berths at the eastern docks. Feasibility assessments have been made and plans have been drawn up; all that remains is the small matter of funding. The harbour board has invested massively in the trust ports over the years and it is currently bringing in line new berths and planning for future expansion. The harbour board and everyone else accept that ports need to fund their own portside development, but that the funding of road and rail access is something different.

Dover port was greatly encouraged by the assurances given in the Government document, "Modern Ports: A UK Policy", which said that the 10-year plan

"focuses on land transport in England, including improvements in surface access to ports and airports."

The document stated that the plan would not look at private investment in the ports industry. It continues:

"It does, however, take account of likely future trends in the use of ports when considering surface access issues."

It was clear at that time that the Government were committed to providing necessary access for the landside of ports.

The Select Committee's recommendation No. 99 was also welcomed. It said:

"The operation of a port is dependent on intermodal links, which must form part of any United Kingdom ports policy. Whilst the Government is keen to allow market forces to determine port investment and operation, landside links cannot be funded on a commercial basis. The Government must therefore be directly involved in planning, funding and development of road and rail infrastructure to UK ports and set a timescale for such development."

Even the Government's response in January held out the prospect of help and funding. After mentioning the work on impact and intermodal studies, regional plans and so on, it went on to say:

"Government decisions on the funding of schemes to improve port access will be taken in the light of this work and of other transport investment priorities within the resources available. Developers will also be expected to contribute to the costs of surface access improvements required to service new developments . . . the Highways Agency continues to work in partnership with port operators, planning authorities and regional development agencies to identify and meet the needs of the ports industry."

That all sounded encouraging, but unfortunately, the Highways Agency—at least the branch in the south-east—disputed the clear intention of the Government's "Modern Ports" document and the minutes of the Transport Committee meeting, and it sought legal advice to back its view. On 26 February this year, Jim Boud, divisional director of network strategy in the south-east, wrote to Dover Harbour Board:

"The question of whether or not the Port of Dover should be treated as a developer with respect to the provisions of Circular 4/2001 has been the subject of correspondence".

He went on to say:

"The purpose of this letter is to summarise the current position in the light of legal advice on this topic which has recently become available."

I shall not quote the letter at length because of time, but Mr. Boud goes on to say that the port of Dover must be considered as a developer and that, as a developer, any of its projects to increase or improve access must fall back to the port. The letter continues:

"In this context it is clear that the funding of localised proposals aimed at serving individual ports, such as your suggested improvement to the Eastern Dock Access should not be Government responsibility and must therefore be funded from other resources available to Dover Harbour Board."

That sets the tone for the funding of vital access links around the coast at all our ports.

The Government have produced the first ever 10-year plan for transport, Ministers have committed themselves to an integrated transport system and Labour has committed itself to the biggest ever package of public spending on transport, but there are no plans or proposals to ensure that our port capacity meets present or future demands. Funding for rail freight connections to the ports seems to be diminishing, not

increasing, and improved access roads to the ports to reduce congestion and meet increasing volumes of trade do not attract any funding help.

Trust ports such as Dover are essentially private enterprises, so perhaps they should not receive help or funding. However, we should compare that lack of encouragement for Britain's ports with the abundance of subsidy and support meted out to another private enterprise—the channel tunnel, which was in direct competition with the channel ferries. Apparently, no one is able to see the direct contrast between the billions of pounds that supported the tunnel and the situation with the ferries. That private project was provided with a direct link to a six-lane motorway and the construction of a seven-mile extension to the M20-A20. The site was engineered directly into the national rail network, all at great expense to the taxpayer. That has not done Eurotunnel a great deal of good, and by any real test of commercial business, the company should be bankrupt, which is what Dover predicted all those years ago.

The points that I have tried to put across this afternoon demonstrate why shipping and ports in particular, despite all their success stories, have always been looked upon by Parliament and the Government as the poor relations of other transport areas, but I live in hope that the Minister can persuade me otherwise.

Mr. Deputy Speaker: We now go back to Southampton.

4.11 pm

Dr. Alan Whitehead (Southampton, Test) (Lab): I hope that after my speech there will be no further attempts to outbid my expressions of effusive congratulations to my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) on the production of the report. *[Interruption.]* The Minister seems to suggest that it might be otherwise.

The report is excellent and timely. It encapsulates a large number of the problems and the possible ways forward that relate to the strategic dimension of ports around our island. Depending on one's definition, there are about 300 serious working ports in the United Kingdom and they have many different problems.

My hon. Friend the Member for Dover (Mr. Prosser) has mentioned several matters, such as ro-ro ports, passenger ports, short sea shipping ports and various other ports. It was right that the Select Committee report spent time on the strategic ports—hub ports—in the United Kingdom and their relationship with the container trade. As we know, the container trade will increase substantially in years to come and the report reflected on several suggestions, all of which pointed in the same direction and dealt with issues such as what capacity would be needed and what growth is likely to occur in the next few years. The report concluded that this country has a severe problem of matching the ability of our ports on both the waterside and the landside, and of ensuring that container traffic can be dealt with by major hub ports in future years.

Whatever we may say about the capacity of the 300-odd ports in the British Isles, the majority of containers come from deep-sea sources and up the English channel, and their choice is to turn either left or right. They land in the United Kingdom, Rotterdam, Antwerp or Le Havre. If they land in the UK, by and large they will land either to the east of London or to the west of London. That is probably not a bad thing because it means that one way or another the containers can go out from those hub ports to the east and north of England. Moreover, a good proportion of the containers that land in Southampton go to the midlands without going through London on the landside.

As for the bulk of the deep-sea container traffic, we must seriously worry about two hub ports and their future capacity, although with respect to my hon. Friends who represent constituencies in the Felixstowe area, I recognise that several ports constitute the hub area on the eastern side of the country.

The Government have said that the market should decide how future capacity should be determined. As we have heard from hon. Members today, the Government do not have a port strategy that would determine where a port should be developed. I do not think that the majority of my hon. Friends whom I have heard discussing the subject in recent years have said that a port strategy should determine where a port should be. However, it should surely determine how we as a nation can ensure that we have the ability to deal in a looser way, from a port point of view, with the various traffic that comes into the UK. That was a central part of the conclusion of the Select Committee report.

As my right hon. Friend the Member for Southampton, Itchen (Mr. Denham) said, the Government are stating that they wish to see progress on the future of container ports more or less determined by the market, but they are actually not determining the future of those ports exactly by what the market wants. That is the case because of the inquiries that are taking place; indeed, he mentioned the recent outcome of the one concerning Dibden bay.

Until recently, we had three inquiries that were either under way or about to be under way, which between them could largely determine how that hub-port strategy might proceed. In the context of those inquiries, I am reminded of the lecturer who told his students that, as far as their education was concerned, they were getting a bit lazy in their ways. He was going to set them a surprise exam and he told them on the Monday that it was going to take place during the week. He said, "I will give you a day's notice, but not more than that. I will not tell you which day it is going to be on, because it is going to be a surprise. You will have to be on your toes."

The students went away and thought to themselves that if there was no announcement by Thursday, one was bound to be made on Friday, which meant that the exam could not take place on Friday and would have to happen on Tuesday, Wednesday or Thursday. They also thought that it could not take place on Tuesday, because the lecturer said that they would have a day's notice. Therefore, they decided that it would have to occur on Wednesday or Thursday, and that if they had not had an announcement by Tuesday, it would take place on Thursday, which would mean that it would not be a surprise. That meant that it must be on Wednesday, although that would not be a surprise either. Therefore, there is no such thing as a surprise examination.

[Dr. Alan Whitehead]

That will all be in *Hansard*. What I conclude from it is that there is the possibility that all the inquiries could result in a no and we would then have no strategy. We go through sequential tests where each case has to be decided on its own merits within its own area. As my right hon. Friend the Member for Southampton, Itchen said, the inspector in the case of the Dibden bay report was dealing with nothing against something. What was the national strategic consideration for Dibden bay? We are not sure. On the other hand, what were the environmental considerations? We had quite a few of those.

Like my right hon. Friend, I have always said that the Dibden bay inquiry should have been balanced in terms of those two considerations and the future of the port of Southampton into the bargain. We could get to a situation where the second inquiry is turned down. We will then know that, come what may, the third inquiry will have to be agreed whether or not it has any merit, because we will not otherwise have a national ports strategy. That would be like the surprise examination to which I referred.

That does not seem the right way to deal with the strategic issue of our future ports, because if we had a hub ports strategy—a strategic vision of what we need for our future ports—Southampton would undoubtedly be in it, as I have said; it is inconceivable that it would not be. Yet we appear to have made the decision, on the basis of an inspector's report and in the planning inquiry, that Southampton cannot expand its capacity to deal with an issue that we know needs to be dealt with from a national point of view because of particular considerations that do not relate to an overall strategy. If we are to move towards a more strategic view of hub ports, would it not be a good idea to ensure that ports such as Southampton can continue to play their role in terms of how containers and ships load and unload their cargoes in the UK? A number of issues would be important in that context.

As my hon. Friend the Member for Dover said, the only railway line leading to a major port that is currently being uprated in terms of freight is that leading to Felixstowe. There are no advanced plans for other ports; proposals and suggestions have been made, but nothing has happened. That has taken place against a background of rapid change in the nature of containers coming into hub ports.

We know that the industry standard will be the high box container. Already, 20 per cent. of container traffic coming into Southampton is made up of such containers. Southampton has one of the best records in the country for sending containers out of its port by rail to other parts of the country—recently, the figure went up to 35 per cent.—and that capacity will be eroded because it simply cannot get those high box containers on to the rails.

The alternative may be to distribute the containers by road—an alternative that seems diametrically opposed to some of the objectives for freight in the Government's 10-year transport plan. Otherwise, those boxes may be transhipped. Indeed, last Christmas, a number of boxes that came into Southampton were transhipped to other ports, because that was the only way that they could be transported. Of course, another alternative is that those boxes will not come to Southampton at all, but will instead go to Rotterdam, Antwerp or Le Havre. They will then be transhipped across the channel to the UK at a cost of £100 a box. The UK will then become a nation of feeder ports, and a port strategy will have been determined by default. That would not be a good way forward for this country's ports.

A number of hon. Members have mentioned issues and cases relating to their key ports. We should make sure that our key ports can play their part in making sure that UK plc functions properly and can bring its goods in and out of the country by port. As my hon. Friend the Member for Crewe and Nantwich reminded us, 95 per cent. of our traffic comes in and out of ports. We undervalue them at our peril. The future of our ports is the future of our country in that respect. If we discard a strategy in favour of a piecemeal approach, we will get an outcome, but not one that any of us would want.

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): I will not try to respond to my hon. Friend on the conundrum about the students and the lecture. However, I listened carefully to what he had to say about having a national ports plan. Is he suggesting that, under such a plan, there would be no need for a public inquiry such as that which has just taken place in Southampton?

Dr. Whitehead: My hon. Friend raises an important question. If one had an over-rigid plan, which said "You must put your quays here, and not there," one would come to his conclusion. However, I have suggested that we should have a national port strategy that says that we must face up to the question of the capacity that our ports need. We must make sure that, one way or another, we determine how to deal with that issue in the round. That would suggest to the inspector who was carrying out an inquiry that there was an underlying issue to deal with before the inquiry had started, and that any of the other considerations that arose in that inquiry should be set against that underlying issue.

It is certainly the case, as far as Dibden bay is concerned, that a large number of issues were quite properly discussed by the inquiry. There were issues of environmental mitigation and they should properly have been inquired into and decided on. However, in the absence of an underlying rationale for the expansion schemes at Dibden bay, Bathside or Shell Haven other than the desire to expand, there was not the balance of consideration in those inquiries that allowed the decisions to be made in the context of a loose strategy that addressed the situation.

The thrust of my remarks is that without that approach, we run the risk of having either a negative strategy that determines the UK's future as a nation of feeder ports or a strategy that effectively ends up with our having to decide where to place ports because we have eliminated all other alternatives by a process of accretion.

4.26 pm

Mr. Russell Brown (Dumfries) (Lab): I noticed, Mr. Deputy Speaker, that in calling me you did not mention any port in my constituency, which was correct, as there is none.

Mrs. Dunwoody: There are not many in Crewe.

Mr. Brown: May I say to my hon. Friend, however, that it is a wonderful port of call.

I congratulate my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) and the other members of the Select Committee on Transport on producing such an excellent report. I shall speak briefly about port development, because that has been mentioned already by most contributors, and also about ports passports.

The case has been made clearly this afternoon that ports are an important economic driver for the UK economy; the figure of 95 per cent. of imports and exports by tonnage going through our ports has been mentioned on several occasions. Without an efficient ports network it will not be possible for the UK, or UK plc, to achieve its full economic potential.

In 2003, the Health and Safety Executive started to develop its civil contingencies capacity to address the heightened national security situation, including port security. The Government's publication, "Modern Ports: A UK Policy" recognises that ports are a dangerous place to work.

In the docks industry, the majority of accidents to workers are caused by falls from heights, slips and trips and workplace transport, while musculoskeletal disorders are a significant occupational health problem. Those four causes of accidents and ill-health form between half and two thirds of the incidents in docks reported to the Health and Safety Executive in any one of the past four years.

My hon. Friend the Member for Crewe and Nantwich mentioned the Dock Regulations 1988. From the trade union point of view, there is concern about the delay in the review of those regulations, which has centred on how the associated approved code of practice should be updated to address the modern circumstances in which UK ports operate. However, I accept that the delay is partly due to the Health and Safety Executive developing its civil contingencies capacity for security reasons.

A mandatory ports passport scheme should be introduced for health, safety, welfare and security reasons. Such a scheme would be similar to the successful construction skills certification scheme that operates in our construction industry. Construction is one of the most dangerous industries in which people work, but steps have been taken through the construction skills certification scheme to bring issues of health, safety and welfare to the fore. The introduction of a successful and well-thought-out scheme would require anybody working in the area of a port to receive a minimum level of safety training before entering that area. They could be provided with an identification badge on which their picture is displayed, and we could list the individual's core competences. Without such a scheme, it will not be possible to make ports a safer working environment in terms of health, safety, welfare and security.

The UK is not the only country that suffers in terms of port security. All too often, commercial pressures cause problems that need not exist. According to a website report, there was an incident in America at a port in Los Angeles at 2.30 pm on 28 April, which is last week. As a result of that incident, the dock workers closed the port down to protect themselves, their colleagues and the security of the Wilmington community. That incident involved an explosion—the top, sides and back of a container that was being hauled across the dock were torn off. It was only as a result of the dock workers' actions that further loading was stopped; the company wanted loading to continue even after such an incident had occurred. Commercial pressures can put security and safety at risk.

Briefly, on port development—other hon. Members have put these things more eloquently than I could—it is important to have a strategic overview of the next 30 years that is similar to that in the aviation industry. I regret that I reject this statement by the Government in their response to the Committee's report:

> "The Government believes that the present market-led approach to the provision of port capacity is meeting the key challenges in port development, as effectively as could be expected from a national plan."

The development of ports is too important to be left to the vagaries of the free market.

The Government response also states:

> "The construction of berths to meet increased demand for direct services will, however, only take place if port developers anticipate that revenues will cover the operating and capital costs."

If that is the case, why did the recent inspector's report on the Dibden bay development identify serious capacity shortages starting in 2006? That point has also been highlighted by many colleagues this afternoon. Even if planning permission had been given, there is no way that the Dibden bay port would have been on stream in 2006. That demonstrates and underpins the need for strategic and planned growth for UK ports. I am also concerned that other ports proposed in the south-east may not obtain planning permission for environmental reasons similar to those used for Dibden bay. If those fears are realised, the UK will have serious port capacity problems in both the short and medium term.

Again, I say that hon. Members have put the case better than I ever could. As I said at the beginning of my speech, I do not have a port in my constituency. The boundary commission has changed the constituencies in Scotland for the next general election, and I hope that after that election, I can take part in such a debate and say that I represent the ferry port of Cairnryan. Only time will tell on that.

Mr. Deputy Speaker: We now go to East Anglia, the east coast and the important port of Harwich.

4.36 pm

Mr. Ivan Henderson (Harwich) (Lab): I apologise for not being present at the start of the debate. I congratulate my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody), because I am sure that her opening remarks were, as usual, an excellent input to the debate. I also welcome the report.

[Mr. Ivan Henderson]

I stand as a Member who worked as a docker on a port for 20 years. That port, Bathside bay, has now applied for planning permission for a major development. The unusual thing about the Bathside bay port development is that, unlike other developments, an Act of Parliament—the Harwich Parkeston Quay Act 1988—was passed to allow land reclamation to go ahead. However, we have had to wait until now for that to happen. That legislation was introduced because, like many other ports, including that of my hon. Friend the Member for Dover (Mr. Prosser), our port was an old British Rail Sealink port that was sold off cheaply under the previous Government. Someone got a very good deal, and that someone was Sea Containers Ltd.

My constituents and I have waited many years to see the development take place. Even before the 1988 Act was passed, we were hoping that the port development would go ahead, because we needed it. We were losing a vast number of seafaring jobs, because of the previous Government's policy not to protect those jobs. This Government have introduced the tonnage tax. We were also losing dock jobs because of new technology and cargoes moving around different parts of the country. My hon. Friend the Member for Dover mentioned the train ferries, which we lost when they moved to Dover.

As I said, we have hoped and wished for the development to go ahead for a long time. Like other hon. Members, I believe that the planning processes for the docks are long-winded. I accept that we have to take into account environmental issues, but the processes could be shortened. The inquiry for Bathside bay has started and will continue until the end of September.

Mention was made earlier of the Strategic Rail Authority investing in different parts of the country. Even without major investment in ports, the authority would have to do that in my area because of the higher gauge containers—the 9 ft 6 in boxes. We need investment now, rather than waiting on the outcome of a decision on Bathside bay. Work has already started on heightening the Ipswich tunnel so that we can start using freight across the country. Felixstowe will need it, as will my port. We had containers at my port, but the ones that we have had more recently are for roll-on, roll-off cargoes. Container trains have not gone through it for several years, so it is underused. The Bathside bay project would increase rail usage.

As I said, I worked on the docks for many years, and some Members have mentioned health and safety on docks. The point about dock working is that when there is an accident, one can guarantee that it will be a serious accident, although tripping hazards will always exist. I was also the union health and safety representative in that dock for a number of years, and we must ensure that dock workers are continually trained about safe working practices. However, there is complacency. It is not an excuse, but a lot of dock work involves doing the same job every day, so we need procedures to monitor safety and ensure that safe practices are continued.

My hon. Friend the Member for Dumfries (Mr. Brown) mentioned the security of docks, and we often consider shore-side security. I hope that the Minister will take on board the fact that, because of the current situation with terrorism in the country, we should consider security on the sea side as well as the shore side. There could be terrorist incidents on the river, and I do not know what response there would be, because we have no response vessels in the docks to cope with an incident. The Government should consider that matter seriously.

As my port is one of the old railway docks, a single-lane road, the A120, runs into it, which hampers the encouragement of extra work because there is no proper access. There is the argument that the road is not getting the necessary usage to make it a dual carriageway. That is a chicken-and-egg argument: if the road were dualled, it would encourage work, but it currently keeps people away.

Other hon. Members have mentioned that they have the deepest ports in the UK, but the Secretary of State for Transport opened the deepest channel leading into the Bathside bay project, and we are already handling some of the largest container ships and cruise ships. Access is very important.

Mr. Wilson: None of us wants to get into an argument about which is the deepest port, and my hon. Friend obviously knows the industry very well, but just for the record and to clarify that nobody is misrepresenting their port, can he give an indication of what size of ships the port can take?

Mr. Henderson: The port can take the largest container ships that currently exist. The channel at Bathside bay already handles the largest container ships. We are looking forward, because even larger ones will be built, so the channels will have to be deepened even further. Other hon. Members mentioned the location of ports, but shipping companies often decide for themselves where they want to put their ships. I do not think that we alone can plan where we would want a major port development; the issue also depends on where a shipper wants to go.

Something that will have a bearing on the haulage companies and whose effects we have noticed in my port already is the working time directive. Traffic has moved back to our area, because of the locations nearer to the port areas that the haulage companies have to use because of the working time directive.

I was not even going to speak today, but as there was time for me to do so, I thought that I would. I did not want to get into a competition on the deepest channel, and I hope that the Minister listens before he makes his decision. It is long overdue for the Bathside bay issue, and the channel is already deep enough. Some 30 per cent. of that land has already been reclaimed. The area has lost many jobs in the shipping and docks industry in the past. A poll of 500 people was conducted either earlier this year or last year, and 84 per cent. of them wanted the port to go ahead. All the statutory authorities support its going ahead, and I believe that English Nature also supports such a development. I therefore hope that when the proposal arrives on the Minister's desk and he makes a decision, he will give both the proposal and the remarks that I have made today due consideration.

4.46 pm

John Thurso (Caithness, Sutherland and Easter Ross) (LD): I add my congratulations to the hon. Member for Crewe and Nantwich (Mrs. Dunwoody) and her Committee on producing the report and securing the debate. It is an extremely good report on an important subject. Well written and very readable, it succinctly highlights the key problems facing the British ports industry.

After listening to all of today's contributions, no one could be in any doubt as to the importance of ports both in the transport mix and to the economy of the country. It is perhaps more interesting that many people, even those who live quite close to ports, underrate them. They are simply not aware of the volume of economic activity that goes on at ports. I have some first-hand knowledge of that. It is a very small port—probably the smallest mentioned today—but I was chairman of Scrabster harbour trust for some years before being elected to this place. When the building of a new quay was proposed for the ro-ro ferry, the lifeline link, that goes to the Orkney Islands, we commissioned an economic impact assessment. As trustees, we were surprised by how much local business depended on our activity. When one took into account the future activity of extra cruise ships and so on—which is beginning to take place now that the facility has been built—one realised that it was quite an important driver for our community. It is no surprise that even in the bigger port areas, people are unaware of just how important ports are.

A number of hon. Members have mentioned that more than 90 per cent. of UK imports and exports go through our ports, and that the volume is rising. Ports are therefore vital to the UK economy. They are also vital to the economy in another way, which several hon. Members mentioned. We are a transhipment hub. There are a number of ports where containers are loaded, offloaded and reloaded for onward shipment to other ports in the UK and, importantly, in Europe. The point has been well made about how much we are in competition with Europe. There is, therefore, a clear requirement to meet the growing and pressing need for some way of providing the capacity that will be required both in years to come and in the near future. Our ability to provide that capacity will be a key factor in British competitiveness. We have heard that it will put £100 on every container if the containers go to Europe and come back into this country, which simply adds to costs in Britain.

One section in the report that I found of particular interest related to ownership of ports and the fact that 70 per cent. of major ports are privately owned—14 out of 20 by tonnage. It is clear that the lack of capacity in the major ports is the problem. It has been mentioned that the Government's position is largely to leave things to the market, but having listened to today's debate, I think that there is a pretty clear consensus that that is not acceptable.

I want to concentrate my remarks on the larger ports, but I cannot move on without at least mentioning the smaller ports. I hesitate to say whether Falmouth is a smaller port. It is smaller than some of the ones that we have been discussing, but I suspect that it is much larger than what I have in mind as a small port. Small ports have a very valuable contribution to make to their local economies. I mentioned Scrabster. Invergordon, in my constituency, has a major role to play in oil rigs. It is also now, with the slowdown in the oil rig refurbishment business, moving into cruise ships. That is becoming an important part of the business and something that we have in common with Falmouth. There is also Wick, although sadly Wick is now much in decay from its great days of the herring industry. Interestingly, all those ports suffer from or are threatened by similar problems to those of the major ports. One problem is light dues, which those who know about the cruise ship industry tell me are quite a barrier for cruise ships in particular.

The other point that I should like to make in passing about small ports is that there is a growing need to move freight in the UK. We have a clear problem of congestion on our roads. We do not want to see increased congestion. We have not yet perhaps provided sufficiently for the railways. Could we not see some return to coastal shipping as a sensible and environmentally friendly way of moving freight for at least part of its journey? Given that the Scottish Executive have their rail freight grant—I am not sure whether there is a variant of that in England—if Governments north and south of the border wish to encourage the movement of freight it would be sensible to have a similar arrangement on offer to ports.

As I said, our problem really lies with the large ports. The critical problem is their lack of capacity, which is allied to the growth in the container trade. There has been a 50 per cent. increase over a decade in twenty foot equivalent units. I have always wanted to know what a TEU was, and if for nothing else I am very grateful to the report for supplying me with the answer. Ships are also getting much larger, and the ultra-large ships will need deep water. I certainly will not enter into the debate about whose channel is deeper; we will just take it as read that we need a lot of deep water. Particularly if we want to create transhipment hubs, we ideally need deep water, land, skills, not too much environmental impact and a reasonably willing local population. Not many places fulfil those criteria.

I was interested to hear what the right hon. Member for Cunninghame, North (Mr. Wilson) and the hon. Member for Cunninghame, South (Mr. Donohoe) said about Hunterston. There is another port in Scotland that potentially fulfils all the criteria of extremely deep water, an existing facility that could be adapted, a very small amount of environment impact and a local population who are extremely keen to see the development. That is in the Orkney Islands, at Scarpa Flow.

During the Division I spoke to my hon. Friend the Member for Orkney and Shetland (Mr. Carmichael), who told me that the Scottish Executive have said that they could see a development of both Hunterston and Orkney and that they would not compete; there would be room for both. Therefore we should not rule out such developments. That information merely underlines and underscores the point that the right hon. Member for Cunninghame, North made—that it is sheer folly to consider our port policy simply in the light of what happens to be south of the Scottish border. Clearly this is a UK matter. We need to look at our port strategy for the whole of the UK and consider how best to use our resources.

[John Thurso]

I do not want to get into an argument about what would be right for Dibden bay or any other port, but clearly when the whole of the United Kingdom is so often seen as draining to the south-east corner in economic terms, if there are opportunities for spreading wealth to the regions, be they west, north or east, it must make sense to frame our policy in terms of the UK as a whole. I hope that the Government will look seriously at that.

Mr. Wilson: On the point of comparative depth, it is important to clarify that it is not a domestic competition about which is deeper; the precise point is that arguably all the other ports that have been mentioned in the debate are incapable of taking the extra-large vessels that will be developed in the future. The competition to which I refer is not among British ports, but between the limited number of British ports and continental ports. The ships I am talking about cannot go to other British ports; if they do not go to Hunterston they will go to the continent.

John Thurso: The right hon. Gentleman makes an extremely good point, which I was trying to make. He has done so far more eloquently than I could have done so I shall let his words stand.

In light of the comments made by many right hon. and hon. Members, it is incredible that the Government have not proposed a strategy. However, I compliment them on what they have done with regard to air transport. In the White Paper "The Future of Air Transport", the Government recognised that planning must have a long time scale. Virtually all the airports are privately owned and privately operated and BAA, a company well loved by many hon. Members, is a private company, which seems to accord with the private status of ports, but the Government decided that the issues were of such importance for the future of our transport that they should have a strategy, put options out to consultation and take that into account. The result is an ongoing process. Whether one agrees with the conclusion on Stansted, Heathrow or any other airport, a process is being undertaken; the Government are giving leadership, which is their job on such an issue.

Having listened to the arguments advanced in the debate, I hope that the Government will reconsider the matter. They accepted the need for a strategy on air transport, and I suspect that they are in the process of accepting it in respect of rail transport, because the rail review will recognise the need to plan over the long term.

Mr. Jamieson: We had an air strategy because we had to address the rapidly increasing shortfall in airport capacity. Is the hon. Gentleman aware of a similar shortfall in port capacity?

John Thurso: I was accused in a debate recently of using the phrase "with respect" too often, which meant that I did not believe a word that the person I was addressing had said. That is clearly not so in this case but, with respect, if one point has shone through crystal clear it is that by 2006 there will be a serious shortfall in capacity. Furthermore, I understand that the Government do not keep any figures of their own; they neither make forecasts nor endorse them, which is a great lack.

Table 5 on page 26 gives three estimates of capacity shortfall, all of which are clear-cut. Paragraph 86, on the same page, states:

> "We note the predictions of forecast growth in demand are consistent and all the studies conclude that significant capacity increases are needed."

Paragraph 92 states that the Government broadly accept that. On that basis, my case is made. I hope that the Minister will accept it and think about proposing a strategy. It is the most critical issue in the report.

I want to raise two further points. The first is health and safety, to which several hon. Members have drawn attention. It is a short part of the report, but it is absolutely crucial. It will come as a severe shock to many people who are not part of the ports industry, or knowledgeable about it, that it is far more dangerous to work in than mining or the construction industry—and construction is widely regarded as one of the most dangerous industries. It is important that the Government do everything and anything they can to ameliorate things.

I want to give the Government credit where they are due it. I remember from my time in Scrabster that there was a paper—

Mr. Deputy Speaker: If the hon. Gentleman is not about to come to the end of his remarks, I will suspend the sitting because there is a Division in the House.

John Thurso: May I speak for one minute after the Division?

Mr. Deputy Speaker: Indeed; the hon. Gentleman has the floor and is speaking legitimately and to the report. I suspend the sitting for 15 minutes.

5 pm

Sitting suspended for a Division in the House.

5.15 pm

On resuming—

John Thurso: I was about to give credit where it is due to the Government on safety. I recall that at Scrabster a document came out as part of the trust ports review, which we implemented, that tremendously improved safety in the port. That process needs to continue, as is highlighted in the report. Above all, we need the extra inspectors for the Health and Safety Executive that are mentioned in the report.

Finally, the current system of light dues is inequitable. It is based on the assumption that the user should pay, whereas the ships that pay—the major cargo ships and cruise ships, and so on—do not need the navigational aids because they have their own on-board aids. The people who make most use of the navigational aids are those in leisure craft, but they pay nothing. In addition, we give around £4 million to £6 million a year to the Irish to fund their navigational aids, and that is increasing next year to £7 million. It seems to be a rather curious system. There is a good argument for getting rid

of it. I hope that the Government will consider that seriously, will conduct an economic impact study and will get rid of it.

The key point that has come out of today's debate is that there is a clear need for a strategy. The Government must give leadership. I hope that the Minister will listen to the entreaties and consensus from all parties.

5.17 pm

Mr. Christopher Chope (Christchurch) (Con): I, too, congratulate the hon. Member for Crewe and Nantwich (Mrs. Dunwoody), the Chairman of the Select Committee, on an excellent report. I also congratulate the Committee members. The report is typically incisive, with few punches pulled and a lot of common sense. It is clear from the report that the Select Committee's view is that the Government give port policy too low a priority.

In the past few days the Department for Transport published its annual report 2004, which extends to 100 pages without appendices but contains only eight lines on ports. That illustrates the low priority of port policy in the Minister's Department. I hope that if nothing else happens, this debate and what follows from it will make him change his mind about the priorities to be accorded to ports, port development and the future of UK competitiveness, which is at the heart of this debate.

The fact that the Department says little about ports in its annual report is all the more surprising when one considers that it has direct responsibility for the trust ports, which have been defined as public corporations. On several occasions I have asked the Minister to explain the anomalies and inconsistencies of policy that arise from that definition, including a requirement that there should be a rate of return for those public corporations imposed by his Department, in the same way that it imposes rates of return on other public corporations.

On 18 March, the Minister assured me that he would write to me with details of how the trust ports compare with the Driver and Vehicle Licensing Agency trading fund. He said:

"If it will be helpful, I will give a full explanation."—[*Official Report, Third Standing Committee on Delegated Legislation*, 18 March 2004; c. 12.]

That will be helpful, particularly when we receive his full explanation, which I hope will be forthcoming and which he probably accepts is now somewhat overdue.

The issue of trust ports is particularly relevant to the comments of the hon. Member for Dover (Mr. Prosser). He said that Dover port is essentially a private enterprise, but the fact is that, under present rules, it is defined as a public corporation. That means that, if the port wishes to borrow substantial sums for its own investment, it could count as public expenditure; that is not just an academic point, but one of real significance, and it also affects the port of Poole, not far from my constituency. When the Minister spoke at the ports lunch recently, there was an air of expectancy in the room; people thought that he would clarify the issue of the status of trust ports.

I must respond to the points made by the right hon. Member for Southampton, Itchen (Mr. Denham) and the hon. Member for Southampton, Test (Dr. Whitehead), because, as the former said, I had the privilege of representing the city and the port of Southampton for some nine years. During that time, two major events—with which I was proud to be associated—contributed significantly to the improvement and competitiveness of the port. The first was the abolition of the dock labour scheme, and the second was the completion of the M3 motorway. Both those policies were to the benefit of the port of Southampton and those who work in it. I hope that the Minister will respond to the cogent points made by the right hon. Member for Southampton, Itchen and the hon. Member for Southampton, Test, because the port of Southampton is far too important to the national interest to be allowed to stagnate.

The immediate response of Associated British Ports to the outcome of the Dibden bay inquiry seemed to be one of utter despair, and it more or less said, "We're going to take our toys away." I hope that it did not really mean that, and that it will continue to find ways in which it can expand the port in order to meet the needs of the area. One cannot have an enterprise that cannot grow; it must be able to grow in order to thrive—indeed, to survive.

An interesting news report in this week's *Financial Times* said that Southampton's loss could end up being Liverpool's gain. It was therefore interesting to hear the comments of the hon. Member for Liverpool, Riverside (Mrs. Ellman). I asked her whether she had taken on board the big threat posed to the port of Liverpool by the Government's ludicrous wind farm policy, and she referred to the Select Committee's report published on 6 May on navigation aids and the Energy Bill. She suggested that we could debate that report in some months' time, perhaps in Westminster Hall; but this is a subject of immediate and critical importance, because next Monday is the Second Reading of the Energy Bill.

Mrs. Dunwoody: I think that the hon. Gentleman mildly misunderstood what my hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) was saying. We have specifically tagged that report to Monday's debate. The problem was probably that I was muttering in her ear; I may have slightly dismayed her, and so the hon. Gentleman got an answer that he misinterpreted.

Mr. Chope: I am very grateful to the hon. Lady for clarifying that. My concern is that Monday's debate will not be answered by a Transport Minister. However, today we have the opportunity to get reassurance from such a Minister—I hope that he will give it—that the Government will accept new clauses 100 and 101, which were inserted into the Energy Bill on Report in the House of Lords. That seems to be a basic minimum in order to ensure that the viability of three estuarial ports is not severely and unnecessarily jeopardised by the Bill. I hope that the Minister can give us that unequivocal commitment in his response, and that there will be plenty of time for him to respond to that and other points made in this important debate.

The Select Committee report makes some important points about light dues and the cost of paying for navigation aids. I hope the Government will respond positively and say that they will conduct more research into the issue. However, I would suggest to hon. Members that a far more important threat is the

[Mr. Chope]

Government's plan deliberately to create additional navigational hazards, which is what their current offshore wind farm policy represents.

I spent many of my later student days in the constituency of the hon. Member for Falmouth and Camborne (Ms Atherton), so I know the area well. She emphasised the importance of development to the economy in Falmouth and quoted the amazing figure that Cornwall's GDP is 59 per cent. of the European Union average. I presume that she is up to speed on the outcome of the regional assembly held in Trowbridge on Friday, which I was lucky enough to be able to attend. That assembly considered an issue of great importance for the economy of Cornwall, namely whether there should be a second trunk road connection to it. That is obviously important for the port of Falmouth, so I am sure that, like the Minister, she will have been pleased that the regional assembly's verdict was that the A303/A30 should be dualled through the Blackdown hills in preference to the alternative. Like many other people, I believed that work on both roads should be completed.

Ms Atherton: I am aware of the regional assembly that took place on Friday. However, there was some dismay in Cornwall that the vote went through by only one vote.

Mr. Chope: I agree with the hon. Lady that it was disappointing that more people did not recognise that we need two routes to the west country and the peninsula. However, as we know in politics, one vote is enough, and I hope that it will be sufficient to persuade the Minister to delay no longer in announcing that the Government will go ahead with the A303/A30 dualling. If he could announce that in his response to today's debate, it would be an additional bonus.

Many hon. Members mentioned infrastructure and the need to consider ports not in isolation but in the context of the rail and road links, which are an essential part of a proper port transport system. I hope that the Minister will try to develop a coherent, integrated and joined-up strategy. It is clear from many hon. Members' comments that that has not yet been developed.

I should like briefly to refer to the situation in my locality, where we have the expanding and increasingly significant trust port of Poole. The port of Poole needs good road links, and the road links between it and the A31 have been due for improvement for a long time. The Government cancelled the scheme, and it is now proposed that it should be reinstated at the behest of the local highways authority. If it is going to be viable, it will need some Government funding and support in the widest sense.

At the moment, the Government's policy is that the A350, running north from Poole towards the Bath and Bristol conurbation, should be downgraded from trunk road status and that the traffic from the port of Poole to Bristol should travel along the A31, up the M3 to the A34 and then back down on the M4, thereby adding 20 or 30 miles to each journey. The Government have argued that that is a perfectly reasonable proposition, but it is not reasonable unless the logjams and bottlenecks on that route are removed or ameliorated. For example, the junction of the A34 and M3 frequently causes congestion for miles. Similarly, there is the problem of the bottleneck at Ringwood, on the A31 as it approaches the A338. All those examples involve issues of infrastructure, and the infrastructure needs to be improved if we are to have a coherent port policy.

There were examples of lack of progress in Dover even when I was the Minister with responsibility for roads. I was keen to promote schemes to ensure that there was a proper route into the port of Dover, but to this day, as the hon. Member for Dover said, that has not been achieved. I hope that the Minister will be able to make some unequivocal pledges on that.

Is the whole of the Government's policy on spending on transport infrastructure as chaotic as most people seem to think? The evidence seems to point that way. I hope that the Minister will respond to the serious issues raised in the Select Committee report, and I hope that the Committee Chairman will keep at it on the issue of ports and port policy. The need for a ports strategy is paramount.

5.31 pm

The Parliamentary Under-Secretary of State for Transport (Mr. David Jamieson): It is a pleasure to reply to such a full and comprehensive debate—one of the fullest and most comprehensive that we have had on any subject for a long time. I congratulate my hon. Friend the Member for Crewe and Nantwich (Mrs. Dunwoody) on bringing this issue before the Chamber, and I warmly congratulate her Committee on the work that it has done on this extremely important issue. For once, I agree with the hon. Member for Castle Point (Bob Spink). The report was not just good; it was excellent. I am delighted to have the opportunity this afternoon to make some comments on behalf of the Government in response to the debate.

My hon. Friend the Member for Crewe and Nantwich quoted many statistics on ports, and I will allude to some of those in a moment. We have had an interesting tour of the ports of the United Kingdom: we went to Southampton twice, we were in Essex briefly and then we heard a lot about Hunterston. I congratulate my hon. Friend the Member for Cunninghame, South (Mr. Donohoe) and my right hon Friend the Member for Cunninghame, North (Mr. Wilson) on making their point so robustly on behalf of Hunterston and Scotland.

We then went to Liverpool, Falmouth, Dover and Harwich; we even found ourselves in Scrabster at one stage. I am not sure where the port is in Dumfries; I am sure that there is no port at Crewe, and I do not think that there is one at Christchurch either, although that is fairly near the sea.

Mr. Chope: Poole.

Mr. Jamieson: Poole is fairly near.

I do not want to enter an argument about which port is the deepest. However, now we come to Plymouth, and my port is a very deep port. The amount of cargo that comes into Plymouth is somewhat limited, although we have an extremely large ferry coming in and out. However, my port, the Devon port, has some extremely large ships. They tend to be grey, have large guns on them and serve a different, but no less important purpose—national security.

I will cover a couple of the points raised by the hon. Member for Christchurch (Mr. Chope). If there is a letter outstanding, I apologise to him. I will ensure that he receives a response and will be happy to write to him. The hon. Gentleman started by chiding the Government for not having a policy on ports, yet he said almost nothing about ports. We heard about his past and about roads. If he thinks that he will get a decision today on the A358, the A30 and the A303, I am afraid that he will be sorely disappointed. If I started talking about those, you would rightly draw that to my attention and bring me to order, Mr. Deputy Speaker.

Notwithstanding the fact that the hon. Gentleman was a representative of a constituency that had one of the largest ports in the country—the important port of Southampton—he said precious little about it today.

Mr. Chope: I am sure that the Minister appreciates the difference between being in government, when one has to make decisions on a day-to-day basis, and a party that is preparing for government. We will announce our manifesto in due course.

Mr. Jamieson: If the hon. Gentleman is serious about preparing for government, he will find, as time goes on, that he will have to have some notional policy on one or two things and be able to tell us what it is.

When the hon. Gentleman's party was in government, it showed precious little interest in shipping and ports. I am one of the longest serving Shipping Ministers since the war, and the second longest serving in Europe—which probably says more about how briefly others have occupied this job than it does about how long I have been doing it. People from all parties—from across the board in terms of their political perspective, and from throughout Europe—recognise that this Government have taken shipping issues seriously. We are the first Government in many years to have done so. I welcome today's debate focusing on ports, which sit at the very heart of our integrated transport system for freight. This is an opportunity to debate with hon. Members Government policy for an important sector.

The United Kingdom is one of the most open economies in the world. As an island nation with more coast than any other country in the European Union bar Greece, we take a great interest in the quality of our coast, environmental protection, and the use of shipping and ports. I do not want to repeat the point raised by my hon. Friend the Member for Crewe and Nantwich about statistics, but it is not just the scale of the port sector that strikes me—in Europe it is by far the largest in terms of tonnage—but the fact that our ports handle about 95 per cent. of the volume, and about 75 per cent. of the value, of all our trade. The maritime industry makes a significant contribution to our economy. It has a turnover approaching £40 billion per year, and accounts for about 250,000 jobs.

My hon. Friend the Member for Southampton, Test (Dr. Whitehead) said that there are about 300 ports in this country. There are, in fact, 1,040 commercially active ports, wharves and terminals around our 10,500 miles of coastline. I agree with him that some of them are not large, but there are nevertheless many ports around our coast.

I want to address the important issues raised by my hon. Friend the Member for Crewe and Nantwich. Throughput does not necessarily equate to efficiency, but I am pleased that UK ports are some of the most efficient in Europe in the way in which they handle goods and the volume handled per metre of quay and per hectare of container storage. We can expect that efficiency to increase steadily.

My hon. Friends the Members for Crewe and Nantwich and for Dover (Mr. Prosser) emphasised the importance of ports to the United Kingdom economy. I assure my hon. Friends that that is of great importance to the Government. We recognise the importance of the sector to the health of the UK economy and local economies—especially larger ports and sometimes smaller ports such as Falmouth.

Ms Atherton: Can we get this size and depth issue resolved? Falmouth port might be smaller than some, but it is larger than many.

Mr. Jamieson: I think that my hon. Friend is saying that hers is a medium-sized port. The port of Falmouth is extremely important, be it small or otherwise, and ports smaller than Falmouth are important to their local communities. We do all in our power to ensure that the sector remains healthy and competitive, and we must help to ensure that all our ports continue to respond to the growing needs of our very successful economy, which is importing and exporting more goods than ever before.

My right hon. Friend the Member for Southampton, Itchen (Mr. Denham) asked about the importance of Southampton. I entirely understand his disappointment. I shall not go into the reasons why the decision was made—it is not the right place to rehearse those arguments. I have visited the port; I was invited by my hon. Friend the Member for Southampton, Test. We examined some of the more general issues about transport in Southampton, Portsmouth and Hampshire. We focused on the port and the importance to Southampton of the configuration of transport. I can give an assurance that we want to make the best use of the capacity at Southampton docks and that we will address many of the important points that have been raised about them.

The continued development of ports cannot happen at any cost. We want a ports industry where new infrastructure is environmentally sound and sustainable. Success must go hand in hand with safety and sustainability. We want an industry that trains its staff and provides them with modern and safe working conditions.

Despite the obvious importance of the ports sector to the United Kingdom economy, I have to say to the hon. Member for Christchurch that it is notable that the Administration prior to 1997 put no coherent ports policy in place following the privatisations. "Modern Ports: A UK policy" was the first serious attempt in well over a decade to provide a policy framework for the ports sector. We now have a stable framework for development that supports the industry in maintaining and improving its performance, in addressing the challenges it faces and in seizing opportunities.

My hon. Friend the Member for Crewe and Nantwich rightly referred to the issue of statistics in her remarks today and in the Transport Committee report. The Committee criticised the Government on the extent of

[Mr. Jamieson]

the available data about the ports sector. We are well aware of the importance of good statistics on a sector that matters a lot for the continuing success of the UK economy.

The Government were already addressing many of the points that have been raised in the Transport Committee report. Our efforts have concentrated on delivering good quality information on port traffic. We are now looking at how we might collect better statistics in areas such as port manpower and safety. Those areas were a major concern for the Transport Committee.

Mr. Wilson: I just wanted to try out a statistic on my hon. Friend. I am sure that he is aware that 30 per cent. of vessels currently under construction are over 8,000 TEU. Where in the United Kingdom does he think they are going to land?

Mr. Jamieson: That is a good point. It highlights why we need to collect the information that we are collecting in the way that we are.

Our efforts have concentrated on delivering good quality information on port traffic. We are now looking at how we can collect better statistics. However, our first priority has been to introduce a comprehensive maritime traffic data collection system to underpin this work. That is now in place, under the aegis of the maritime statistics directive. We have worked hard to ensure that it produces robust results and we can now devote more time to developing the other key data that the Select Committee rightly identified.

We have set up a Government-led working group to deliver comprehensive information on employment at UK ports and a cast-iron methodology for producing data on ports sector accident rates. We hope that all of that will be in place and delivering results by early 2005. The UK standard industrial classification is being devised and the Government are actively involved in the process of ensuring that ports can be separately identified in the new classification. However, securing the alignment of these changes internationally takes time. We expect the new classification to be implemented by 2007.

My hon. Friends the Members for Cunninghame, South and for Dumfries (Mr. Brown) rightly raised the issue of safety in ports. It has been said both in this debate and by the Committee that our ports must provide a safe working environment, and we fully agree. We are well aware that both the dry and wet sides of dock work can be extremely dangerous. As has been pointed out, nowadays more people are injured and killed in the docks than in the mines.

The accident rate is still unacceptably high. The Government, the Health and Safety Commission, the Health and Safety Executive and the industry share the common goal of making ports a safer place to work in. The key issue is how to best achieve that. The Health and Safety Commission's new strategy for occupational health and safety to 2010 and beyond recognises that health and safety works best when industry embraces its responsibility and commits itself to a leading role in partnership with the Health and Safety Executive. I am pleased to say that much progress has been made in recent years in engaging senior management in the docks industry, and it is now well placed to take advantage of that approach. The launch of the port safety initiative, in response to the Government's revitalising health and safety strategy, demonstrates our commitment to tackling the problems of health and safety.

There are some encouraging signs of improvements in safety in our docks, and the latest accident statistics show that from 2001–02 to 2002–03 there was a 15 per cent. decrease in the overall accident rate in dock work. Those statistics are only provisional but seem nevertheless to indicate a reduction in casualties in ports. The incident investigation skills of the marine accident investigation branch are also contributing significantly to the identification of the cause of accidents in harbour waters, and with that information the industry can achieve an ongoing improvement in that important area.

Mrs. Dunwoody: Had my hon. Friend thought of making a glancing reference to the fact that there are not enough inspectors to carry out the job?

Mr. Jamieson: Yes; that too is an important issue and in response to the report, we are addressing it with the Health and Safety Executive, the marine accident investigation branch and the Maritime and Coastguard Agency, which has responsibilities for safety and security issues at sea.

The issue of future planning took some of our time here today, and there was a suggestion that there could be no expansion of port capacity because of environmental and other reasons. One example is the application in 2002 for expansion of Felixstowe, which received approval, notwithstanding the habitats directive. Having struck a balance, we made a decision in favour of that development.

Mr. Henderson: Did not that expansion go to an inquiry because of one objection?

Mr. Jamieson: Yes; that is sadly the case with many inquiries. If there is an outstanding objection, particularly if it is from certain legitimate bodies such as a local authority, the matter will go to a public inquiry. That is a feature of our democratic planning system, and sometimes it causes great frustration. I fully appreciate the thrust of what my hon. Friend is saying. However, it is only right that if the industry is to pursue its activities responsibly, it must ensure that it is not put at a disadvantage to our European competitors. The Government will be alert to any proposals for new legislation, and will actively seek to ensure that it is applied fairly across the European Union.

Looking ahead, hon. Members may not be surprised to hear me say that there are more challenges heading our way from the European ports, and the main gateway to the UK clearly cannot be left unguarded. We are working hard with the ports sector to implement a new, rigorous maritime security regime, to which some of my hon. Friends alluded—not least my hon. Friend the Member for Harwich (Mr. Henderson)—to meet international and Community regulations. I accept his point that it is important to address security matters not

just in ports, but in areas around ports and out to sea. He will know that there is a regime in place for security for ports, but also one for ships at sea. Perhaps we could explore that in more detail at another time.

The UK ports and maritime policy is market-led. We do not determine the commercial strategy, nor do we fund operations. The continuing success of that approach is clearly demonstrated by the growth of the United Kingdom flag and fleet since 1997 and by the number of proposals coming forward, not just for the expansion of major container facilities, as has been mentioned, but for port developments, large and small, around the country.

I was interested that the Liberal Democrat spokesman, the hon. Member for Caithness, Sutherland and Easter Ross (John Thurso), asserted in an intervention that the Liberal Democrats accept that there may be a shortfall of port capacity in the future. I mention that because in a previous debate—long before his time—his party may not have fully accepted that, so I am pleased to hear his assurances today.

We must continue to build on the existing solid base, so that, in conjunction with the devolved Administrations, we can continue to ensure that the Government's policy effectively promotes a successful, sustainable and competitive ports industry throughout the United Kingdom, with high safety standards and good environmental practice.

Dr. Whitehead: Does my hon. Friend accept that the increase in ships coming on to our flag in the UK arose from Government intervention? Setting a tonnage tax and providing other forms of non market-based assistance to shipowners has ensured that flags have come back to the UK. Government intervention caused the change, not the market.

Mr. Jamieson: Yes, indeed. We did not oblige ships to come on to our flag. My hon. Friend is quite right: we intervened to introduce the tonnage tax, which is one of the most successful tonnage taxes and is now being emulated by other countries. The difference, however, is that we introduced a training regime with our tonnage tax as well. We also took ships only of the very highest quality. I am delighted that the ships that have come on to the UK flag are the very best in the world. Our flag is rated as the top in the world and I am proud to stand here, on behalf of the Government and the United Kingdom, and say that. That outcome was due to some intervention and tweaking. Also, the Maritime and Coastguard Agency has been much more consumer-oriented than it was previously and has had a role in effecting the change.

My hon. Friends the Members for Southampton, Test, for Dover, for Cunninghame, South and for Dumfries all talked about port development planning and the need for a national strategy. However, in developing such a strategy we must of course give due regard to meeting environmental standards. We fully understand that there are pressures on existing port capacity and that further facilities will be needed to handle the growth in both container traffic and the size of ships. The UK port sector has risen to that challenge in the past. As a result, several proposals have been made in the last few years for major new facilities across the United Kingdom. In conjunction with the devolved Administrations, we will continue to make decisions on each proposal in a consistent manner, after weighing all the relevant factors in the balance.

Mr. Donohoe: But will my hon. Friend give us an assurance on what I identified as a possible problem relating to the Strategic Rail Authority?

Mr. Jamieson: Yes indeed—I hope that I will be able to get to that. Rail and road links to the ports are extremely important.

I reinforce something that we said in our response to the Committee's report.

Mr. Denham: Will my hon. Friend give way?

Mr. Jamieson: I will in a moment—let me finish this point. We said in our response that the market-led approach was meeting capacity and was likely to continue to do so. However, we also said:

"The Government will continue to monitor the situation, but would only be prepared to intervene in this way if it were clear that the market-led approach were failing."

Should we see that the market-led approach was failing, that would be the opportune moment at which to intervene further.

Mr. Denham: My hon. Friend says that he wants to take individual decisions in a consistent way. When Southampton was considered, the inspector had to bear in mind that there were three other proposals in the south-east and the rest of Europe. There are now, for the Bathside inquiry, only two other proposals in the UK. If Bathside gets the go-ahead, the other two places will know that somewhere else has gone ahead and will thereby be disadvantaged. How can he possibly say that the four schemes are being considered on an equitable basis? It depends on a scheme's position in the queue and on the decisions taken ahead in that queue.

Mr. Jamieson *rose*

Mr. Deputy Speaker: A Division has been called. I believe that you will be more than two minutes, Mr. Jamieson.

Mr. Jamieson: I am prepared to be guided by hon. Members.

Mrs. Dunwoody: We might get an answer if the Minister goes on for another 10 minutes!

Mr. Deputy Speaker: I think that the Minister still has a certain amount to say. It is an important report, which merits the Chamber reconvening after another 15 minutes.

5.55 pm

Sitting suspended for a Division in the House.

6.10 pm

On resuming—

Mr. Jamieson: Unfortunately, the debate has been broken up by three Divisions. I appreciate that some hon. Members have had to leave the House for their constituencies so, if I have not been able to cover certain issues, I undertake to correspond with them.

I wish to complete my point about the market-led approach. I was saying that, for all the work and time that it requires, a national plan would add little to what has been achieved by the planning and approval system that we have now, with its thorough and effective scrutiny at public inquiries, which is most important especially when strong environmental issues are involved.

A national plan would also cut across the core responsibility of port operators and those who invest in the sector. There are real dangers in the Government's attempting to pick winners through a national plan. We must be careful about interfering with the commercial imperatives that have given the United Kingdom our port system and logistics industry. As I said before the break, as long as it continues to deliver, we will support such an approach, but if it does not deliver, there will clearly be a role for the Government's intervention.

My hon. Friend the Member for Liverpool, Riverside (Mrs. Ellman) asked about the application in her constituency. As she would expect, the harbour order will be considered when it is received by the Department. She and other hon. Members also referred to the important matter of the appraisal framework for port projects and the time that it takes. We have now published an appraisal framework for ports that is derived from the guidance for the multi-modal studies and have taken account of the specific effect of port developments. We believe that it will make project development and the consenting process much better. We have in place a template for such applications and it will help developers to anticipate the questions likely to arise in the consenting process. It will also help those who wish to object to a development. We want better quality decisions and we want them to be made more speedily. My hon. Friend also referred to rail links, as did my hon. Friend the Member for Cunninghame, South. The work to improve the gauge for freight traffic is already under way in the midlands as part of the west coast main line upgrade, and that includes the gauge clearances of the routes from Stafford to Manchester Trafford Park via Crewe and Macclesfield.

I assure my right hon. Friend the Member for Southampton, Itchen that the Strategic Rail Authority is working closely with Network Rail, the freight operators, the regional authorities and the development agencies in planning and funding the development of the rail network between the United Kingdom ports and the inland locations. Specific work is currently under way to clear a route between the haven ports and the west coast main line to carry the larger 9 ft 6 in containers on standard wagons. It is expected that that work will be completed by the end of this year.

It is the Government's policy to adopt an integrated, sustainable approach to freight distribution throughout the United Kingdom. It must bring benefits to the economy and to the environment. The long-term goal is to enable more freight to move by rail instead of road. We are making a particular effort to move some heavy freight not by road or rail, but by water. We clearly recognise the vital importance of the continued economic well-being of the ports industry to the United Kingdom. Ports are our essential link to our logistics and supply chain and, whatever their size or traffic, their effective operation clearly helps to underpin the successful economic performance of the United Kingdom. We therefore welcome the opportunity for the House to debate the Government's policy on such an important area. I am aware that so many good quality points were raised today and that they need dealing with. I hope that we have an opportunity in the future to return to such issues and debate them further.

It being fifteen minutes past Six o'clock, the motion for the Adjournment of the sitting lapsed, without Question put.